Application Proof of

ESWIN

Beijing ESWIN Computing Technology Co., Ltd.
北京奕斯偉計算技術股份有限公司

(the "**Company**")

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

WARNING

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ESWIN

Beijing ESWIN Computing Technology Co., Ltd.
北京奕斯偉計算技術股份有限公司

(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 reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**RMB[REDACTED] per H Share**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors, Overall Coordinators, **[REDACTED]**

CITIC SECURITIES 中信建投國際 CHINA SECURITIES INTERNATIONAL

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The Overall Coordinators, on behalf of the **[REDACTED]**, may, where considered appropriate and with the Company's consent, reduce the number of **[REDACTED]** and/or the indicative **[REDACTED]** below that which is stated in this Document (which is HK$**[REDACTED]** to HK$**[REDACTED]**) at any time on or prior to the morning of the last day for lodging **[REDACTED]** under the **[REDACTED]**. In such a case, an announcement will be published on the website of our Company at **www.eswincomputing.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the **[REDACTED]** will be canceled and relaunched at the revised number of **[REDACTED]** and/or the revised **[REDACTED]** in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging **[REDACTED]** under the **[REDACTED]**. Further details are set forth in the sections headed "Structure of the **[REDACTED]**" and "How to Apply for **[REDACTED]**" in this Document.

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

[**REDACTED**]

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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 before you decide to [**REDACTED**] *in our* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in our* [**REDACTED**] *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in our H* [**REDACTED**]. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary" in this Document.*

OVERVIEW

We are a RISC-V oriented chip product provider in China. RISC-V is a new generation Reduced Instruction Set Computing (RISC) architecture defined by its open, modular, scalable, and power-efficient design. Leveraging RISC-V as our foundational architecture, we focus on researching and designing products consisting of chip, chipsets and/or circuit boards accompanied with essential software and outsource the integrated circuit manufacturing, packaging and testing to third-party service providers.

Based on end-user scenario, we organize our proprietary offerings into smart device chip products and interconnectivity and computing chip products:

- Smart device chip products (comprising human-machine interaction chip products and multimedia processing chip products targeting smart device chip product industry) are mainly used in home, office and portable scenarios, empowering smart devices to manage screen-based input/output and process multimedia signals. According to Frost & Sullivan, smart device chip products is a subset of the overall chip product markets with a global market size of RMB1,572.4 billion in 2025, and is expected to grow to RMB1,864.0 billion in 2030. RISC-V penetration rate in the global smart device chip product market grew to 3.7% in 2025, and is expected to reach 15.7% in 2030. The smart device chip product market in China amounted to RMB287.7 billion in 2025, and is expected to grow to RMB379.0 billion in 2030. RISC-V penetration rate in the smart device chip product market in China grew to 6.9% in 2025, and is expected to reach 26.7% in 2030, according to the same source.

- Interconnectivity and computing chip products (comprising interconnectivity chip products and computing chip products targeting embodied intelligence chip product industry) are mainly used in automotive, robotics and industrial scenarios, empowering intelligent agents (*e.g.*, vehicles, robots and industrial equipment) to sense, process and execute/act upon the physical environment. According to Frost & Sullivan, embodied intelligence chip products is a subset of the overall chip product markets with a global market size of RMB355.6 billion in 2025, and is expected to grow to RMB995.0 billion in 2030. RISC-V penetration rate in the global embodied intelligence chip product market grew to 9.4% in 2025, and is expected to reach 23.8% in 2030. The embodied intelligence chip product market in China amounted to RMB129.7 billion in 2025, and is expected to grow to RMB387.7 billion in 2030. RISC-V penetration rate in the embodied intelligence chip product market in China grew to 10.7% in 2025, and is expected to reach 28.2% in 2030.

As of March 31, 2026, we have successfully commercialized over 150 hardware-software co-engineered products. During the Track Record Period, we served 220 customers worldwide, including many leading global companies. According to Frost & Sullivan, we were China's largest domestic smart device human-machine interaction chip product providers in terms of revenue in 2025. As of March 31, 2026, we amassed over 620 IP modules, over 20 serial RISC-V cores and over 1,740 patent applications in our products. We are the board member of RISC-V International (the global non- profit organization that owns and maintains the RISC-V instruction set architecture) and rotating Chairman of RISC-V Ecosystem & Industry of China Electronics Standardization Association. Despite our achievements, we are still at an early development stage and had been loss-making during the Track Record Period and up to the Latest Practicable Date, and we expect to incur net losses in the foreseeable future.

OUR OFFERINGS

Sale of Products

Smart Device Chip Products

Human-Machine Interaction Chip Products primarily support screen-related input/output. They are mainly applied in the display screens of TVs, monitors, laptops, phones and watches. The products contain various combinations of chips with supporting software for screen-related interactions mainly to (i) receive multimedia signals and output timing signals and display data to the DDIC (display driver integrated circuit) (through TCON (timing controller)); convert the timing signals and display data into pixel driving signals and finally output them to the panel (through DDIC), and (ii) detect users' touch inputs on the screen and convert them into executable commands for the device (through Touch Controller), which are mainly applied to watch/phone and high-end monitors. During the Track Record Period, a majority of our revenue was derived from sales of human-machine interaction chip products powering a wide variety of screens.

Multimedia Processing Chip Products encode, decode, analyze, edit and enhance multimedia (audio/video/image) signals (through mainly TV SoC (system-on-chip), Mini-LED control chip, Micro-LED control chip and MNT scaler chip), determine the contents to be displayed and generate the corresponding image data and display signals, which are subsequently passed to human-machine interaction chip products, such as TCONs and DDICs, for timing control, pixel driving and then final display. During the process, PMIC (power management integrated circuit) ensures efficient and reliable supply of power. Multimedia processing chip products are mainly used for high-end commercial displays and monitors. The products contain various chips and/or circuit boards with supporting software to process multimedia signals.

Interconnectivity and Computing Chip Products

Interconnectivity Chip Products are mainly used as the main communication part of automotive, robotics, and industrial scenarios. The products contain various chips and/or circuit boards with supporting software to transmit and/or receive wireless signals (through interconnectivity chips) based on various communication protocols, such as Wi-Fi, BLE and 4G/5G.

Computing Chip Products are mainly used for on-device data processing and decision-making in automotive, robotics, and industrial scenarios. The products contain various chips and circuit boards with supporting software to provide a range of computing capabilities — from microcontrolling operations (through MCUs) to high-performance neural processing (through AI SoCs) — to address complex processing and execution needs.

License and Service

During the Track Record Period, we generate a portion of revenue from (i) licensing proprietary IP modules, including but not limited to RISC-V cores, to customers for licensing fee, enabling them to develop their own chip, chipsets and/or circuit boards tailored for their own products or (ii) providing technical services relating to, among other things, design services where we help our customers build their chip designs from an early-stage blueprint to a finished product that is ready to be sent for manufacturing, software services where we offer various in-house developed toolchains and supporting software to our customers and technical support where we provide network-related support, including maintenance of servers and networks, to our customers for a fee, helping our customers achieve specific functions relating to their own products.

Pricing

We apply the same pricing framework and methodology across our product and service lines. In setting prices for our chip products and services, we primarily consider prevailing market conditions, competitive dynamics, product or service type, order volume, customer profile, strategic importance and cost structure, including raw material costs and their fluctuations. For most customers, we may agree on an indicative price range and expected transaction volume under framework agreements or other commercial arrangements, while the specific pricing and quantities are determined based on purchase orders placed from time to time during the relevant period. We may offer limited volume-based pricing adjustments to customers with substantial procurement volumes or strong business potential.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from our competitors: (i) proven commercialization of RISC-V oriented chip products; (ii) accumulated technology assets and systematic R&D capabilities, established on our continuous technological investment; (iii) RISAA platform and RDI, driving higher development efficiency and broader application horizons; (iv) leveraging reusable technology, customer and supply chain resources to reduce marginal cost and drive value creation; and (v) leadership team with global vision and innovative talent development plan. For details, see "Business — Our Competitive Strengths."

OUR DEVELOPMENT STRATEGIES

We plan to execute the following strategies to drive our future growth: (i) prioritizing technology innovation and strengthening hardware-software integration capabilities to deliver efficient turnkey chip products; (ii) shortening development cycle, strengthening customization capabilities and reusability to capture markets and drive scale by leveraging a standardized technology platform and deepening supply chain collaboration; (iii) advancing RISC-V industry prosperity through the RISAA platform and strengthening value chain competitiveness to drive innovation among industry players and accelerate the implementation of industry-specific applications; and (iv) building innovative talent pool with global vision, creating value for customers by recruiting talented experts and offering long-term incentives to empower continuous innovation. For details, see "Business — Our Development Strategies."

CUSTOMERS AND SUPPLIERS

Our customers mainly include AIoT, consumer electronics and technology companies as well as distributors. In 2023, 2024, 2025 and for the three months ended March 31, 2026, the aggregate revenues generated from our five largest customers in each year/period during the Track Record Period were RMB1,588.7 million, RMB1,792.2 million, RMB2,175.0 million and RMB410.6 million, representing 90.7%, 88.5%, 89.5% and 83.1% of our revenue for the respective years/periods. Revenues generated from our largest customer in each year/period during the Track Record Period were RMB1,437.9 million, RMB1,555.2 million, RMB1,569.8 million and RMB194.2 million, representing 82.1%, 76.8%, 64.6% and 39.3% of our revenues for the respective years/periods.

Our suppliers mainly include manufacturers and assembly and testing service providers. In 2023, 2024, 2025 and for the three months ended March 31, 2026, the aggregate purchase amounts from our five largest suppliers in each year/period during the Track Record Period were RMB955.2 million, RMB943.8 million, RMB1,412.7 million and RMB429.3 million, representing 44.5%, 44.5%, 54.6% and 64.4% of our total purchase amounts for the respective years/periods, respectively. The purchase amounts from our largest supplier in each year/period during the Track Record Period were RMB266.4 million, RMB291.4 million, RMB484.8 million and RMB158.1 million, representing 12.4%, 13.7%, 18.7% and 23.7% of our total purchase amounts for the respective years/periods.

For details, see "Business — Our Customers", "Business — Our Suppliers" and "Business — Overlapping of Customers and Suppliers."

OUR RELATIONSHIP WITH CUSTOMER A

Customer A is a leading IoT provider of intelligent interface products and professional services incorporated in China and listed on Shenzhen Stock Exchange. Customer A purchases our products (mostly human-machine interaction chip products), integrates them into their own offerings, and subsequently sells the final products to end customers, mostly major OEMs for electronics for use in products like TVs, monitors, and smartphones.

Customer A was our largest customer from 2023 to 2025 and our second largest customer for the three months ended March 31, 2026. For details, see "— Customers and Suppliers". Given the high revenue concentration on Customer A, any decision by Customer A to reduce or terminate its cooperation with us could materially and adversely affect our business, financial condition, and results of operations. During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Customer A and there was no material interruption or dispute in respect of our cooperation with Customer A.

Our Directors are of the view that our Group's business model is sustainable despite our customer concentration. In particular, our Directors believe that the risk of Customer A significantly reducing or terminating its cooperation with us is relatively low.

First, we have a mutually beneficial relationship with Customer A. We are highly familiar with Customer A's specifications and have accumulated a comprehensive product matrix with full scenario coverage made us one of the few partners able to support Customer A across all major applications on TVs, monitors, laptops, smartphones, and watch displays at scale. Our deep technology capabilities ensures Customer A excels in low power consumption, fast transmission speeds and enhanced responsiveness in its panels. We helped Customer A win end-customer trust: for high-end smartphones, we led a proprietary algorithm that won strong recognitions from ultimate clients, assisting Customer A's commercialization. We are well-positioned to support Customer A's capacity expansion and supply chain diversification strategy as a qualified domestic supplier. Even if alternative options emerge in the future, the switching costs associated with transitioning to a new domestic supplier would remain high for Customer A, and Customer A would still need to invest significant time, resources, and effort into developing compatibility with the new offerings.

Second, we have been actively diversifying our customer base to mitigate risks associated with customer concentration. Leveraging our technological capabilities and industry experience, we have secured new partnerships with other companies in the intelligent interface industries, which we believe will contribute to our future growth and reduce our reliance on Customer A over time. We are also diversifying smart device chip product portfolio addressing needs of customers who are seasoned in industries different from that of Customer A. To diversify beyond smart device chip products, we have proactively expanded our offerings of interconnectivity and computing chip products, serving customers in automotive, robotics and industrial scenarios. As a result of this diversification, moving forward, our percentage revenue contribution from Customer A generally decreased during the Track Record Period and is expected to further decrease going forward.

For details, see "Business — Our Customers — Our Relationship With Customer A."

COMPETITION

The smart device and embodied intelligence chip product industries in which we operate are highly competitive and rapidly evolving with technological innovations, changes in customer demands and preferences, frequent introduction of new products and application fields. Our offerings primarily include human-machine interaction and multimedia processing chip products targeting smart device chip product industry, and interconnectivity and computing chip products targeting embodied intelligence chip products industry. According to Frost & Sullivan, in 2025, both the smart device and embodied intelligence chip product industries include approximately hundreds of players in China. We compete with other players in the industry whose businesses also include the design and development of software and hardware related to smart device chip products and interconnectivity and computing chip products. Our RISC-V architecture also faces challenges from traditional ARM and x86 structures. Despite such intense competition, we differentiate ourselves and maintain strong competitiveness against our peers through several core advantages with proven commercialization, systematic R&D capabilities, and modular reusable technologies and resources, making us China's largest domestic smart device human-machine interaction chip product providers and the third largest domestic providers of RISC-V powered chip products in China in terms of revenue in 2025. For details, see "Industry Overview" and "Business — Competition." For an analysis of our competitiveness among our peers, see "Business — Our Competitive Strengths."

OUR SINGLE LARGEST SHAREHOLDERS

Upon the [**REDACTED**], the group of our Single Largest Shareholders will include ESWIN Group, Yili Technology, Yixiang Technology, Yiming Technology, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan (楊新元), and Mr. Liu Huanping (劉還平). Save for their interests in ESWIN Group, each of Mr. Yang Xinyuan and Mr. Liu Huanping is an Independent Third Party. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and upon the [**REDACTED**], they will collectively control [**REDACTED**]% of our total issued share capital.

ESWIN Group, a technology platform-oriented company focusing on the development of the semiconductor industry and the construction of the ecological chain, directly holds 17.74% of our total issued share capital as of the date of this Document. ESWIN Group also manages, as the sole general partner thereof, Yili Technology and Yixiang Technology, being our employee shareholding platforms with shareholdings of 12.72% and 1.09% of our total issued share capital as of the Latest Practicable Date, respectively.

ESWIN Group is held by Yiming Technology, Mr. Mi Peng, Mr. Yang Xinyuan and Mr. Liu Huanping as to 52.4003%, 7.2057%, 4.3234% and 3.9908%, respectively. Yiming Technology is held by Mr. Wang as to 63% as its sole general partner and other nine individuals as its limited partners including: (1) Mr. Wang Bo and Mr. Hu Weihao, being our executive Directors; (2) Dr. He Ning, our senior vice president and chief technology officer; and (3) six other individuals who are current or former employees of the Company or current employee of the Company's affiliates. None of the limited partners of Yiming Technology holds 10% or more partnership interests and all of these nine individuals have never and are not expected to exercise control over the daily operation and management of the Company. Mr. Mi Peng is our executive Director, chairman of the Board and chief executive officer. Pursuant to an agreement entered into between Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping in May 2025, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping are acting in concert with respect to all matters in the board meeting and general meeting of ESWIN Group, and such agreement shall remain in full force and effect. Each of Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan and Mr. Liu Huanping undertakes that, for so long as they hold any equity interest in ESWIN Group, they shall not terminate the acting in concert arrangement. Therefore, ESWIN Group controls the voting rights of Yili Technology and Yixiang Technology in our Company and Mr. Wang controls the voting rights of Yiming Technology in ESWIN Group.

For the background of Mr. Wang, please refer to the section headed "Directors, Supervisors and Senior Management — Executive Directors". For details of other shareholders of ESWIN Group, please refer to the section headed "Relationship with the Single Largest Shareholders — Our Single Largest Shareholders".

[REDACTED] INVESTMENTS

We have undertaken several rounds of [**REDACTED**] Investments. For details of the background of our major [**REDACTED**] Investors and the principal terms of the [**REDACTED**] Investments, see "History, Development and Corporate Structure — [**REDACTED**] Investments."

[**REDACTED**]

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(unaudited)	
Revenue	**1,752,185**	**2,025,379**	**2,431,237**	**417,480**	**494,213**
Cost of sales	(1,481,957)	(1,667,839)	(1,978,325)	(383,517)	(420,852)
Gross profit	**270,228**	**357,540**	**452,912**	**33,963**	**73,361**
Selling and distribution expenses	(166,952)	(143,956)	(234,830)	(38,977)	(59,242)
Administrative expenses	(552,903)	(501,551)	(603,940)	(123,315)	(138,912)
Research and development expenses	(1,444,738)	(1,336,952)	(1,041,639)	(275,307)	(251,824)
Other net income	147,156	178,022	54,080	16,682	4,931
Impairment loss under expected credit loss model, net of reversal	(804)	(2,455)	(1,986)	2,846	4,762
Impairment loss on intangible assets and goodwill	(72,089)	(56,571)	(90,861)	–	(85)
Impairment loss on property, plant and equipment	(3,578)	(21,977)	(35,093)	(9,759)	(728)
Loss from operations	**(1,823,680)**	**(1,527,900)**	**(1,501,357)**	**(393,867)**	**(367,737)**
Finance costs	(22,596)	(19,508)	(14,801)	(4,800)	(5,950)
Share of profits less losses of associates	5,572	(415)	517	(509)	(1,161)
Loss before taxation	**(1,840,704)**	**(1,547,823)**	**(1,515,641)**	**(399,176)**	**(374,848)**
Income tax credit/(expense)	3,240	468	(203)	(100)	(75)
Loss for the year/period	**(1,837,464)**	**(1,547,355)**	**(1,515,844)**	**(399,276)**	**(374,923)**

Non-IFRS Measure

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS Accounting Standards, we use adjusted net loss (Non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards, to evaluate our company.

We define adjusted net loss (Non-IFRS measure) as loss for the years/periods adjusted by adding back (i) equity-settled share-based payment expenses, which are non-cash in nature, and (ii) [**REDACTED**] expenses, which relate to the [**REDACTED**]. The use of this Non-IFRS measure 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. See "Financial Information — Non-IFRS Measure" for details. The following table reconciles the Non-IFRS measure for the years/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 in thousands)			*(unaudited)*	
Loss for the year/period	(1,837,464)	(1,547,355)	(1,515,844)	(399,276)	(374,923)
Add back:					
Equity-settled share-based payment expenses[(1)]	132,781	107,362	321,581	31,177	84,989
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (Non-IFRS measure)	**(1,704,683)**	**(1,439,993)**	**(1,160,782)**	**(358,795)**	**(287,176)**

Note:

(1) Equity-settled share-based payment expenses relate to share awards we offered to our employees and directors.

We incurred net losses during the Track Record Period, primarily attributable to the following reasons: (i) substantial upfront investment in research and development required; (ii) economies of scale are still materializing; (iii) financial performance fluctuations influenced by market dynamics; and (iv) changes in cost of sales and operating expenses. For more details, see "Financial Information — Business Sustainability and Path to Profitability — Reasons for Historical Loss."

Revenue

Revenue by Business Nature

The following table sets forth a breakdown of our revenue by business nature during the years/periods indicated, both in absolute 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)*			
Sale of products										
Human-machine interaction chip products	1,519,445	86.7	1,690,930	83.5	1,855,718	76.3	331,873	79.5	227,625	46.0
Multimedia processing chip products	116,108	6.6	100,706	5.0	150,617	6.2	13,253	3.2	14,219	2.9

	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)			
Interconnectivity chip products	42,459	2.5	103,134	5.0	60,298	2.5	21,421	5.1	11,127	2.3
Computing chip products	375	0.0	72,262	3.6	319,779	13.2	44,740	10.7	222,984	45.1
Other miscellaneous products	23,024	1.3	13,302	0.7	3,078	0.1	679	0.2	12	0.0
Sub-total	1,701,411	97.1	1,980,334	97.8	2,389,490	98.3	411,966	98.7	475,967	96.3
License and services	50,774	2.9	45,045	2.2	41,747	1.7	5,514	1.3	18,246	3.7
Total Revenue	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

Our revenue increased during the Track Record Period primarily attributable to the combined effect of our price-for-volume market strategy to gain more market share driven by macroeconomic factors and dynamic market conditions and the development and launch of our various newly mass-produced products. For details, see "Financial Information — Discussion of Results of Operations."

Revenue by Sales Channel

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Direct sales	1,597,654	91.2	1,854,843	91.6	2,163,421	89.0	371,423	89.0	397,578	80.4
Distribution	154,531	8.8	170,536	8.4	267,816	11.0	46,057	11.0	96,635	19.6
Total	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

For details on material fluctuations of revenue by sales channel, see "Business — Sales and Marketing — Our Sales Channel."

Revenue by Geographic Location

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Chinese Mainland	192,003	11.0	389,699	19.2	651,966	26.8	109,642	26.3	338,078	68.4
Hong Kong, China	1,464,118	83.6	1,592,076	78.6	1,663,626	68.4	306,481	73.4	153,169	31.0
Taiwan, China	72,668	4.1	23,364	1.2	1,728	0.1	148	0.0	471	0.1
Japan	23,396	1.3	15,303	0.8	11,381	0.5	1,080	0.3	1,178	0.2
United States	–	–	4,934	0.2	171	0.0	129	0.0	45	0.0
Others(1)	–	–	3	0.0	102,365	4.2	–	–	1,272	0.3
Total	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

Note:

(1) "Others" primarily represent South Korea, Singapore and the United Kingdom.

For details on material fluctuations of revenue by geographic location, see "Business — Our Offerings — Sale of Products — Key Operating Metrics."

Gross Profit and Gross Profit Margin

Our gross profit was RMB270.2 million, RMB357.5 million, RMB452.9 million, RMB34.0 million and RMB73.4 million in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively. Our gross profit margin was 15.4%, 17.7%, 18.6%, 8.1% and 14.8% in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively. The change in our gross profit and gross profit margin were primarily attributable to (i) our price-for-volume market strategy to gain more market share in light of fluctuating market conditions; (ii) the market rebound and evolving macroeconomic conditions in 2024 and 2025; and (iii) the optimization of our product portfolio.

The following table sets forth our gross profit and gross profit margin by business nature 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 Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Sale of products										
Human-machine interaction chip products	285,534	18.8	290,341	17.2	300,127	16.2	42,007	12.7	16,669	7.3
Multimedia processing chip products	43,063	37.1	33,445	33.2	78,404	52.1	6,760	51.0	4,935	34.7
Interconnectivity chip products	(110,014)	(259.1)	(11,173)	(10.8)	(30,247)	(50.2)	(23,698)	(110.6)	3,618	32.5
Computing chip products	(211)	(56.2)	12,112	16.8	83,724	26.2	6,142	13.7	29,828	13.4
Other miscellaneous products	8,032	34.9	1,803	13.6	(5,289)	(171.8)	237	34.9	65	543.3
Sub-total	226,404	13.3	326,528	16.5	426,719	17.9	31,448	7.6	55,115	11.6
License and Services	43,824	86.3	31,012	68.8	26,193	62.7	2,515	45.6	18,246	100.0
Total	**270,228**	**15.4**	**357,540**	**17.7**	**452,912**	**18.6**	**33,963**	**8.1**	**73,361**	**14.8**

The gross profit margin of human-machine interaction chip products decreased from 2023 to 2025, primarily due to price-for-volume market strategy, and further decreased from the three months ended March 31, 2025 to the same period in 2026, mainly due to demand fluctuations, industry supply shortages, and temporary supplier disruptions. The gross profit margin of multimedia processing chip products decreased from 2023 to 2024, primarily due to price-for-volume market strategy, and increased in 2025 primarily due to certain high-value, high-margin customized products delivered, but subsequently decreased from the three months ended March 31, 2025 to the same period in 2026, primarily driven by changes in product mix where demand and sales volume for certain lower margin products increased. We recorded gross loss margin for interconnectivity chip products from 2023 to 2025, primarily due to the write-down of inventories for certain earlier-generation products, which turned into gross profit margin in the three months ended March 31, 2026. The gross profit margin of computing chip products increased from 2023 to 2025, primarily due to the completion of ramp-up phase of certain computing chip products and a decrease in costs of raw materials, packaging and testing services, and remained relatively stable from the three months ended March 31, 2025 to the same period in 2026. For details on material fluctuations of gross profit and gross profit margin by business nature, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin."

Key Operating Performance Indicators

We regularly monitor sales volume and average selling price of our chip products to evaluate our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our financial position is driven by the combined effect of increases in sales volume and fluctuations in the average selling price during the Track Record Period.

Key Operating Performance Indicators by Business Nature

The following table sets forth certain key operating metrics by type of chip products for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
Sales Volume (Units, except for percentages)										
Human-machine interaction chip products	72,667,361	92.1	110,816,363	88.2	153,158,090	86.0	22,217,309	76.4	19,608,783	80.1
Multimedia processing chip products	2,073,908	2.6	2,278,958	1.8	1,368,435	0.8	476,886	1.6	476,695	2.0
Interconnectivity chip products	4,157,187	5.3	10,110,616	8.1	13,193,446	7.4	4,797,402	16.5	3,158,653	12.9
Computing chip products	8,927	0.0	2,417,332	1.9	10,243,659	5.8	1,597,662	5.5	1,232,703	5.0
Other miscellaneous products	3,278	0.0	6,558	0.0	502	0.0	78	0.0	15	0.0
Average Selling Price (RMB)										
Human-machine interaction chip products	20.9		15.3		12.1		14.9		11.6	
Multimedia processing chip products	56.0		44.2		110.1		27.8		29.8	
Interconnectivity chip products	10.2		10.2		4.6		4.5		3.5	
Computing chip products	42.0		29.9		31.2		28.0		180.9	
Other miscellaneous products	7,024.6		2,028.6		6,129.5		8,683.7		792.5	

For a detailed discussion of sales volume and average selling price by business nature, see "Business — Our Offerings — Sale of Products — Key Metrics by Product Type."

Key Operating Performance Indicators by Sales Channel

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
Sales Volume (Units, except for percentages)										
Direct sales	71,482,904	90.6	110,281,467	87.8	149,864,657	84.2	23,160,471	79.6	18,761,510	76.7
Distribution	7,427,757	9.4	15,348,359	12.2	28,099,475	15.8	5,928,866	20.4	5,715,339	23.3
Total	**78,910,661**	**100.0**	**125,629,826**	**100.0**	**177,964,132**	**100.0**	**29,089,337**	**100.0**	**24,476,849**	**100.0**
Average Selling Price (RMB)										
Direct sales	22.4		16.8		14.4		16.0		21.2	
Distribution	20.8		11.1		9.5		7.8		16.9	

For a detailed on discussion of sales volume and average selling price by sales channel, see "Business — Sales and Marketing — Our Sales Channel."

Key Operating Performance Indicators by Geographic Region

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
Sales Volume (Units, except for percentages)										
Chinese Mainland	6,414,645	8.1	16,027,370	12.8	42,880,919	24.1	7,920,373	27.2	9,102,017	37.2
Hong Kong, China	69,656,256	88.3	109,093,882	86.8	134,734,821	75.7	21,144,454	72.7	15,220,598	62.2
Taiwan, China	2,690,054	3.4	367,680	0.3	18,540	0.0	1,080	0.0	7,080	0.0
Japan	149,706	0.2	138,900	0.1	133,800	0.1	23,400	0.1	21,600	0.1
United States	–	–	1,993	0.0	63	0.0	30	0.0	18	0.0
Others(1)	–	–	1	0.0	195,989	0.1	–	–	125,536	0.5
Total	**78,910,661**	**100.0**	**125,629,826**	**100.0**	**177,964,132**	**100.0**	**29,089,337**	**100.0**	**24,476,849**	**100.0**
Average Selling Price (RMB)										
Chinese Mainland	29.9		24.3		15.2		13.8		37.1	
Hong Kong, China	21.0		14.6		12.3		14.5		10.1	
Taiwan, China	27.0		63.5		93.2		137.0		66.5	
Japan	156.3		110.2		85.1		46.1		54.5	
United States	–		2,475.6		2,720.7		4,313.8		2,482.6	
Others(1)	–		3,209.5		522.3		–		10.1	

Note:

(1) "Others" primarily represent South Korea, Singapore and the United Kingdom.

For details on material fluctuations on of operating metrics by geographic location, see "Business — Our Offerings — Sale of Products — Key Operating Metrics."

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Total non-current assets	2,346,753	1,766,347	1,210,514	983,280
Total current assets	4,005,674	3,098,046	2,767,585	3,178,139
Total assets	**6,352,427**	**4,864,393**	**3,978,099**	**4,161,419**
Total non-current liabilities	413,543	395,706	344,819	504,487
Total current liabilities	869,718	841,458	947,529	1,262,278
Total liabilities	**1,283,261**	**1,237,164**	**1,292,348**	**1,766,765**
Net current assets	**3,135,956**	**2,256,588**	**1,820,056**	**1,915,861**
Net assets	**5,069,166**	**3,627,229**	**2,685,751**	**2,394,654**

Our net current assets decreased in 2024, primarily attributable to a decrease in financial assets measured at FVPL and a decrease in time deposits with banks, mainly due to disposal of wealth management products and time deposits for cash and cash equivalents to support ordinary business operations. Our net current assets increased to RMB1,915.9 million as of March 31, 2026, primarily attributable to the increase in our cash and cash equivalents.

Our net assets decreased from RMB5,069.2 million as of December 31, 2023 to RMB3,627.2 million as of December 31, 2024, primarily attributable to our loss for the year of RMB1,547.4 million, partially offset by equity-settled share-based payment expenses of RMB107.4 million. Our net assets further decreased to RMB2,685.8 million as of December 31, 2025, primarily attributable to loss for the year of RMB1,515.8 million; partially offset by (i) equity-settled share-based payment expenses of RMB321.6 million; and (ii) capital injection of RMB250.0 million. Our net assets further decreased to RMB2,394.7 million as of March 31, 2026, primarily attributable to loss for the period of RMB374.9 million; partially offset by equity-settled share-based payment expenses of RMB85.0 million.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(unaudited)	
Net cash (used in)/generated from operating activities .	(1,250,818)	(780,654)	(1,171,001)	(228,436)	170,557
Net cash (used in)/generated from investing activities .	(1,891,820)	1,612,268	(608,138)	(69,572)	317,719
Net cash (used in)/generated from financing activities . .	2,960,127	(63,163)	393,413	(16,988)	631,537
Net (decrease)/increase in cash and cash equivalents .	(182,511)	768,451	(1,385,726)	(314,996)	1,119,813
Cash and cash equivalents at the beginning of the year/period	981,766	808,060	1,587,739	1,587,739	188,274
Effects of exchange rate changes on the balance of cash held in foreign currencies	8,805	11,228	(13,739)	(1,588)	(2,136)
Cash and cash equivalents at the end of the year/period	**808,060**	**1,587,739**	**188,274**	**1,271,155**	**1,305,951**

We recorded net cash used in operating activities of RMB1,250.8 million, RMB780.7 million, RMB1,171.0 million, RMB228.4 million in 2023, 2024, 2025 and for three months ended March 31, 2025, respectively, primarily attributable to our net loss positions and our use of cash to support our operations. We recorded net cash generated from operating activities of RMB170.6 million for the three months ended March 31, 2026. For details on our plan to achieve net operating cash inflow, see "— Business Sustainability and Path to Profitability."

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We had achieved sustained business growth but were loss-making during the Track Record Period. In 2023, 2024, 2025 and for three months ended March 31, 2025 and 2026, we incurred losses for the year/period of RMB1,837.5 million, RMB1,547.4 million, RMB1,515.8 million, RMB399.3 million and RMB374.9 million, respectively, and adjusted net loss (Non-IFRS measure) of RMB1,704.7 million, RMB1,440.0 million, RMB1,160.8 million, RMB358.8 million and RMB287.2 million, respectively. Below outline the specific measures we have implemented to achieve path to profitability.

Expanding Our Revenue Scale

We expect that our revenue will grow further through following strategies: (i) further diversifying product offerings into automotive, robotics and industrial scenarios, and increasing penetration of existing products after completing ramp-up phase; (ii) deepening relationship with existing customers especially through cross-selling and customization and further expanding customer base by penetrating emerging markets and industries; and (iii) leveraging industry tailwind and ecosystem synergies leveraging the unique advantages of RISC-V architectures and our strengths.

Improving Our Gross Margin Profile

Our future profitability depends on our ability to increase the current level of margin profile and introduce new products with high margin profile. Specifically, we expect to increase our gross margin profile by optimizing cost of sales and realizing economies of scale, which will be realized through business mix optimization to increase the proportion of high-margin, high-value-added products, technology enhancement to save costs and supply chain optimization to secure cost-effective raw materials without compromising quality.

Optimizing Operating Expenses

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, administrative expenses and selling and distribution expenses, to develop, manage and promote our system level products. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth.

Based on the foregoing, our Directors believe that our business is sustainable. For more details, see also "Financial Information — Business Sustainability and Path to Profitability."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this Document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risks we face include: (i) A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues; (ii) We operate in a competitive market subject to an evolving landscape. We face challenges from both new technologies and existing technologies, such as x86 and ARM architectures, which might be more mature than our RISC-V architecture. If we fail to meet evolving customer needs or the pace of industry innovation, or the industry and market acceptance of RISC-V architecture does not develop in our favor, results of operations and financial condition may be materially adversely affected. If the market trends toward RISC-V architecture falter, or if these trends do not grow as rapidly or as positively as expected, our business, results of operations and financial condition may be adversely affected; (iii) Demand for our products primarily depends on trends in the smart device and embodied intelligence chip product industries and the demand for the products and/or products of our customers and our customers' customers; (iv) We have incurred net losses and net operating cash outflows throughout the Track Record Period, and we may continue to incur net losses and net operating cash outflows in the near future; and (v) We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence or supply shortage for our inventories.

DISTRIBUTION

As of December 31, 2023, 2024 and 2025 and March 31, 2026 we had 20, 25, 36 and 37 distribution partners serving both domestic and international markets. The increase in the number of our distribution partners was driven by our strategic decision to target customers in certain emerging markets. To capitalize on this growth, we partnered with selected groups of distribution partners with regional and industrial influence to effectively penetrate into such markets. This approach ensures precise market coverage and allows us to meet the specific needs of customers in fast-growing sectors. For details on revenue, sales volume and averages selling price by sales channel and reasons behind its fluctuations during the Track Record Period, see "Business — Sales and Marketing."

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the following financial resources available to us described below, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this Document: (i) cash and cash equivalents; (ii) available equity financing and bank facilities; and (iii) the estimated [**REDACTED**] from the [**REDACTED**].

Our cash burn rate refers to the average monthly amount of (i) net cash used in operating activities, (ii) purchase of property, plant and equipment and intangible assets, (iii) capital element of lease payments, (iv) interest element of lease payments and (v) interest paid of bank loans. Assuming that the average cash burn rate going forward will be RMB96.8 million, being the average cash rate for the latest 15 months ended March 31, 2026, we estimate that (i) our cash and cash equivalents, restricted cash and unutilized bank facilities as of March 31, 2026 will be able to maintain our financial viability for [**REDACTED**] from March 31, 2026, (ii) if we take into account 10.0% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**], or, (iii) if we take into account all estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**]. We will continue to monitor our working capital, cash flows and our business development progress. For details, see "Financial Information — Working Capital Sufficiency."

[**REDACTED**]

DIVIDENDS

No dividend has been declared or paid by us. As of the Latest Practicable Date, we did not have any formal dividend policy or pre-determined dividend payout ratio. The declaration and payment of any dividends in the future will be determined by our Board or shareholders' meeting subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Distributable profits are our after-tax profits less any recovery of accumulated losses and appropriations to statutory that we are required to make.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period, we were involved in certain immaterial non-compliance incidents, including (i) insufficient contributions of social insurance for a few employees and engagement with third-party human resource agents for the full payment of social insurance and housing provident fund for certain employees, (ii) failure to register the lease agreements, and (iii) inconsistent usage of our certain leased properties. See "— Employees — Social Insurance and Housing Provident Funds," and "— Properties" for details.

Our Directors are of the view that (a) none of the above non-compliance incidents was material or systemic and (b) considering the immateriality of such non-compliance incidents, the adequacy and effectiveness of our enhanced internal control measures, and that none of our Directors were involved in such non-compliance incidents, such non-compliance incidents did not in totality reflect negatively on our Directors' suitability under Rules 3.08 and 3.09, or their ability to operate the Group's business in a compliant manner and the effectiveness of the Board's oversight on regulatory compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and [**REDACTED**] payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the midpoint of the indicative [**REDACTED**] stated in this Document. In line with our strategies, we intend to use the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (i) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to strengthen our chip products by developing new and/or iterating existing chip products; (ii) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to enhance the capabilities of our hardware-software integrated platform and improve our open, flexible and interoperable research and development system through investing in the hardware and software capabilities of the RISAA Platform; (iii) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for potential strategic mergers and acquisitions to expand our technological capabilities and product portfolio, thereby strengthening our global competitiveness; (iv) Approximately

[**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to establish and expand our marketing network, further promoting the construction of the RISC-V ecosystem; (v) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital and general corporate purpose. For details, please see "Future Plans and Use of [**REDACTED**]."

[**REDACTED**]

The total [**REDACTED**] payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), accounting for approximately [**REDACTED**]% of [**REDACTED**] of the [**REDACTED**]. Among such estimated total [**REDACTED**], (i) [**REDACTED**], including [**REDACTED**], are expected to be approximately HK$[**REDACTED**], and (ii) [**REDACTED**] of approximately HK$[**REDACTED**], comprising (a) fees and expenses of legal advisers and reporting accountants of approximately HK$[**REDACTED**] and (b) other fees and expenses of approximately HK$[**REDACTED**].

Among the total [**REDACTED**] payable of HK$[**REDACTED**], HK$[**REDACTED**] is expected to be expensed through profit or loss and the remaining amount of HK$[**REDACTED**] is directly attributable to the issue of shares and to be deducted from equity. As of March 31, 2026, we incurred [**REDACTED**] of HK$[**REDACTED**] during the Track Record Period through profit or loss and expected HK$[**REDACTED**] to be charged to profit or loss after the Track Record Period.

IMPACT OF COVID-19

During the COVID-19 pandemic, the consumer electronics sector experienced accelerated growth as a result of increased demand for electronic products, remote working arrangements and online entertainment. As pandemic restrictions lifted and consumer spending patterns gradually normalized, the consumer electronics sector underwent a temporary adjustment. From 2024 onwards, the industry demonstrated signs of recovery with a return to more stable demand level. Our revenue recovered and bounced from RMB1,752.2 million in 2023 to RMB2,025.4 million in 2024 and further to RMB2,431.2 million in 2025, reflecting the resilience of our business model. In light of the above, our Directors consider that the impact of COVID-19 on our operations was limited and believe that COVID-19 will not have any material impact on our business operations, financial condition or future prospects.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial, operational or trading position since March 31, 2026, being the period end date on which the latest consolidated financial information of our Group was prepared in Appendix I to this Document, and there had been no event since March 31, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

We expect to continue to record net loss for the year ending December 31, 2026, despite our continued efforts in expanding customer base, enhancing the competitiveness of our products, and improving gross margin. Our net loss is attributable to a number of factors including: (i) substantial upfront investment in research and development required; (ii) economies of scale are still materializing; (iii) financial performance fluctuations influenced by market dynamics; and (iv) changes in cost of sales and operating expenses. For details on our concrete plans, see "Financial Information — Business Sustainability and Path to Profitability."

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary".

"Accountants' Report"	the accountants' report of our Company prepared by KPMG, the text of which is set out 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 from time to time, which shall become effective upon the [**REDACTED**], a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate

[**REDACTED**]

"China", "mainland China", "Mainland China", "Chinese Mainland" or "PRC"	the People's Republic of China, which, for the purposes of this Document and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan Region of the People's Republic of China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Beijing ESWIN Computing Technology Co., Ltd. (北京奕斯偉計算技術股份有限公司), formerly known as Beijing ESWIN Computing Technology Limited. (北京奕斯偉計算技術有限公司), a limited liability company established in the PRC on September 24, 2019 and converted into a joint stock company with limited liability on June 27, 2022
"Compliance Adviser"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"ESWIN Beijing System"	Beijing ESWIN System Technology Co., Ltd. (北京奕斯偉系統科技有限公司), a limited liability company established under the laws of the PRC on December 14, 2022, and a wholly-owned subsidiary of the Company
"ESWIN Group"	Beijing ESWIN Technology Group Co., Ltd. (北京奕斯偉科技集團有限公司), previously known as Beijing Yicheng Technology Co., Ltd. (北京奕成科技有限公司) and Beijing Yisi Zhiyuan Technology Co., Ltd. (北京奕思致遠科技有限公司), a limited liability company established under the laws of the PRC on March 21, 2016, and one of our Single Largest Shareholders

"ESWIN Haining"	Haining ESWIN Computing Technology Co., Ltd. (海寧奕斯偉計算技術有限公司), previously known as Haining ESWIN Integrated Circuit Design Co., Ltd. (海寧奕斯偉集成電路設計有限公司), a limited liability company established under the laws of the PRC on June 26, 2019, and a wholly-owned subsidiary of the Company
"ESWIN Hefei"	Hefei ESWIN Computing Technology Co., Ltd. (合肥奕斯偉計算技術有限公司), previously known as Hefei ESWIN Technology Co., Ltd. (合肥奕思偉科技有限公司) and Hefei ESWIN Integrated Circuit Co., Ltd. (合肥奕斯偉集成電路有限公司), a limited liability company established under the laws of the PRC on August 10, 2016, and a wholly-owned subsidiary of the Company
"ESWIN Nanjing"	Nanjing ESWIN Computing Technology Co., Ltd. (南京奕斯偉計算技術有限公司), previously known as Nanjing ESWIN Integrated Circuit Co., Ltd. (南京奕斯偉集成電路有限公司), a limited liability company established under the laws of the PRC on November 1, 2021, and a wholly-owned subsidiary of the Company
"ESWIN Xi'an"	Xi'an ESWIN Computing Technology Co., Ltd. (西安奕斯偉計算技術有限公司), previously known as Xi'an ESWIN Integrated Circuit Co., Ltd. (西安奕斯偉集成電路有限公司), a limited liability company established under the laws of the PRC on August 31, 2021, and a wholly-owned subsidiary of the Company

[**REDACTED**]

"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company, which is an Independent Third Party

"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purposes of this Document
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

[**REDACTED**]

"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	[**REDACTED**] ordinary share(s) in the share capital of our Company with a nominal value of RMB0.1 each, which are to be subscribed for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"IFRS Accounting Standards"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors" and "Sponsor-Overall Coordinators"	the joint sponsors and sponsor-overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this Document
"KPI"	key performance indicator
"Latest Practicable Date"	July 24, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

DEFINITIONS

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"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 GEM of the Hong Kong Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang"	Mr. Wang Dongsheng (王東升), our executive Director and one of our Single Largest Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overall Coordinator(s)"	the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this Document
"Overseas Listing 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 which became effective on March 31, 2023 and related implementation guidelines
"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 (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Adviser"	Jingtian & Gongcheng, the PRC legal adviser to our Company in connection with the [**REDACTED**]
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Predecessor Company"	Beijing ESWIN Technology Limited (北京奕斯偉科技有限公司), formerly known as Beijing ESWIN Material Technology Limited (北京奕斯偉材料技術有限公司), Xi'an ESWIN Material Technology Limited (西安奕斯偉材料科技有限公司) and Xi'an ESWIN Material Technology Company Limited (西安奕斯偉材料科技股份有限公司), the entity operating our businesses before the establishment of our Company
"[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the [**REDACTED**] prior to the [**REDACTED**], the details of which are set out in "History, Development and Corporate Structure" in this Document
"[**REDACTED**] Investor(s)"	the investor(s) making investments in our Company prior to the [**REDACTED**] as set out in "History, Development and Corporate Structure" in this Document

[**REDACTED**]

"Document"	this document being issued in connection with the [**REDACTED**]
"QIB(s)"	qualified institutional buyer(s) within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" 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 capital of our Company with a nominal value of RMB1 each prior to the Share Subdivision or RMB0.1 each upon the completion of the Share Subdivision, including H Shares and Unlisted Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Share Subdivision"	the subdivision of our Company's registered Shares with nominal value of RMB1.00 each into 10 Shares with nominal value of RMB0.10 each, which is approved on May 16, 2025 and effective upon completion of the [**REDACTED**]

"Single Largest Shareholders"	Refer to Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, Mr. Liu Huanping, and ESWIN Group, Yili Technology, Yixiang Technology and Yiming Technology

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the committee of the Supervisors
"Track Record Period"	the period comprising the three financial years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026
"Transa Guangzhou"	Guangzhou Transa Semi Information Technology Co., Ltd. (廣州全盛威信息技術有限公司), a limited liability company established under the laws of the PRC on July 3, 2017, and a wholly-owned subsidiary of the Company
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange, and each share will be split into ten shares of RMB0.10 each immediately upon [**REDACTED**]
"VAT"	value-added tax

[**REDACTED**]

[**REDACTED**]	Computershare Hong Kong Investor Services Limited
"Yili Technology"	Beijing Yili Technology Partnership Enterprise (L.P.) (北京奕理科技合夥企業(有限合夥)), a limited partnership established in the PRC on October 29, 2019 and one of our Single Largest Shareholders
"Yiming Technology"	Beijing Yiming Technology Partnership Enterprise (L.P.) (北京奕明科技合夥企業(有限合夥)), a limited partnership established in the PRC on June 11, 2021 and one of our Single Largest Shareholders
"Yixiang Technology"	Beijing Yixiang Technology Partnership Enterprise (L.P.) (北京奕想科技合夥企業(有限合夥)), a limited partnership established in the PRC on June 10, 2021 and one of our Single Largest Shareholders
"%"	per cent

This glossary 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.

"AI"	artificial intelligence
"AI SoC"	AI System on Chip, an AI chip that integrates CPU, AI accelerators (such as neuro processing engine) and other necessary parts, efficiently executing AI tasks such as, among others, image recognition, speech processing, and semantic understanding
"AIoT"	artificial intelligence of things, a combination of AI and IoT
"ARM"	advanced RISC machines, a computing architecture based on RISC principles
"ASIL"	automotive safety integrity level, a risk classification system that defines how critical a component is to the safety of the vehicle
"BLE"	bluetooth low energy
"DDIC"	display driver integrated circuit, a chip that receives image signals from the TCON and converts them into driving signals to directly control the on/off states and color grayscale of the display panel's pixels
"DP"	display port, a digital display interface primarily used to connect a video source to a display, supporting high resolutions and refresh rates
"domain-specific"	refers to something that is specialized and exclusive to a particular field or area of knowledge
"EDA"	electronic design automation, the software tools used for designing electronic systems
"ESL MCU"	electronic shelf label microcontroller unit, a microcontroller designed for electronic shelf labels, optimized for ultra-low power signal processing and data transmission to enable multi-year battery life
"fabless"	IC design companies that focus solely on IC research, development and sales, while outsourcing fabrication, packaging and testing of chip, chipsets and/or circuit boards to specialized manufacturers and service providers; the term is sometimes also used to refer to this business model

"HDMI"	High Definition Multimedia Interface, a digital interface for transmitting high-definition video and audio between devices
"HDR"	high dynamic range
"Hz"	unit of frequency
"IoT"	Internet of Things
"IP module"	intellectual property module, which, for the purpose of this Document when discussing the IP modules of our Company, refers to pre-designed, pre-verified and reusable functional blocks used for chip design
"ISA"	instruction set architecture that generally defines how software controls chips
"LCD"	liquid crystal display
"LED"	light emitting diode
"LLM"	large language model
"MCU"	microcontroller unit, a compact control IC that integrates micro-processors, memories, I/O interfaces, and other necessary parts according to application scenarios, commonly used for embedded real-time control of a device
"Micro-LED Control Chip"	a component dedicated to driving Micro-LED display arrays, providing per-micro-pixel control to achieve high brightness and high contrast images
"Mini-LED Control Chip"	a component dedicated to driving thousands of independent Mini-LED backlight zones to enable precise brightness control in each region
"MNT Scaler Chip"	monitor scaler chip, a component that performs resolution scaling, frame rate conversion, and picture quality enhancements on input images and videos to match the monitor's characteristics, ensuring correct and smooth display
"OCR"	optical character recognition
"OFDMA"	orthogonal frequency division multiple access, a digital modulation scheme used in wireless/wired communication systems to allow multiple users to transmit simultaneously on different frequency subcarriers
"OSD"	on-screen display

"power density"	the amount of power consumed per unit volume or unit area
"PQ"	picture quality
"PMIC"	power management integrated circuit, a component that converts the input voltage into the required output voltages for device components such as TCON, DDIC, and display panel circuits, and may also provide functions such as dynamic power control, charging protection, and overvoltage/over-current safeguards
"RDI"	RISC-V Digital Infrastructure
"RF", or "Radio Frequency"	the range of electromagnetic frequencies used for transmitting data through radio waves
"RF Chip"	radio frequency chip, a component that handles transmission and reception of RF signals in wireless communications, and converts between RF and baseband signals
"RISAA"	an ecosystem & technology platform that is based on RISC-V computing architecture with AI technology
"RISC"	Reduced Instruction Set Computing, is a type of computer architecture that utilizes a small, highly optimized set of instructions
"RISC-V"	the fifth generation Reduced Instruction Set Computing (RISC) architecture that is an open, flexible, efficient and innovative general instruction set architecture
"RISC-V powered chip product"	products that adopt RISC-V as the host processor architecture
"R&D"	research and development
"SDKs"	software development kits
"sq.m."	square meter(s)
"TCON"	timing controller, a critical display component that receives multimedia signals from the SoC and generates precise timing signals and display data for the DDIC, ensuring the image is displayed properly and at a correct timing
"Touch Controller"	a component that collects touch position, pressure, and related signals via the touchscreen's sensor array and reports the processed touch commands to the main controller

"TV SoC"	TV system on chip, the core chip of a smart television that integrates computing, video decoding, audio processing, graphics rendering, and management of various audio-visual interfaces. It functions as the central controller, enabling intelligent operations and seamless media playback
"TWT"	target wake time, a power-saving feature in Wi-Fi that schedules specific waking-up time for devices and reduce energy consumption
"V2X Chip"	vehicle to everything Chip, a component that enables low-latency, high-reliability wireless communication between vehicles (V2V), vehicles and infrastructure (V2I), and vehicles and pedestrians (V2P)
"Wi-Fi Chip"	a component that implements Wi-Fi-protocol-compliant data transmission and reception between devices, enabling wireless networking
"x86"	a family of computing architectures used in computer processors that originally came from the Intel 8086 microprocessor

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", 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 risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. 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 operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, [**REDACTED**] volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

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

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

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.*

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

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues.

We have been largely dependent on a small number of customers for a substantial portion of our business. In particular, we rely substantially on a single customer, Customer A, an A-Share listed leading IoT provider of intelligent interface products and professional services. Revenue generated from our largest customer in each year/period during the Track Record Period accounted for 82.1%, 76.8%, 64.6% and 39.3% of our total revenue for the respective years. In addition, revenue generated from our five largest customers in each year/period during the Track Record Period accounted for 90.7%, 88.5%, 89.5% and 83.1% of our total revenue for the respective years/periods. If any of our major customers, especially our largest customer, scale back or terminate their business relationships with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be materially and adversely affected. For details, see "Business — Our Customers — Top Five Customers." For instance, Customer A was involved in an intellectual property lawsuits in relation to OLED products in the U.S. As of November 30, 2025, such case was properly settled. If Customer A becomes involved in any further litigation, our sales to Customer A may be adversely affected. Our framework procurement agreements with many of our customers typically do not obligate them to purchase our products in any certain quantity. There still exists a risk that any loss of sales from our current customers could adversely affect our revenue in the future. Our customers or strategic partners may also delay their R&D plans, and may decide to postpone their manufacturing and sales plans of their new products incorporated with our products. Such delays could lead to postponed or even eliminated demands for our products. In the future, these customers may decide to purchase fewer products than they did in the past, not to incorporate our products into their business, delay their purchases of our products, purchase products from our competitors, or to alter their purchasing patterns in some other way.

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

Our business could also be adversely affected if our customers are not able to settle accounts regularly or make payments on schedule. If our customers face financial difficulties, they may also cancel current or future product programs that could materially and adversely impact our sales and results of operations. If a major customer were to enter into bankruptcy proceedings or similar proceedings whereby contractual commitments are subject to a stay of execution and the possibility of legal or other modification, we could be forced to record a substantial loss. In the future, we may have to record additional provisions or write-offs and/or defer revenue on certain sales transactions, which could negatively impact our financial results, and we may not be able to acquire credit insurance on the credit we extend to these customers or in amounts that we deem sufficient. Thus, as we generate a significant share of our revenue from a limited number of customers, any loss or fluctuation in their business may adversely affect our results of operations and financial condition.

We operate in a competitive market subject to an evolving landscape. We face challenges from both new technologies and existing technologies, such as x86 and ARM architectures, which might be more mature than our RISC-V architecture. If we fail to meet evolving customer needs or the pace of industry innovation, or the industry and market acceptance of RISC-V architecture does not develop in our favor, results of operations and financial condition may be materially adversely affected. If the market trends toward RISC-V architecture falter, or if these trends do not grow as rapidly or as positively as expected, our business, results of operations and financial condition may be adversely affected.

We primarily compete in the smart device and embodied intelligence chip products industry in mainland China and globally, which are characterized by high competition and constant changes, including rapid technological evolution, frequent introductions of new products, continual shifts in customer demands, imposition of new tariffs or adjustments in existing tariffs or trade barriers and periodic emergence of new industry and regulatory standards and practices. The competitive landscape of these markets is subject to ongoing evolution as it is heavily affected by the general economic, political, regulatory and social conditions of such market and the competitive advancements in technology. There will be evolving uncertainties over the competitive nature of these markets as new entrants may establish themselves. Increasing competition may lead to, among other things, decreased pricing on our products. Our future success will depend on our ability to develop superior products and to maintain our competitiveness with respect to our technological advances over our existing and any new competitors. There are significant challenges to stay competitive and we face competition from other competitors, some of which have greater resources than we do.

The market opportunities, such as RISC-V, that we are pursuing are at an early stage of development, and it is difficult to predict customer demand or penetration rates for our products. We face fierce competition from other technologically sophisticated x86 and ARM architecture providers and other RISC-V architecture providers whose activities directly affect and shape the pace of competition. These competing architectures have been in the market for a longer time, are more mature, and benefit from widespread adoption, established ecosystems, and significant developer and industry support. In contrast, RISC-V architecture is still in its relatively early stages of development and adoption. Our RISC-V architecture may not achieve the level of market acceptance necessary to drive our growth. The adoption of any new technology requires industry participants — such as manufacturers, developers, and end-users of chip, chipsets and/or circuit boards — to invest time and resources into transitioning from existing technologies. This process can be slow and uncertain, particularly when the competing technologies already have a strong foothold in the market. If the ecosystem around RISC-V fails to grow or fails to attract sufficient interest and investment from key stakeholders, our ability to compete effectively could be significantly impaired. Moreover, the pace of industry developments and market adoption of RISC-V architecture may not align with our expectations.

We must continue to track and forecast customer demand in our chip products in order to design and develop technologies that can meet customer needs. If our products do not meet the evolving and increasing level of demands from our customers, our customers may not incorporate our products into their own products, which will reduce the demands for our products unless we invest additional resources to cater to such customers' specific demands. To this end, we must cooperate effectively on new designs with our customers, respond effectively to technological changes or product announcements by our competitors, develop and deliver next-generation products, and adjust to changing market conditions and regulatory standards quickly and cost-effectively. We must continue to make considerable investments in research and development, which may take several years to ramp up, if at all, while improving our business capabilities in areas such as intellectual property, licensing, and customer service. Our strategic direction may not result in innovative products that provide value to our customers. For details, see "— We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected." If we are unable to effectively develop our technologies, launch new products, or keep pace with rapid technological and industry changes, our competitive position would be impacted and our business, results of operations and financial condition could be materially adversely affected. In addition, the imposition of new tariffs or adjustments in existing tariffs or trade barriers by U.S. and other governments may negatively impact customers' demand and further disrupt their business cycles and purchasing patterns, which may adversely affect our business, financial condition and results of operations.

Demand for our products primarily depends on trends in the smart device and embodied intelligence chip product industries and the demand for the products and/or products of our customers and our customers' customers.

Demand for our products is largely dependent on the smart device and embodied intelligence chip product industry, which are volatile, intensely competitive and generally characterized by declining pricing over the life of a generation of chip, chipsets and/or circuit boards. Additionally, demand for our products could decrease if growth in the smart device and embodied intelligence chip product industry slows or declines.

The revenue we generate from our products is also largely dependent on the rate at which our customers develop and adopt new product generations. Decreasing demand from our customers for technologies underpinning our products would directly and adversely affect the amount of our revenues. As a result of our dependence on demand from our customers, we are subject to several risks affecting these customers, any one of which may influence the success or failure of a particular customer. These risks include, among others: (i) competition faced by the customer in its particular industry; (ii) the engineering and marketing capabilities of the customer; (iii) market acceptance of our customer's products; (iv) adverse developments in the economic and political conditions of the region(s) in which our customer operates, particularly to the extent that such developments create an unfavorable business environment; (v) supply and production constraints affecting our customer; (vi) imposition of new tariffs or adjustments in existing tariffs or trade barriers; (vii) technical challenges unrelated to our products faced by our customer in developing its products or products; and (viii) the financial and other resources of the customer.

These risks and others which are outside of our control could adversely affect any number of customers upon which our success depends, which could, in turn, have a material adverse effect on our business, results of operations, financial condition and prospects.

The interruption of services from our suppliers may expose us to supply chain risk that could harm our business. We also depend on a limited number of third-party business partners for certain essential materials, equipment and services, disruption of which could have a negative impact on our business operations and financial condition.

Our major suppliers are primarily chip manufacturers and assembly and testing service providers. During the Track Record Period, the cost incurred with such suppliers accounted for 77.4%, 81.6%, 87.1% and 87.6% of our total purchases in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively. For details, see "Business — Our Suppliers —Top Five Suppliers." The stability of operations and business strategies of our suppliers are beyond our control, and we may not be able to secure a stable relationship with such suppliers. Finding and qualifying alternate or additional suppliers and vendors is often a lengthy process and can lead to product development delays, interruptions to our services, or additional costs, and such alternatives are sometimes not available at all. The inability of suppliers to deliver necessary product development materials, equipment, or services can disrupt our provision of required products and make it more difficult for us to implement our business strategy.

Furthermore, we do not manufacture chip, chipsets and/or circuit boards ourselves. Instead, we are dependent on a limited number of partners for their services, which reduces our control over quality, manufacturing yield, development, enhancement and delivery schedules. Because of the complex technology involved in our chip, chipsets and/or circuit boards, any transition from an existing manufacturer to a new manufacturer or, if there were a disaster or other business disruption at any of our existing manufacturers' facilities involved in manufacturing our chip, chipsets and/or circuit boards, introducing new manufacturers would take a significant period of time to complete and would likely result in us having insufficient inventory and adversely affect our business, results of operations and financial condition. During the Track Record Period, one of our packaging and testing supplier was affected by a fire incident. For details, see "Financial Information — Discussion of Results of Operations." During the Track Record Period, we partnered with seven, seven, eight and seven manufacturers across domestic and international markets in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively, ensuring flexibility, scalability, and innovation. During the Track Record Period, we had not experienced interruption in our cooperation with manufacturers. Nonetheless, we are vulnerable to the risk that existing manufacturers may be unable to meet our future demand for chip, chipsets and/or circuit boards or cease operations altogether.

In addition to manufacturing our chip, chipsets and/or circuit boards, we have established partnership relationships with various third-party hardware and software partners to further enhance the capabilities of our chip products and enrich in the application of our products in various industries. We rely on certain other key third-party business partners for assembling, testing and packaging our chip, chipsets and/or circuit boards. These business partners help us to complete chip, chipsets and/or circuit boards as a typical outsourced assembly and testing vendor and deliver the completed products to us. In 2023, 2024, 2025 and for the three months ended March 31, 2026, we collaborated with 20, 18, 23 and 22 assembling, testing and packaging partners, respectively. In addition, we depend on the use of electronic design automation ("EDA") tools to validate our design of chip, chipsets and/or circuit boards and rely on our EDA partners for provision of required EDA services to support us in designing chip, chipsets and/or circuit boards. We primarily collaborated with six, six, six and six major EDA partners for such EDA services during the Track Record Period. If any of our partners cannot perform its respective obligations in the manner, quality and timeline as agreed or cannot fulfill their obligations due to any regulatory development, including, among others, international tariffs, trade barriers, export control or sanctions concerns, we may not be able to, on a timely basis, find a suitable alternative on commercially acceptable terms. Any inability to acquire sufficient quantities of high-quality supplies and other components in a timely manner from these third-party partners could have a negative impact on our business operations and financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material interruption in our cooperation with these partners. Nonetheless, there remains the risk that our partners may change their cooperation model at any time and any potential loss of these relations may adversely affect our business.

Furthermore, our ability to receive required services or supplies could also be adversely affected by international trade, export control, and sanctions policies and measures, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. See "— We are subject to the risks associated with sanctions and export controls laws and regulations, and developing domestic and foreign laws and regulations on our products and related technologies, and our business, financial condition and results of operations could be adversely affected."

Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and product development processes and to penetrate new markets.

Our future success significantly depends on our ability to continue to innovate and upgrade our technologies and product development processes. Product design, development, innovation and upgrade is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. The technological advancement in the downstream industries has been accelerating continuously, and the downstream market is constantly proposing higher requirements and demands for upgraded technologies and processes. We may not be able to develop and introduce new and upgraded products in a timely or efficient manner or that new and upgraded products, if developed, may not achieve market acceptance and generate sufficient revenue to offset costs incurred for such development and further achieve profitability. Failure to timely innovate and upgrade our technologies and product development processes could materially delay our development of new and enhanced products, which could result in loss of competitiveness and market share.

Our growth is also dependent on the ability of us to identify and penetrate new markets where we have limited experience yet require significant investments, resources and technological advancements in order to compete effectively. Our success in these markets is subject to a number of factors such as selling and distribution efforts, competitiveness of our existing and new products, customer preference and acceptance of our products and end products in which our products are integrated, and competitive landscape. We may not achieve success in these markets and that the markets we serve and/or target based on our business strategy may not grow in the future.

We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected.

We have been investing heavily in our research and development efforts. Our research and development expenses as a percentage of our total revenue reached 82.5%, 66.0%, 42.8%, 65.9% and 51.0% in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in research and development to make technological advances in order to expand our offerings and make our products innovative and competitive in the market. As a result, we expect that our research and development expenses will remain high.

However, our expenditures on research and development may not generate corresponding benefits. We have been focusing on research and development efforts that emphasize the deep integration and efficiency optimization of RISC-V cores, hardware and software and toolchains, while taking into full consideration the industry's understanding of what human-machine interaction, multimedia processing, interconnectivity and computing chip products can offer. Our efforts on research and development may not deliver benefits that we anticipate. Research and development activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified research and development personnel.

It is possible that our research and development efforts on RISC-V cores, hardware, software and toolchains may not work. We may not generate results in a timely manner as anticipated and we may still encounter practical difficulties in commercializing our research and development results. The market may not accept the hardware-software integration approach at the degree we expect, which may materially and adversely affect our business, prospects, financial condition and results of operations. Given the fast pace with which technologies related to smart devices and embodied intelligence have been and will continue to be developed, we may not be able to timely upgrade our technology in an efficient and cost-effective manner, or at all. New technologies in the industries we operate in could render our products that we develop or expect to develop in the future obsolete or commercially non-viable, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenues, profitability and market share.

We utilize open-source software and technology, which may pose particular risks to our business.

We use open-source software and technology in our products and anticipate using open-source software and technology in the future. Some open-source software and technology licenses require distributors to publicly disclose all or part of the source code for proprietary software that incorporates, combines with, or is derived from open-source software. They may also require allowing modifications to proprietary software or making derivative works of the open-source code available under unfavorable terms or at no cost. This could result in our proprietary software and technology being made available in the source code form and/or licensed to others under open-source licenses, which could allow our competitors or other third parties to use and modify our proprietary software and technology freely without spending the development effort. This could lead to a loss of the competitive advantage of our proprietary technologies and, as a result, sales of our products. There is a risk that open-source software and technology licenses may be construed in a manner that imposes unanticipated conditions on our ability to provide products or retain ownership of our proprietary intellectual property, particularly given that the terms of many open-source licenses to which we are subject have not been interpreted by courts of law. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the derivative works that we developed using such open-source software and technology, which could include our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open-source license. These claims could result in costly litigation and could require us to make our proprietary software and technology source code freely available, purchase a costly license, or cease offering the implicated products unless and until we can re-engineer them to avoid using or being based on any open-source software and technology or otherwise avoid breach of the applicable open-source software and technology licenses or potential infringement. This re-engineering process could require us to expend significant additional research and development resources, and may not be successful.

Additionally, the use of certain open-source software and technology can lead to greater security and operational risks than use of third-party commercial software and technology, as open-source licensors generally do not provide warranties or controls on the origin of software and technology. There is typically no support available for open-source software and technology, and we cannot ensure that the authors of such open-source software and technology will implement or push updates to address security risks or will not abandon further development and maintenance. To the extent that our products depend upon the successful operation of the open-source software and technology they use, any undetected errors or defects in this open-source software and technology could prevent the deployment or impair the functionality of our products, delay the introduction of new products, result in a failure of our products, and harm our reputation. Moreover, undetected errors or defects in open-source software and technology could render it vulnerable to data breaches or cyberattacks and make our systems more vulnerable to such attacks and breaches. We cannot be sure that all open-source software and technology is identified or submitted for approval prior to use in connection with our software or products. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect our ownership of proprietary technology, the security of our systems and devices using them, or our business, results of operations, and financial condition. During the Track Record Period and up to the Latest Practicable Date, we have not faced any claims or disputes related to the development or release of proprietary or derivative software based on open-source architecture. For details, see "Business — Intellectual Property."

Our business depends substantially on the continued services and efforts of our experienced management and research and development personnel, and our operations may be severely affected if we lost their service.

Our future performance depends on the service and contribution of our experienced management to oversee and execute our business plans, identify and pursue new opportunities and product innovations. We also rely on our experienced management team to ensure smooth business operations, including maintenance of customer and supplier relationships, and management of our operations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our research and development team. A stable and experienced R&D team is crucial for our product development, technological innovation, production efficiency and product quality improvement. Our future success depends, to a large extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the R&D and development of chip, chipsets and/or circuit boards with RISC-V cores. However, we may not be able to develop or retain qualified staff or other highly skilled employees that we need in order to achieve our strategic objectives.

If we are unable to protect or promote our brand and reputation, our business may be materially adversely affected. Negative publicity or rumors about us, our products, our shareholders, directors, management, employees, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business and products. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our products, attract and retain customers, maintain our current market leadership, and successfully differentiate our offerings from those of competitors. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our shareholders, directors, management, employees, customers, business partners or their affiliates, industry, or products or services similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and could harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Damage to our reputation and loss of brand equity may reduce demand for our products, have an adverse effect on our future financial results, or reduce the [**REDACTED**] of our Shares. Damage may also require additional resources to rebuild our reputation and restore the value of the brands. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

Changes in our industry or end markets may affect our pricing models and adversely affect our operating results.

Our pricing models face challenges from evolving market. As the market for our products grows, as our competitors introduce new products that compete with ours or reduce their prices, or as we enter into new verticals or international markets, we may be unable to attract new customers or retain existing customers based on our historical pricing models. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

In addition, the price of our products depends on the bundle included in the specific products, and our prices vary significantly across our products. Our products have different margin profiles, which vary between products depending on the amount, number and type of components that we deliver. If we adjust our business mix or fail to maintain our gross margin for our products, our business, results of operations and financial condition would be adversely affected.

If we are not able to timely and effectively support our customers, our customers' satisfaction with our products may decline, which could materially adversely affect our future business operations, results of operations, and financial condition.

Our success depends on our ability to provide timely and effective support to our customers. As our business grows and we expand our customer base, we face increasing pressure to deliver high-quality customer support services across a variety of geographies, industries, and use cases. Failure to meet our customers' expectations regarding support, whether due to delays, inadequate products, or insufficient resources, could lead to dissatisfaction, reduced trust in our products, and harm to our reputation.

Customer satisfaction is critical to the retention of existing customers and the acquisition of new ones. If we are unable to address customer inquiries, technical issues, or concerns promptly and effectively, customers may lose confidence in our ability to deliver reliable products. This could result in higher customer churn rates, decreased renewal rates for recurring revenue contracts, and reduced opportunities to upsell or cross-sell additional products and services. Our ongoing success depends on our ability to adequately communicate and deliver our products and technologies to support customers' design and production processes in a timely and effective fashion. If we are not able to communicate with our customers or adequately support their mass production processes, customers may lose confidence in our products and experience declining satisfaction with our business. Any corresponding decline in customer engagement may adversely affect our business operations, results of operations, and financial condition.

The implementation and validation processes of our products could be lengthy and unpredictable, and are subject to risks of contract cancellation, postponement, supply chain shortages, or unsuccessful implementation.

Prospective customers generally need to test and validate our products before implementing them in any particular device. Due to the complexity involved, the implementation and validation processes of our chip products with new customers may take long term. As such, we may invest considerable resources during implementation and validation phase before generating any revenues, which presents a risk to our ability to forecast our results of operations and manage our business operations.

In addition to the large upfront investment required prior to commercialization, customers may cancel or postpone implementation of our products due to an internal strategy shift, imposition of new tariffs or adjustments in existing tariffs or trade barriers, regulatory changes on tariffs, international trade, export control or sanctions or other reasons beyond our control. Due to the technological complexity of our industry, the implementation of our products into customers' devices may not be smooth, thus requiring higher costs and more investments of financial and human resources further along the process. Further, devices in which our products are implemented may experience unfavorable sales volumes, which could lead to reduced demand for our products. Any of the foregoing factors may have a material adverse effect on our business operations, results of operations, and financial condition.

The sales results of our products will partially depend on the sales results of our customers, which, in turn, may depend on effective integration of our products by our customers and the overall user experience of the products integrated with our products.

The sales results of our products will depend on the sales result of our customers, which, in turn, may depend on whether our customers effectively integrate our products into their devices. Our products are technologically complex, incorporate many technological innovations, and are typically subject to significant testing and verification, and customers also generally must devote significant resources to test and validate our products before integrating them in any particular device. These integration cycles result in our investment of resources prior to realizing any revenue from any products. In addition, the sales results depend on overall user experience, including, among others, design and customer support, which are all beyond our control. The devices integrated with our products may generate poor sales results due to poor overall user experience, which, in turn, affect the sales results of our products.

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

Significant changes in the markets in which we purchase materials, components, and supplies for the production of our products may adversely affect our profitability. During the Track Record Period, raw material costs accounted for 76.4%, 77.5%, 69.2% and 83.7% of our total cost of sales in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively. Any significant increase in the costs of these inputs could materially and adversely affect our ability to produce competitive and cost-effective products. We are seeking to adjust the prices charged to our customers to offset these potential cost increases. Nonetheless, our gross profit margin may be negatively affected, at least in the short term, as a result of these cost increases. For instance, we experienced an increase in costs of materials for multimedia processing chip products in 2023, which adversely affected our gross profit margin. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers, and, even where we are able to achieve price increases that would offset such increased costs, in some cases there may be a delay before we are able to do so. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations, and financial condition.

The prices of materials and components we use are influenced by various factors beyond our control, including global supply and demand dynamics, geopolitical tensions, imposition of new tariffs or adjustments in existing tariffs or trade barriers, inflationary pressures, currency fluctuations, trade policies, and disruptions in the supply chain. Shortages of certain components, such as raw materials for chip, chipsets and/or circuit boards, would have led to price increases and delays in procurement, adversely impacting many industries, including ours. If such supply chain issues persist or worsen, we may face higher costs and difficulties in securing the materials and components necessary for our operations. Additionally, our reliance on third-party suppliers and manufacturers exposes us to risks related to their pricing and production decisions. If our suppliers increase their prices, reduce their production capacity, or fail to meet our quality or delivery standards, we may be forced to seek alternative suppliers, which could result in higher costs, production delays, and disruptions to our operations. Furthermore, any inability to effectively manage cost increases or mitigate supply chain disruptions could delay the development and delivery of our products, harm our customer relationships, and damage our reputation. Such challenges could also limit our ability to invest in new technologies and innovation, further impacting our long-term growth prospects.

We currently have and target many customers that are large corporations with substantial negotiating power, exacting product standards and potentially competitive internal products. If we are unable to sell our products to these customers, our prospects and results of operations will be adversely affected.

Many of our existing customers and potential customers are large, multinational corporations with substantial negotiating power relative to us and, in some instances, may have internal products that are competitive to our products. These large, multinational corporations also have significant development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies. Meeting the technical requirements of any of these companies and being selected by them for supplying chip products will require a substantial investment of our time and resources. Our chip products may not be selected by these or other companies, and we may not generate meaningful revenue from the sales of our products to these key potential customers. If our products are not selected by these large corporations or if these corporations develop or acquire competitive technology, our business, financial condition and results of operations could be adversely affected.

Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions and international trade policies.

International trade frictions have been escalating continuously in recent years. Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms, such as heavy tariffs or harsh trade conditions, against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. The United States and other jurisdictions or organization, including the European Union, the United Nations, the United Kingdom and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organization within such countries.

We may be affected by geopolitical tensions and the evolving regulatory environment in the future. There is a potential risk that we may fail to comply with the escalating trade policies, especially given the high uncertainty of recent international conditions. These uncertainties may be further exacerbated by shifting policy stances, new tariffs, trade restrictions, or changes to regulatory frameworks, particularly in environments where trade policy is frequently used as a tool of foreign policy and subject to sudden reversals. In particular, ongoing tensions between the U.S. and China have been characterized by frequent tariff actions, retaliatory measures, and abrupt policy changes that have affected global trade flows and supply chains. For instance, there have been changes in international trade policies and rising political tensions, particularly between the U.S. and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. See "Regulatory Overview — U.S.-China Trade and Investment Regulatory Development — Tariff" for details. During the Track Record Period, a limited portion of our downstream overseas sales may be subject to impact related to tariff and trade policy pressures from relevant industries and all of our imports from the U.S. were related to intellectual properties and services which are not subject to additional tariffs. Moreover, our trade volume with the U.S. is minimal, so the current tariff policies have a negligible impact on our business, financial condition or results of operations. Nonetheless, prolonged trade disputes may affect global economic conditions, potentially impacting our business and growth prospects. Furthermore, the tariffs may also impact upstream suppliers and downstream customers within our industry's value chain. For suppliers, higher costs on imported materials or equipment could lead to increased production expenses, potentially squeezing margins or raising our procurement costs. On the downstream side, customers with global footprints may face higher costs, driven by tariff-related price adjustments, which could reduce demand or incentivize them to explore alternative suppliers. As a result, our business, financial condition and results of operations could be negatively affected.

Our operations may be negatively affected by trade policies, sanctions, export controls and other regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. In addition to trade policy measures, the United States and certain other governments have imposed and may adopt additional sanctions, export controls and other regulatory measures that directly or indirectly affect China-based technology companies.

We adopt a fabless business model in designing hardware-software co-engineered products tailored for our customers' specific needs. The chip, chipsets and/or circuit boards underlying our products is built on semiconductors, with key materials including raw materials for semiconductors as well as packaging and testing services. Any restrictions over the semiconductor supply or related services may affect our business, financial condition and results of operations. We have implemented robust mitigation measures to address risks related to potential global semiconductor shortage, export control regulations and international trade policies. Our supply chains primarily consist of domestic manufacturers as well as assembly and testing service providers. During the Track Record Period, one of our suppliers and one of our customers were included in the Entity List. To the extent U.S. export control considerations may be implicated, our relevant business activities remain in compliance with applicable laws and have not been materially affected by such restrictions. Furthermore, we ensure full compliance with applicable laws and regulations by working with suppliers that are authorized or otherwise qualified to support our manufacturing and testing needs, tailoring our product and product specifications in light of evolving regulatory requirements, and, where necessary, obtaining relevant licenses or approvals based on the nature and scope of the specific transaction or technology involved. Specifically, the U.S. asserts jurisdiction over items subject to the U.S. Export Administration Regulations ("EAR") located anywhere in the world. Depending on the destination country, end-user, and the ECCN of the item, transferring, exporting, or reexporting an item subject to the EAR may require a U.S. export license unless a license exception applies. For details, see "Regulatory Overview — U.S.-China Trade and Investment Regulatory Development — Sanctions and Export Control."

International trade policies and international export controls and economic sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Targets. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. Our future business may subject to sanctions risk, or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. For instance, on October 28, 2024, the U.S. Department of the Treasury ("U.S. Treasury") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "Outbound Investment Rule"), effective on January 2, 2025. As advised by our legal adviser in connection with the foregoing matters, we may be deemed a "covered foreign person" defined under the Outbound Investment Rule due to our business activities which falls within the "covered activities" targeted by the Outbound Investment Rule, and the acquisition of our equity interests may be deemed as a "notifiable transaction" and U.S. person who acquires our equity interests may need to notify the U.S. Treasury pursuant to the Outbound Investment Rule. On December 23, 2025, the U.S. Treasury published additional frequently asked questions ("FAQs") on the Outbound Investment Rule. In light of the FAQs' guidance, we are of the view, as advised by our legal advisor and taking into account its view, at the time U.S. persons acquire our H shares (which may be interpreted as the date of acquisition, i.e., the date of [**REDACTED**]) in this [**REDACTED**], such shares would be publicly listed and tradable and a U.S. person's acquisition of our H shares in this [**REDACTED**] may constitute an "excepted transaction" assuming the U.S. person would not also be afforded rights beyond "standard minority shareholder protections." The U.S. Treasury may not take the same view as ours. See "Regulatory Overview — U.S.-China Trade and Investment Regulatory Development — Outbound Investment Controls" for details. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects.

Our results of operations are affected by seasonal fluctuations.

Our results of operations are affected by seasonal fluctuations in demand for our products in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and sales cycles of customers before or around holidays, we typically experience higher sales in the second and fourth quarters throughout the year. See "Financial Information — Key Factors Affecting Our Results of Operations — Company-Specific Factors — Seasonality." If we are unable to increase our product supply capacity to meet demand, we may lose potential sales and our customers may seek other sources to meet their needs. If we are unable to manage our capacity during a seasonal or market-related downturn in demand, we may be unable to control costs. Our inability to react to changes in seasonal or cyclical demand on a timely basis may have a material adverse effect on our business, financial condition and results of operations.

We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We commenced operations in 2019. As a result of our limited operating history, our ability to accurately forecast our future results of operations is subject to a number of uncertainties such as our ability to plan for future growth. We have experienced rapid growth since the inception of our operations. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. In future periods, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our products and technologies, intensified competition, material changes in technology, declining growth rate of our total addressable market, or our failure to continue to take advantage of growth opportunities. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

As we continue to grow, we may not be able to effectively manage our growth and expand our operations, which could negatively impact our operation performance, financial condition and results of operations.

Our continued growth depends on our ability to effectively manage and expand our operations, including scaling our business processes, infrastructure, and workforce. However, rapid growth introduces significant challenges, and if we are unable to address these challenges effectively, our operational performance and financial condition could be adversely affected. Inadequate management of our growth could also lead to operational bottlenecks, delays in product development or delivery, and difficulties in maintaining consistent financial performance. If we are unable to address these challenges, our competitive position in the market could weaken, and our business, financial condition, and results of operations could be materially and adversely affected.

We plan to further grow our business by, among other things, expanding and diversifying our offerings and expanding and developing relationships with existing and new customers. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

To effectively manage the expected growth of our operations, we will also be required to refine our operational, financial and management controls and reporting systems and procedures. Our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our products mix may continue to change in the future, affecting our revenue mix, and this may have an adverse impact on our profit margin. Our growth requires significant financial resources and will place significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects, and results of operations could be negatively impacted.

We rely on proprietary technology, and if we are unable to adequately protect or enforce our intellectual property rights globally, our competitive position and operations could be adversely affected.

Our success depends on protecting our technology on our chip products. Competitors could be able to access and use them, and our operations and financial condition could be adversely affected. We protect our technology through a combination of patent, copyright, trademark and trade secret laws, employee and third-party non-disclosure agreements and similar means. Other parties may disclose, obtain or use our technologies or systems. Software piracy has also been, and is expected to be, a persistent problem for the software industry. Unauthorized third parties, including our competitors, may be able to copy our products or reverse engineer or obtain information that we regard as proprietary. Competitors may also independently develop similar or superior products. In addition, policy unauthorized use of software is difficult because the laws of some foreign countries do not protect intellectual property rights as fully as others.

Litigation to enforce our intellectual property rights is likely to be expensive and time consuming. It may also divert our management's time and attention from our business and also result in a court or governmental agency invalidating, narrowing the scope of, or rendering unenforceable our intellectual property rights.

Furthermore, we cannot be certain that pending patent applications will result in issued patents, or that issued patents will be broad enough to protect our technology. The scope of patent claims may be limited or challenged by competitors, and changes in patent law or interpretation in jurisdictions where we operate may diminish our ability to protect our inventions.

We also rely on unpatented trade secrets and know-how. Confidentiality agreements with employees and partners may be breached, or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their terms or may not provide an adequate remedy.

We may become subject to litigation brought by third parties claiming infringement of their intellectual property rights, which could result in significant liability and prevent us from selling our products.

There is significant uncertainty regarding patent protection in our industry, and we cannot be certain that our business does not infringe intellectual property of third parties. We may face claims regarding trade secrets if we recruit employees from competitors, or claims from non-practicing entities seeking licensing revenue. Because patent applications take years to issue, pending applications we are unaware of may later result in issued patents we infringe.

Adverse outcomes of potential litigation could force us to pay substantial royalties unless we obtain a license which may not be available on reasonable terms, redesign our products which may not be successful, or stop selling them. We may also face liability for indemnification to customers or partners sued for using our products.

Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of distribution agreements.

Third-party professional distributors assisted us in marketing, branding and sales of a portion of our products. The performance of our distributors, their ability and distribution network to sell our products can affect our growth rate, which may have direct impacts on our revenue and profitability. We may not be successful in detecting any non-compliance of our distributors with the provisions of their distribution agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales.

Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our distributors. Fraud or other misconduct by our distributors may involve engaging in unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our customers for fraud or misconduct committed by such distributor. Any claims could subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in complaints from our customers, regulatory and legal liabilities, as well as serious harm to our reputation.

If we fail to maintain our existing distribution channel, our business, financial condition and results of operations could be adversely affected.

During the Track Record Period, we generated a portion of revenue from distributors, amounting to RMB154.5 million, RMB170.5 million, RMB267.8 million and RMB96.6 million, representing 8.8%, 8.4%, 11.0% and 19.6% of our total revenue in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively. Our ability to maintain and grow our products will depend, in part, on our ability to maintain an effective distribution channel that ensures the timely delivery of our products to relevant customers. However, we have relatively limited control over our distributors, who may fail to distribute our products in the manner we contemplate. If price controls or other factors substantially reduce the margins our distributors can obtain through the resale of our products to customers, they may terminate their relationship with us. Any decrease in sales from, or loss of, one or more of our distributors without a corresponding increase in sales from our products or for any other reasons would harm our business, operating results, financial condition, and cash flows.

We are subject to the risks associated with sanctions and export controls laws and regulations, and developing domestic and foreign laws and regulations on our products and related technologies, and our business, financial condition and results of operations could be adversely affected.

Certain of our products may be subject to export control and economic sanctions regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Controls. Exports of our products and services incorporated with our products must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers. Obtaining the necessary authorizations, including any required license, for a particular deployment may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. In addition, changes in our products, or changes in applicable export control or economic sanctions regulations may create delays in the introduction and deployment of our products in international markets, or, in some cases, prevent the export of our products and services incorporated with our products to certain countries or end users. Any change in export control or economic sanctions regulations, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased use of our products, or in our decreased ability to export our products or provide our services to existing or prospective customers with international operations. Any decreased use of our products or limitation on our ability to export our products and provide our products could adversely affect our business, results of operations, financial condition, and prospects.

In addition to trade policy measures, the United States and certain other governments have imposed and may adopt additional sanctions, export controls and other regulatory measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition. In addition, our business operations or reputation may be adversely affected if our business partners, including our customers, are subject to sanctions.

We may be unable to successfully expand globally and the expansion of our international operations may expose us to additional regulatory, economic and political risks, the failure to handle which may adversely affect our business, results of operations and financial condition.

We aim to expand globally. However, we may not succeed in this endeavor and our success will depend on our ability to expand our sales capabilities and business relationships with our existing and new customers. For example, given the high regulatory and market access challenges in specific markets, we may not actively explore these markets in the short term, which could limit our ability to successfully achieve this objective. In addition, we face a high level of competition in our industry and we cannot be certain that the pace of growth will meet expectations. Our expansion strategy also requires significant cash investments and management resources and our business may not generate additional sales of our products to support our expansion. As we expand, we will face risks in doing business internationally that could adversely affect our business, including:

- difficulties and costs in understanding and complying with local laws, regulations and customs in foreign jurisdictions, including laws and regulations related to the industry and data security, and laws related to labor and labor unions;

- the difficulty of managing and staffing international operations and the increased operations, travel, and network costs associated with numerous international locations;

- challenges of gaining acceptance for our products by customers in different markets;

- our ability to effectively price our products in competitive international markets;

- global or regional health crises;

- imposition of new tariffs and/or adjustments in existing tariffs or trade barriers;

- the complexities of complying with current and future export controls and economic sanctions administered by the U.S. Department of Commerce's Bureau of Industry and Security and the U.S. Department of the Treasury's Office of Foreign Assets Control and other relevant sanctions authorities;

- protectionist or national security policies that restrict our ability to develop, import or export certain technologies; and

- more limited protection for intellectual property rights in some countries.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, operating results and financial condition.

Commercialization of our new products may give rise to potential internal competition between our own products in the future and adversely affect our business.

We are currently developing our new products. However, in practice, customers would make choices between different products we provided by weighing their respective pros and cons in various aspects, including but not limited to the availability of advanced features, risks, adaptability and costs, among others, and the needs and requirements vary significantly. Therefore, our new and existing products may compete against each other in a broad sense. Moreover, the functions and driving scenarios of our products might be further expanded in the future due to growing awareness of their benefits as well as technological advancements. There may be some overlap among our different products in product positioning, customer base or application scenario. Our promotion of new products may adversely affect our sales of existing products. To the extent sales of certain of our products result in decreased sales of other of our products, our overall growth may be constrained and our business, financial condition and results of operations may be adversely affected.

We may be subject to risks associated with our technologies and products.

The chip products powered by RISC-V architecture and related products and services are sold to customers to be installed on a wide range of consumer electronics, automobiles and industrial appliances. Those products are highly technical and very complex and require high standards to manufacture and will likely in the future experience defects, errors or reliability issues at various stages of development. Furthermore, any defects in or significant malfunctioning of our chip products may weaken customer confidence in RISC-V powered chip products. We may be unable to timely release new products, manufacture existing products, correct problems that have arisen or correct such problems to our customers' satisfaction.

Our chip products powered by RISC-V architecture are subject to risks. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by customers, in which case we may incur significant additional development costs and product recall, repair, replacement costs or compensation. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our financial results. Remedial efforts to address issues identified in our products may not be timely, may hamper production or may not be to the satisfaction of our customers.

The data privacy and data security laws, including those in China, are subject to rapid and evolving changes, imposing significant compliance requirements on us, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of data, could materially and adversely affect our business, financial condition, reputation and results of operations.

We do not collect personal information from third parties for our research and development purposes. Nonetheless, our operations subject us to laws and regulations on data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC as well as data security and privacy laws in jurisdictions where we intend to operate as well as concerns from our customers, employees and third parties with whom we conduct business could damage our reputation and operating results. If we were to expand our business globally, we would increasingly become subject to various laws, regulations and standards, such as the General Data Protection

Regulation, or GDPR, as well as contractual obligations relating to data privacy and security in the jurisdictions in which we were to operate. The regulatory and legal frameworks regarding data privacy and security issues in many jurisdictions are constantly evolving and developing and can be subject to significant changes from time to time, including in ways that may result in conflicting requirements among various jurisdictions. Interpretation and implementation standards and enforcement practices are similarly in a state of flux and are likely to remain uncertain for the foreseeable future. Moreover, these laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may be inconsistent with our existing practices. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such evolving policies, which requires significant resources and efforts. The theft, loss, or misuse of data to run our business or by our partners could result in significantly increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, disruption of our business activities or other increased costs related to defending legal claims.

We may be subject to laws and regulations regarding privacy and data protection in the jurisdiction that we operate, if applicable. For details, see "Regulatory Overview — Regulations on Cybersecurity and Data Protection." In addition, as our customers expand their footprints globally, they may leverage our products in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our products to help them comply with such laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any inspection, action, compulsory administrative measure or penalty from the PRC authorities or any other relevant regulatory bodies in relation to our compliance with privacy and data protection laws and regulations.

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, public censure, other claims and penalties, and significant costs for remediation and damage to our reputation, we could be materially and adversely affected if legislation or regulations are expanded to require changes in our data processing practices and policies or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively impact our business, financial condition and results of operations. Any inability to adequately address data privacy or security-related concerns or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could require significant resources and efforts, which have a material effect on our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. During the Track Record Period and up to the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. During the Track Record Period and up to the Latest Practicable Date, we had not maintained product liability insurance, and do not carry any business interruption or litigation insurance. See "Business — Insurance." A product liability claim or other litigation may be brought against us in the future, or that we may not be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

If we fail to obtain and maintain the requisite licenses, permits, registrations and filings applicable to our business according to evolving legal requirements, our business, results of operations, financial condition and prospects may be adversely affected.

Under PRC laws and regulations, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. As a fast-growing company that is continuously exploring new approaches to conduct our business and capture growth opportunities, we may become subject to additional license, approval and other requirements as we develop and expand our business scope and engage in different business activities. We may fail to meet such requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be materially affected.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on a timely manner, our operations could be disrupted. Furthermore, due to the evolving interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses, permits, registrations or filings we hold may be deemed insufficient by the PRC government, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions. If any of these risks materializes, our business, results of operations, financial condition and prospects may be adversely affected.

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

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such disputes and claims may evolve into litigations and damage our reputation, thereby adversely affecting our customer base. We may be subject to legal proceedings in the ordinary course of business. Litigation is distractive and expensive as it may cause us to incur legal fees, allocate a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could adversely affect our business. In the event of an adverse judgement against us, we may need to spend a significant amount to settle claims or pay damages, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Any investments or future acquisitions may have a material adverse effect on our business, reputation, financial condition and results of operations.

We have made investments in recent years in other companies. We expect to continue to evaluate and consider a wide array of investment and acquisition opportunities that we believe can extend and solidify our market position as part of our overall business strategy. We may be engaged in discussions or negotiations with respect to one or more of these types of transactions. These transactions involve significant challenges and risks, including:

- difficulties in integrating the acquired personnel, operations, products into our operations;

- potential issues with technology, internal controls and financial reporting of the companies we acquire or invest in;

- disruptions of our ongoing business, distractions of the attention of our management and employees and increase of our expenses;

- loss of skilled professionals and established client relationships of the businesses we invest in or acquire;

- for investments over which we do not obtain management and operational control, lack of influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments;

- new regulatory requirements and compliance risks that we become subject to as a result of investments or acquisitions in new industries or otherwise;

- actual or alleged misconduct or noncompliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry or investigations against such company or against us;

- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;

- compliance matters including the anti-monopoly and competition laws, rules and regulations of the PRC and other countries in connection with any proposed investments and acquisitions;

- the risk that any of our pending or other future proposed investments or acquisitions does not close;

- the costs of identifying and consummating investments and acquisitions;

- the use of substantial amounts of cash and potentially dilutive issuances of equity securities;

- the occurrence of significant amortization expenses for other intangible assets;

- uncertainties in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments, including the failure to realize the anticipated cost savings and efficiencies; and

- valuation risk, including the risk of overpayment and potential impairment of goodwill and other intangible assets if our valuation assumptions prove inaccurate.

Any such negative developments described above could affect our existing business and have a material adverse effect on our business, reputation, financial condition and results of operations.

Our Single Largest Shareholders have substantial influence over our Group and interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders. Immediately following the completion of the [**REDACTED**], the Single Largest Shareholders will remain as the Single Largest Shareholders of our Group. The interests of our Single Largest Shareholders might differ from the interests of our other Shareholders. In the event that our Single Largest Shareholders causes us to pursue businesses that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Single Largest Shareholders and our other Shareholders may also materially and adversely affect our operations such as the decision and implementation of our business plans, which may in turn affect our business and results of operations.

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

Natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fires or floods, outbreaks of a widespread health epidemic or pandemic such as COVID-19, or other events such as acts of war, terrorism, environmental accidents, power outages or communication interruptions may result in loss of lives, injury, destruction of assets and may materially and adversely affect our business. Such natural disasters may exert industry-wide adverse impact on our business, and further affect our financial condition and results of operations. For instance, the COVID-19 pandemic had a material impact over our downstream industries. In particular, during the pandemic, the consumer electronics sector experienced accelerated growth as a result of increased demand for electronic products, remote working arrangements and online entertainment. As pandemic restrictions lifted and consumer spending patterns gradually normalized, the consumer electronics sector underwent a temporary adjustment. In addition, we may also subject to disruptions related to such natural disasters directly. Our operations could also be affected if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our financing arrangements, business operations, results of operations, and financial condition.

As we expand globally with our customers, we become increasingly exposed to the effects of fluctuations in currency exchange rates, especially its potential impact on our financing arrangements. The value of the Renminbi against the U.S. dollar and other currencies has fluctuated significantly in the past, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. We recorded exchange gain of RMB17.1 million and RMB20.9 million in 2023 and 2024 and exchange loss of RMB27.1 million, RMB0.9 million and RMB13.9 million in 2025 and for the three months ended March 31, 2025 and 2026, respectively. For details on exposure to currency risk and sensitivity analysis, see Note 34(d) of the Accountants' Report included in Appendix I to this Document.

We face translation exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and affect our operating results. To the extent that we need to convert any foreign currencies we receive from this [**REDACTED**] into Renminbi for our operations, appreciation of the Renminbi against such foreign currencies would have an adverse effect on the Renminbi amount we would receive. We cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the foreign currencies in the future. If we decide to convert our Renminbi into foreign currencies for making payments toward our financing, for dividends on our H Shares, or for other business purposes, appreciation of the foreign currency against the Renminbi would have a negative effect on the foreign currency amount, adversely affecting our financial position. Therefore, any significant fluctuation of Renminbi against the foreign currency could adversely affect our business, results of operations and financial condition, and the value of any dividends payable in foreign currencies.

We face certain risks relating to the properties that we lease, which may disrupt our operations and relocation costs.

As of the Latest Practicable Date, we primarily leased 17 properties for our business operations which are mainly used as our headquarters and office space and three properties as our dormitories in mainland in China with an aggregate gross floor area of approximately 74,822.26 square meters. Any limitations on the leased properties, or lessors' title to such properties, may impact our use of the offices, or in extreme cases, result in relocation, which may in turn adversely affect our business operations.

Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, the lease agreements of six of our leased properties for business operations in China had not been registered with the relevant PRC government authorities. We may be subject to fines if we fail to rectify within the prescribed time period after receiving notices from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

In addition, as of the Latest Practicable Date, one of our leased properties currently used for office purposes is legally designated as industrial land in its land use right certificate. If the owner of this property is required by government authorities to rectify such land use, we may have to relocate and bear relocation costs and other additional expenses. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any such rectification request by government authorities. As advised by our PRC Legal Adviser, under relevant PRC laws and regulations, it is the lessor (not the tenants) that will be subject to any administrative punishment or penalties due to the lessors' failure to fulfill the responsibility to ensure that the actual use is consistent with the approved use. Furthermore, if we are unable to continue using such leased properties, the potential relocation will not lead to business disruption or undue burdensome, since we believe we are able to seek alternative leased properties in other areas (if necessary) without material adverse effects on the business operations and the relocation costs are not expected to be significant.

RISKS RELATED TO OUR FINANCIAL PROSPECTS

We have incurred net losses and net operating cash outflows throughout the Track Record Period, and we may continue to incur net losses and net operating cash outflows in the near future.

Since our inception, we have incurred net losses. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, we had loss for the years of RMB1,837.5 million, RMB1,547.4 million, RMB1,515.8 million, RMB399.3 million and RMB374.9 million, respectively. The fluctuations of our financial performance during the Track Record Period was primarily attributable to macroeconomic conditions and market dynamics that affects the demand and pricing of our products. We recorded net cash used in operating activities of RMB1,250.8 million, RMB780.7 million, RMB1,171.0 million and RMB228.4 million in 2023, 2024, 2025 and for the three months ended March 31, 2025, and net cash inflow from operating activities of RMB170.6 million for the three months ended March 31, 2026, respectively. We expect to incur net losses as well as net cash outflow from operating activities in the near future.

We are strategically navigating the path to profitability by leveraging a comprehensive approach aimed at expanding revenue scale, improving sustainable margin profiles, and optimizing operational efficiency. We anticipate that our cost of sales will further increase in the foreseeable future as we continue to grow our business, expand globally with our customers, invest and innovate our key technologies, and further broaden our products offerings. Our ability to achieve profitability and generate positive operating cash flow in the future depends on many factors, such as our abilities to: (i) design, develop, manufacture and commercialize our products and licenses with our customers; (ii) maintain and expand our customer bases; (iii) predict and respond to pricing pressures; (iv) respond to competition in our industry; (v) respond to evolving regulatory developments; and (vi) support our growing operations and for being a public reporting company.

If our revenue does not grow sufficiently, or if increases in our research and development expenses and other operating expenses are not followed by commensurate increases in revenue, our business, results of operations and financial condition may be adversely affected. Additionally, we might not be able to reduce our research and development expenses or our operating expenses, many of which are fixed, if our revenue does not grow at a sufficient rate. Therefore, we may not achieve profitability or generate positive operating cash flow in the future.

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

Our trade receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024, 2025 and March 31, 2026, our trade receivables amounted to RMB766.7 million, RMB755.8 million, RMB1,112.2 million and RMB752.9 million, respectively. The credit period granted to our customers was generally within 30 days to 150 days from the date of billing. See "Financial Information — Discussion of Selected Items From Our Consolidated Statements of Financial Position — Assets — Trade Receivables" in this Document.

We may not be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade receivables turnover days decreased from 150 days in 2023 to 137 days in 2024, and remained relatively stable at 140 days in 2025, primarily due to our enhanced efforts of credit management. Additionally, the collection of trade receivables are also subject to the product delivery schedules of our project agreed in advance on the case by case basis, which may fluctuate significantly. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence or supply shortage for our inventories.

Our business expansion requires us to manage a large volume of inventory effectively. Our inventories primarily consisted of chip, chipsets and/or circuit boards that are in final testing stage or are in the early stage of manufacturing. Our inventories increased from RMB328.6 million as of December 31, 2023 to RMB367.6 million as of December 31, 2024, RMB618.8 million as of December 31, 2025 and RMB780.1 million as of March 31, 2026. However, we are exposed inventory obsolescence and inventory shortage risks as a result of a variety of factors beyond our control, including changes of customer needs due to various factors such the overall macroeconomic factors market conditions, as the imposition of new tariffs or adjustments in existing tariffs or trade barriers and the inherent uncertainty of the success of our products. As of December 31, 2023, 2024 and 2025 and March 31, 2026 the balance of write down of inventories amounted to RMB207.1 million, RMB283.0 million, RMB279.0 million and RMB256.9 million, respectively. Such significant write-down of inventories is primarily due to one-off write-down of certain inventories during the Track Record Period used in a type of interconnectivity chip product related to certain earlier generation of interconnectivity function due to its accumulation and extended turnover days. Our inventory turnover days decreased from 92 days in 2023 to 76 days in 2024 as the market sentiments recovered and sales increased. Our inventory turnover days subsequently increased to 91 days 2025, primarily due to the strategic storage in anticipation of our newly mass produced products. Our inventory turnover days increased to 150 days in the first three months of 2026, primarily due to the increase in inventory balances as we strategically built up our inventory in anticipation for subsequent sales growth. We cannot ensure that we will always maintain required inventory that matches our customer demand, or our inventory turnover days will not increase in the future. Any additional write-down of inventory or increase in inventory turnover days may adversely affect our business, financial condition and results of operations.

We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. However, we may not accurately predict these trends and events and avoid understocking or overstocking inventory, or that our inventory management measures will be implemented effectively so that we will not have significant levels of inventory obsolescence, shortage or excess. As a result of unforeseen or sudden events, we may experience slow movement of our inventories, fail to utilize or sell our inventories swiftly, or face the risk of inventory obsolescence or supply shortage, and our business, results of operations, financial condition and prospects may be adversely affected.

We may not be able to obtain additional funding on acceptable terms or at all, which may affect our ability to expand our business or meet unforeseen contingencies.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations and business expansion. Our ability to obtain additional capital is subject to a variety of uncertainties, including: (i) our profitability, overall financial condition and results of operations; (ii) our market position and competitiveness in the smart device and embodied intelligence chip product industry; (iii) general market conditions for capital-raising activities by our competitors in and outside of China; and (iv) economic, political and other conditions in China and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity securities or incur additional indebtedness. The sale of additional equity or equity-linked securities could dilute our Shareholders' shareholding interest. The additional indebtedness and related interest expenses could lead to increased debt service obligations and restrict our operations or our ability to pay dividends to our Shareholders due to certain operating and financing covenants.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses, affect our financial condition and results of operations.

We adopted share incentive plans including share-based compensation for the benefit of our Directors, Supervisors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, we incurred equity-settled share-based payment expenses of RMB132.8 million, RMB107.4 million, RMB321.6 million, RMB31.2 million and RMB85.0 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this offering.

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

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a high-technology enterprise and the enterprises established in certain western regions in the PRC under policies issued by relevant tax authorities can be reduced to a preferential rate of 15%. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, we may incur more income tax expenses in the future, which would adversely affect our financial condition and results of operations.

During the Track Record Period, we recorded government grants of RMB53.6 million, RMB99.3 million, RMB38.4 million and RMB8.8 million, in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively, which mainly consist of specific subsidies and other subsidies. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Net Income." We may not continue to receive and benefit from such grants in the future.

RISKS RELATED TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down 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》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Regulatory Overview — Regulations on Overseas Listing" for details. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

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

New rules or regulations promulgated in the future may impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

Changes in economic, regulatory, political and social conditions could have a material and adverse effect on our results of operations, financial performance and business prospects.

We are headquartered in Beijing, China and currently most of our operations are conducted in China. China has implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. China's RISC-V powered chip product industry in general is affected by macroeconomic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. We are required to respond to the evolvement in the regulatory environment in China, otherwise our business could be materially affected, and our ability to continue our operations could be affected.

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

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. Most of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon us and most of our Directors, Supervisors and senior management outside the PRC. In addition, investors may also experience difficulties in enforcing judgements due to lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

The holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Hong Kong Takeovers Code do not have the force of law in Hong Kong.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. We may not have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. These foreign exchange policies regarding payment of dividends in foreign currencies may not continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividend to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

We are a PRC enterprise and we are subject to PRC tax on our global income and periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities.

The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Future examinations by PRC tax authorities may result in fines, other penalties or actions that could materially and adversely affect our results of operations, financial performance and business prospects.

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

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

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

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

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

The applicable PRC tax laws and regulations, as well as the interpretation and application of existing applicable PRC tax laws and regulations may be evolving and subject to change. New taxes may be imposed which may materially and adversely affect the value of your investment in our H Shares.

Increases in labor costs, including wages, and failure to comply with the labor laws and regulations in the PRC, could adversely affect our business, financial condition and results of operations.

China's overall economy and the average wage have increased in recent years and are expected to continue growing. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, we recorded staff costs of RMB1,433.4 million, RMB1,298.0 million, RMB1,365.4 million, RMB303.8 million and RMB324.4 million, respectively. We anticipate that our labor costs, including wages and employee benefits, will increase in the future. Unless we can pass these increased labor costs on to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

We are subject to a comprehensive matrix of laws and regulations related to labor and employees. See "Regulatory Overview — Regulations on Employment and Social Welfare." During the Track Record Period, social insurance for a few employees were not paid in full in accordance with PRC laws. In addition, during the Track Record Period, we engaged third-party human resource agencies to pay social insurance and housing provident fund for certain of our employees. For details, see "Business — Employees — Social Insurance and Housing Provident Funds."

If any of our employment practice violate labor-related laws and regulations in China, we may subject to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations or are otherwise subject to investigations related to such incidents related to labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATED TO THE [REDACTED]

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

Prior to the [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] is the result of negotiations between us and the Overall Coordinators on behalf of the [**REDACTED**], and may differ significantly from the market price for our H Shares following the [**REDACTED**]. We have applied for the [**REDACTED**] of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for our H Shares will develop, or if it does develop, will be sustained following the [**REDACTED**] or that the market price of our H Shares will not decline following the [**REDACTED**].

Furthermore, the price and [**REDACTED**] volume of our H Shares may be volatile. The following factors may affect the volume and price at which our H Shares will [**REDACTED**]:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;

- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and

- the release of lock-up or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and [**REDACTED**] volume of our H Shares.

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

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading 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 with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

The [**REDACTED**] and volume of our H Shares may not remain stable or appreciate over time, and [**REDACTED**] may experience substantial losses. In addition, the volatility in the [**REDACTED**] and volume of our H Shares may also negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

Purchasers of our H Shares in the [REDACTED] will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution. To expand our business, we may consider [**REDACTED**] and issuing additional shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Substantial future sales or the expectation of substantial sale of our H Shares in the public market following the [REDACTED] could materially and adversely affect the price of our H Shares.

Although our Single Largest Shareholders are subject to restrictions on their sales of H Shares as described in "[**REDACTED**]" in this Document, future sales of a significant number of our H Shares by our Single Largest Shareholders or other existing shareholders in the public market after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. Our Single Largest Shareholders, or other existing shareholders may dispose of H Shares held by them or that we may issue H Shares pursuant to the general mandate to issue shares granted to our Directors, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Single Largest

Shareholders or other existing Shareholders, or the Shares available for sale by our Single Largest Shareholders or other existing Shareholders, or the issuance of Shares by our Company may have on the [**REDACTED**] of the H Shares. Sale or issuance of a substantial number of Shares by our Single Largest Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [**REDACTED**] of the H Shares.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [**REDACTED**] from the [**REDACTED**], we may require additional cash resources to finance our continued growth or other future developments. Financing may not be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

We may not be able to pay dividends in the foreseeable future after the [REDACTED].

We may not be able to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividends."

Certain facts, forecast and statistics derived from official government sources contained in this Document may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this Document, particularly those relating to smart device and embodied intelligence chip product industry, from various official government publications. We have not independently verified information and statistics from official government sources. We cannot assure you as to the accuracy and reliability of such facts and statistics. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and our market opportunity estimates may not materialize in customers using our products and services as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our business and those of our competitors. Our business could fail to grow at similar rates compared with our competitors, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

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

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

[REDACTED] should read the entire Document carefully and should not consider any particular statements in this Document or in published media reports without carefully considering the risks and other information contained in this Document.

The [**REDACTED**] is being made solely on the basis of the information and representations contained in this Document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Document should not be relied upon in making an [**REDACTED**] decision with respect to the securities being [**REDACTED**].

[**REDACTED**] should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our company and the [**REDACTED**] may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets, and the demands of advertisers.

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside of Hong Kong. Most of our executive Directors ordinarily reside in the PRC and, given that they play very important roles in our Company's business operations, it is in our best interests for them to continue to be based where our Company has significant operations; it would not be beneficial to or appropriate for our Company, and therefore not in the best interests of our Company or the Shareholders as a whole, to relocate any of our existing executive Directors to Hong Kong or appoint additional executive Directors ordinarily resident in Hong Kong.

Therefore, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

(i) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Mi Peng and Ms. Chan Hei (陳曦) (the "**Authorized Representatives**"). Ms. Chan Hei is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(iii) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her 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;

(iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong within a reasonable period of time;

(v) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as our Compliance Adviser upon [**REDACTED**] for a period commencing on the [**REDACTED**] and ending 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**]. The Compliance Adviser will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange;

(vi) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Adviser, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

(vii) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(viii) our Company has designated staff members as the communication officers at our headquarters after the [**REDACTED**] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for [**REDACTED**] on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(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).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(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 Companies (Winding Up and Miscellaneous Provisions) Ordinance 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 has appointed Ms. Bu Tian (卜天) and Ms. Chan Hei (陳曦) as our joint company secretaries. See "Directors, Supervisors and Senior Management — Joint Company Secretaries" for their biographical detail.

The Company believes that it would be in the best interests of the Company and the corporate governance of our Company to have as its joint company secretary, a person such as Ms. Bu Tian, who has been the Board secretary of our Company since May 2022 and has knowledge of the Company's day-to-day affairs. Ms. Bu Tian has the necessary nexus to the Board and close working relationship with management of the 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. However, Ms. Bu Tian presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Chan Hei, who is a member of The Hong Kong Chartered Governance Institute and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Ms. Bu Tian for an initial period of three years from the [**REDACTED**] to enable Ms. Bu Tian to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Bu Tian may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Ms. Chan Hei, as a joint company secretary of our Company, will work closely with Ms. Bu Tian to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Bu Tian in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Chan Hei will also assist Ms. Bu Tian in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Chan Hei is expected to work closely with Ms. Bu Tian and will maintain regular contact with Ms. Bu Tian, the Directors and the senior management of our Company. In addition, Ms. Bu Tian will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Bu Tian will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Chan Hei ceases to provide assistance to Ms. Bu Tian as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Bu Tian will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will demonstrate and seek the Exchange's confirmation that, Ms. Bu Tian, having benefited from the assistance of Ms. Chan Hei for the preceding three years, has 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 so that a further waiver will not be necessary.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements under Chapter 14A of the Listing Rules in relation to certain continuing connected transactions between us and our connected person. For further details of such continuing connected transactions and the waiver, please refer to the section headed "Connected Transactions" in this Document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Dongsheng (王東升)	Room 601, Unit 5, Building 1 Courtyard 1 of Qinglin Road Chaoyang, Beijing, PRC	Chinese
Mr. Wang Bo (王波)	4919 Portmarnoch Ct San Jose, CA, U.S.	American
Mr. Mi Peng (米鵬)	Room 301, Unit 1, Building 8 Courtyard 12 of Tayuan Hutong Xicheng, Beijing, PRC	Chinese
Mr. Hu Weihao (胡巍浩)	Room 213, Xiangshui City North District Yangsong Town Huairou, Beijing, PRC	Chinese
Non-Executive Directors		
Mr. Li Jiaqing (李家慶)	16F, Tower B, Raycom Infotech Park No. 2 Kexueyuan South Road Haidian District, Beijing PRC	Chinese
Dr. Yu Xinhua (俞信華)	Room 301, Building 29, Lane 1388 Qishun Road, Putuo District Shanghai, PRC	Chinese
Mr. Zhang Shuai (張帥)	Room 802, Unit 6, Building 6 Yuanliu Qingyuan Community Haidian District, Beijing, PRC	Chinese
Ms. Liu Feihong (劉飛虹)	Room 202, Gate 4, Building 15 Qihua Li, Huayuan Road Nankai, Tianjin, PRC	Chinese
Independent Non-Executive Directors		
Mr. Chu Howard Ho Hwa (朱賀華)	Flat A, 28/F, Block 2 Garden Terrace 8A Old Peak Road Mid-Levels Hong Kong	Chinese

Name	Address	Nationality
Dr. Lyu Wendong (呂文棟)	Room 1-301, Building 17, Zone 5 Middle Construction No. 50 Xingshikou Road Haidian, Beijing, PRC	Chinese
Dr. Zhang Chun (張春)	Room 502, Unit 5, Building 5 Shuangqing Yuan Haidian, Beijing, PRC	Chinese
Dr. Zhang Xiaojun (張曉君)	Room 401, Building 20, Area 4 Yanxiu Garden Haidian, Beijing, PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Sun Dafei (孫達飛)	Room 1801, 15F, Unit 3 Building 1, Yard A2 Caishikou Street Xicheng, Beijing, PRC	Chinese
Mr. Liu Shuai (劉帥)	Room 501, Unit 2, Building 4 Yonganli Middle Street Chaoyang, Beijing, PRC	Chinese
Mr. Wang Qi (王琪)	No. 1-217 Jinghai Times Square Apartment Tongzhou, Beijing, PRC	Chinese

For further details on our Directors and Supervisors, see the section headed "Directors, Supervisors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place, 88 Queensway Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square, 8 Connaught Place Central, Hong Kong
Sponsor-Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place, 88 Queensway Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square, 8 Connaught Place Central, Hong Kong
Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place, 88 Queensway Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square, 8 Connaught Place Central, Hong Kong
	GF Securities (Hong Kong) Brokerage Limited 27/F, GF Tower, 81 Lockhart Road Wan Chai, Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center, 99 Queen's Road Central Hong Kong

[REDACTED]

Legal Advisers to our Company	*As to Hong Kong and U.S. laws* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central, Hong Kong *As to PRC laws* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing, PRC *As to U.S. sanction and export control laws* **Pillsbury Winthrop Shaw Pittman LLP** 1200 Seventeenth Street, NW Washington, DC 20036 The United States
Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws* **Clifford Chance** 27/F, Jardine House One Connaught Place Central, Hong Kong *As to PRC laws* **Commerce & Finance Law Offices** 12-15th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing, PRC
Reporting Accountants and Auditor	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Shanghai, PRC
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House 71 Des Voeux Road Central Central, Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	Room 101, Floor 1 Building 3, Yard 18 Science and Technology Innovation 10th Street Beijing Economic and Technological Development Area Beijing PRC
Principal Place of Business in Hong Kong	Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**https://www.eswincomputing.com** *(information contained on this website does not form part of this Document)*
Joint Company Secretaries	**Ms. Bu Tian (卜天)** Room 101, Floor 1 Building 3, Yard 18 Science and Technology Innovation 10th Street Beijing Economic and Technological Development Area Beijing PRC **Ms. Chan Hei (陳曦)** ***(ACG, HKACG)*** Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Mi Peng (米鵬)** Room 301, Unit 1, Building 8 Courtyard 12 of Tayuan Hutong Xicheng District Beijing PRC **Ms. Chan Hei (陳曦)** ***(ACG, HKACG)*** Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Strategy and Investment Committee	Mr. Wang Dongsheng (王東升) *(Chairman)* Mr. Wang Bo (王波) *(Vice chairman)* Mr. Mi Peng (米鵬) Mr. Hu Weihao (胡巍浩) Mr. Li Jiaqing (李家慶) Dr. Yu Xinhua (俞信華) Mr. Zhang Shuai (張帥) Ms. Liu Feihong (劉飛虹)

Audit Committee	Mr. Chu Howard Ho Hwa (朱賀華) *(Chairman)* Dr. Lyu Wendong (呂文棟) Dr. Zhang Xiaojun (張曉君)
Nomination Committee	Mr. Chu Howard Ho Hwa (朱賀華) *(Chairman)* Mr. Wang Dongsheng (王東升) Dr. Zhang Xiaojun (張曉君)
Remuneration Committee	Dr. Lyu Wendong (呂文棟) *(Chairman)* Mr. Wang Dongsheng (王東升) Dr. Zhang Chun (張春)

[**REDACTED**]

Principal Bank	**China Merchants Bank Co., Ltd.,** **Beijing Branch Operating Department** China Merchants International Financial Centre 156 Fuxingmennei Street Xicheng District Beijing PRC

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China's smart device and embodied intelligence chip product industry for the use in this Document, which was commissioned by us for a fee of RMB1,280,000. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

ANALYSIS OF RISC-V COMPUTING INDUSTRY

RISC-V is an open-source instruction set architecture (ISA) based on the Reduced Instruction Set Computing (RISC) principles. RISC-V is designed to be simple, modular, and highly extensible, making it suitable for a wide range of applications. Its open-source nature allows industry participants to freely use, modify, and distribute the architecture without licensing fees, fostering innovation and adoption across industries. There are three types of mainstream computing architectures, namely x86, ARM, and RISC-V, with RISC-V currently accounting for a low market proportion. The comparison among the three architectures is set below:

Comparison among Different Types of Instruction Set Architecture

	RISC-V	ARM	x86
Copyright Owner and Licensing Model	Open-source and royalty-free	The copyright holder of ARM architecture is ARM Limited, and the IP is licensed to semiconductor companies with royalties.	The copyright holders of x86 architecture are primarily Intel and AMD. Intel is the original developer of x86 architecture and holds its core IP rights.
Customizability	Modular design with optional extensions	Limited customization with fixed core designs	No customization with fixed ISA
Power Consumption	Low	Medium	High
Product Cost	Low	Medium	High
Product Maturity	Emerging	Mature	Mature
Main Applications	• Smartphones and tablets • PCs and laptops • Automobile • IoT • Industrial control • Servers and cloud computing, etc. • AI acceleration, etc.	• Smartphones and tablets • IoT • Automobile • Industrial control • Servers and cloud computing, etc.	• PCs and laptops • Servers and cloud computing, etc. • High-Performance Computing

Source: Frost & Sullivan

Core Values of RISC-V Powered Chip Products

- ***Open Ecosystem.*** RISC-V powered chip products embrace an open and inclusive ecosystem, fostering close collaboration among developers, hardware manufacturers, and end users. This openness has fueled growing interest and adoption across diverse industries, establishing RISC-V as a significant player in the evolving computing landscape. It enables industry participants especially product providers to be free from the commercial limitation of x86 or ARM architectures. As an open system, RISC-V powered chip product benefits from a broad community of developers who accelerate innovation by contributing IP module and code resources that are directly accessible to all participants.

- ***Low Power Consumption.*** In the AI landscape, energy efficiency is essential, and RISC-V powered chip products stand out in this regard due to their streamlined and minimalist design, which enables low power consumption without sacrificing performance. The simplified architecture, combined with advanced power management strategies, significantly reduces energy usage, helping to lower operational costs. This advantage is particularly important for cloud processing platforms and portable appliance, where power availability is often constrained or energy consumption minimized is necessary. By minimizing energy requirements through design efficiency, RISC-V powered chip products support sustainable AI development, allowing devices to handle complex tasks while maintaining high energy efficiency and promoting environmental responsibility.

- ***Flexibility and Scalability.*** The open and modular of RISC-V architecture allows developers to tailor product designs to meet the specific performance, energy efficiency, and functional requirements of various applications. This level of flexibility enables efficient support for a wide spectrum of use cases, from ultra-low-power end devices to high-performance data center devices. Furthermore, its compatibility with a growing ecosystem of software and hardware resources enhances development flexibility and long-term adaptability.

- ***Low Cost.*** Cost efficiency is a core value of RISC-V powered chip products, making advanced AI technology accessible across various industries. RISC-V is an open standard, allowing industry participants to implement it without the need for licensing fees. RISC-V adheres to the RISC principles and further enhances simplicity, flexibility, and efficiency in instruction implementation and execution. The feature of achieving required performance at a lower cost accelerates AI-driven innovation and fosters competitiveness in a rapidly evolving technological landscape. As intelligent algorithms and workloads continue to evolve, RISC-V's architecture advantage ensures that new functionalities can be integrated with minimal disruption, reducing time-to-market and overall system costs.

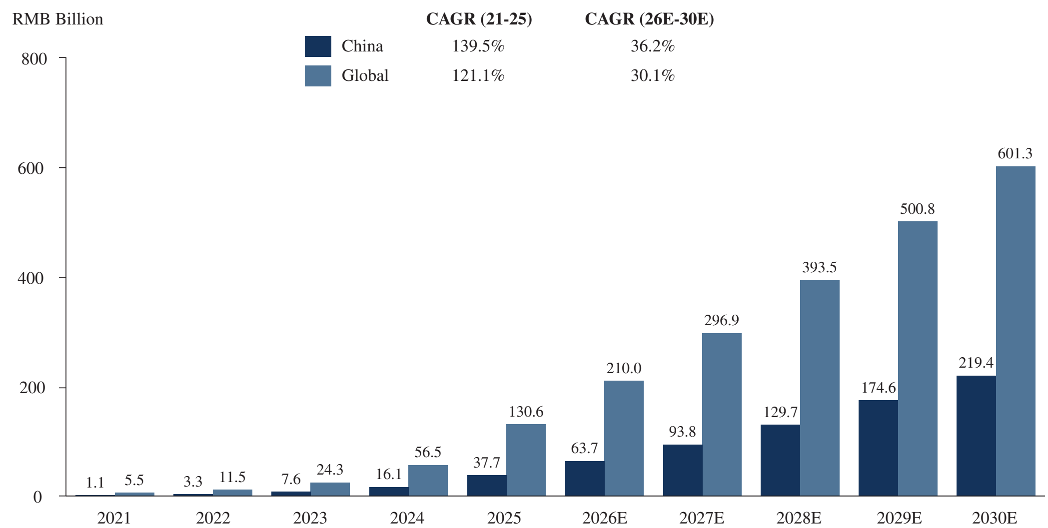
Market Size of RISC-V Powered Chip Product Market

RISC-V powered chip products refer to RISC-V architecture being used as host processor in the products, and are widely deployed across such as smart home devices, smart automotive, industrial automation, and intelligence computing, offering cost-effective and customizable alternatives to traditional architectures. Continuous advancements in RISC-V architecture innovations, have laid a robust technical foundation for its rapid adoption. Concurrently, the proliferation of smart device and embodied intelligence ecosystems have fueled explosive demand for this new computing architecture chip products.

As a result, China's RISC-V powered chip product market has grown exponentially, surging from RMB1.1 billion in 2021 to RMB37.7 billion in 2025, achieving a 139.5% CAGR during this period. Looking ahead, the market is projected to maintain rapid growth, reaching RMB219.4 billion by 2030, with a 36.2% CAGR from 2026 to 2030.

The global RISC-V powered chip product market has surged from RMB5.5 billion in 2021 to RMB130.6 billion in 2025, achieving a CAGR of 121.1%. Looking ahead, the market is projected to maintain strong momentum, reaching RMB601.3 billion by 2030 with a 30.1% CAGR from 2026 to 2030, driven by high-performance processing adoption and standardization efforts.

Market Size of RISC-V Powered Chip Product Market, China and Global, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

Market Drivers and Trends of RISC-V Powered Chip Products Market

- ***Increasing Integration of RISC-V Powered Chip Products and AI.*** The surge in AI-driven high-performance processing demands and the wide application in consumer electronics are driving RISC-V adoption due to its unique ability to adapt to rapidly evolving AI algorithms. The open-source instruction set of RISC-V allows developers to tune the hardware for specific AI tasks such as adding special math operations or standard/custom instruction extensions, which speeds up the technology improvements. Additionally, the various demand of AI applications aligns with the modular design of RISC-V and the collaborative open-source software community. Thus, RISC-V provides a versatile foundation for AI applications, while fostering innovation through opened community resource and its shared developer tools.

- ***Growing Penetration Rate of RISC-V Powered Chip Products.*** The accelerating adoption of RISC-V across smart devices and embodied intelligence is driven by the core advantages of RISC-V, which include an open ecosystem with no license fees, low power consumption, cost-effective customization, and scalability to support various applications. These advantages can help industry participants develop customized products more efficiently while cutting development costs, thus driving up the penetration rate of RISC-V. As RISC-V adoption grows, the RISC-V applications in smart device and embodied intelligence are competing with x86 and ARM architectures.

- ***Increasingly Developed RISC-V Ecosystem.*** The RISC-V ecosystem is entering a phase of rapid expansion, fueled by its open-source foundation and adaptability to various industries. This momentum is accelerated by growing industry support, as tech companies such as Google, Qualcomm, Nvidia, Alibaba and the Company rally behind RISC-V International to unify standards and enhance development tools. Furthermore, for example, the Company also offers RISAA ecosystem & technology platform, which integrates RISC-V with domain-specific IP modules and open software tools, enabling participants' efficient collaboration within the ecosystem to push forward the development of RISC-V ecosystem.

Challenges and Threats of RISC-V Powered Chip Products Market

- ***Relative Immaturity of Product Application.*** Compared to established architectures such as x86 and ARM, which benefit from longer market presence and mature ecosystems, RISC-V remains on early stages of practical implementation and market validation. Sufficient familiarity with this architecture and the necessary trust in its capabilities across both user bases and broader markets have yet to develop adequately. This lack of awareness may extend the duration required for technology assessment cycles and subsequent adoption decisions, or may reduce the willingness among certain stakeholders to explore and initiate early deployments.

- ***Lack of Relevant Talent.*** Talent availability currently presents challenge for the RISC-V ecosystem development. Limitations in hardware expertise can extend development cycles for advanced components. On the software side, attaining deep optimization proficiency for the architecture requires further development. This situation influences the commercialization pace and ecosystem growth drivers. Community initiatives are fostering internal training pipelines and knowledge sharing to accelerate proficiency. These collective efforts support the gradual strengthening of the ecosystem fundamentals.

Entry Barriers of RISC-V Powered Chip Products Market

- ***Technology Barrier.*** While RISC-V's open-source nature eliminates licensing costs, product design remains highly complex and technically demanding. Companies entering the market must have strong expertise in architecture optimization, instruction set extensions, energy efficiency, and security enhancements to develop competitive products. Compared with ARM and x86, which have mature ecosystems with well established software and hardware compatibility, RISC-V is still evolving, making it challenging to ensure seamless integration across different software platforms. Additionally, achieving high performance while maintaining low power consumption and cost efficiency requires extensive research and development. New entrants must invest heavily in refining product design, optimizing performance, and ensuring compatibility with existing software and hardware ecosystems to compete effectively in the market.

- ***Talent Barrier.*** The industry of chip, chipsets and/or circuit boards demands a highly skilled workforce with expertise in product architecture and microarchitecture design, verification, and manufacturing. RISC-V, being a relatively new and rapidly evolving instruction set, lacks a deep talent pool compared to established architectures such as ARM and x86. Engineers proficient in RISC-V design and optimization are scarce, making recruitment and training a significant challenge for new market entrants. Additionally, product development involves multiple stages, from hardware design and verification to fabrication, each requiring specialized knowledge. New entrants must allocate substantial resources to attract experienced engineers, develop internal training programs, and build strong R&D teams capable of keeping up with rapid technological advancements in the industry of chip, chipsets and/or circuit boards.

ANALYSIS OF SMART DEVICE CHIP PRODUCT INDUSTRY

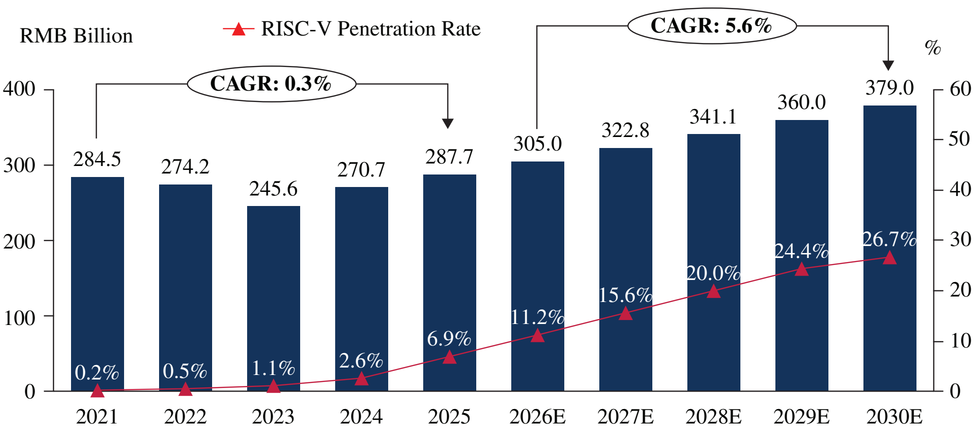
Definition and Classification of Smart Device Chip Product

Smart device chip products are designed to optimize for human-machine interaction, multimedia processing, intelligent sensing, and decision-making in the devices. Smart device chip products enable devices to handle multimedia signals and manage screen-based inputs and outputs, and include a collaborative system of components such as chip, chipsets and/or circuit boards and software. Specifically, smart device chip products are mainly used in the smart home, smart office and smart portable scenarios. The human-machine interaction chip product and multimedia processing chip product segments are the target markets of the Company.

Market Size of Smart Device Chip Product Market

China's smart device chip product market grew moderately from RMB284.5 billion in 2021 to RMB287.7 billion in 2025, with a CAGR of 0.3%, driven by rising demand in applications such as smart portable devices. It is forecasted to grow with a CAGR of 5.6% from RMB305.0 billion in 2026 to RMB379.0 billion in 2030, fueled by further adoption of smart devices in consumer electronics, and emerging smart home products where higher integration of display, connectivity, and control functions raises chip content per device. In 2025, China's smart device chip product market occupies a 16.6% share of China's total chip product market. RISC-V penetration rate in the smart device chip product market in China grew to 6.9% in 2025, and is expected to reach 26.7% in 2030, as RISC-V architecture gains traction in smart portable devices and other performance-sensitive and power consumption-sensitive applications. In 2025, the penetration rate of x86 and ARM architecture in the smart device chip product market in China was 8% and 85% respectively. While in 2030, the penetration rate of x86 and ARM architecture in the smart device chip product market in China is expected to decrease to 4% and 69% respectively.

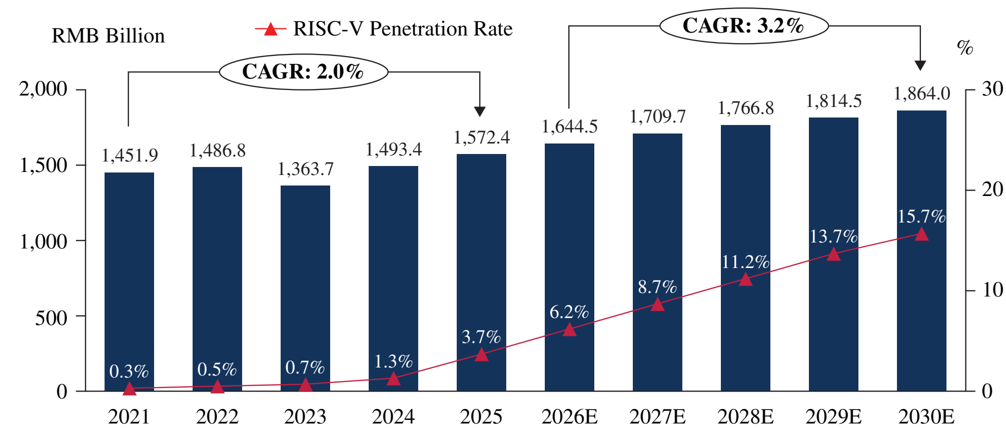
Market Size of Smart Device Chip Product Market, China, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

The global smart device chip product market expanded from RMB1,451.9 billion in 2021 to RMB1,572.4 billion in 2025, and to an estimated RMB1,864.0 billion in 2030, with a CAGR of 2.0% during 2021 to 2025 and an improved CAGR of 3.2% from 2026 to 2030. The market size expansion is driven by gradual upgrades in consumer electronics, where increasing requirements for connectivity, multimedia processing, and energy efficiency enhance chip complexity and quantity per device. RISC-V penetration rate in the global smart device chip product market grew to 3.7% in 2025, and is expected to reach 15.7% in 2030. In 2025, the penetration rate of x86 and ARM architecture in the global smart device chip product market was 18% and 79% respectively. While in 2030, the penetration rate of x86 and ARM architecture in the global smart device chip product market is expected to decrease to 11% and 73% respectively.

Market Size of Smart Device Chip Product Market, Global, 2021-2030E

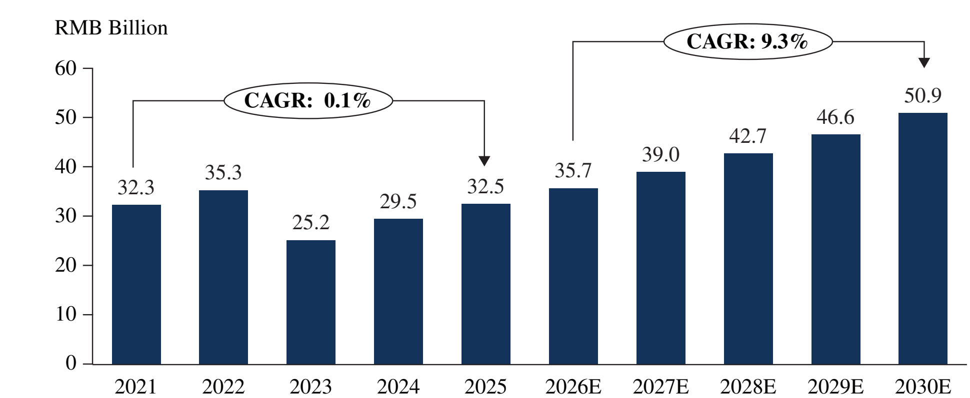


Source: primary interviews with industry participants, Frost & Sullivan

Market Size of Smart Device Human-Machine Interaction Chip Product Market

China's smart device human-machine interaction chip product market expanded from RMB32.3 billion in 2021 to RMB32.5 billion in 2025, registering a CAGR of 0.1% over the period, due to expanding adoption of multi-screen and multi-form-factor devices, which structurally raises the number of display interfaces and controllers per device. In the forecast period, the market is projected to enter a renewed growth phase, increasing from RMB35.7 billion in 2026 to RMB50.9 billion by 2030, at a CAGR of 9.3%, driven by sustained upgrades across TVs, monitors, smartphones and wearables, with continued migration to higher-resolution, higher-refresh and more advanced panel technologies. Growth is supported by increasing functional complexity in display and interaction systems, where separate chips are required for display driving, timing control, and touch input, raising chip content per device.

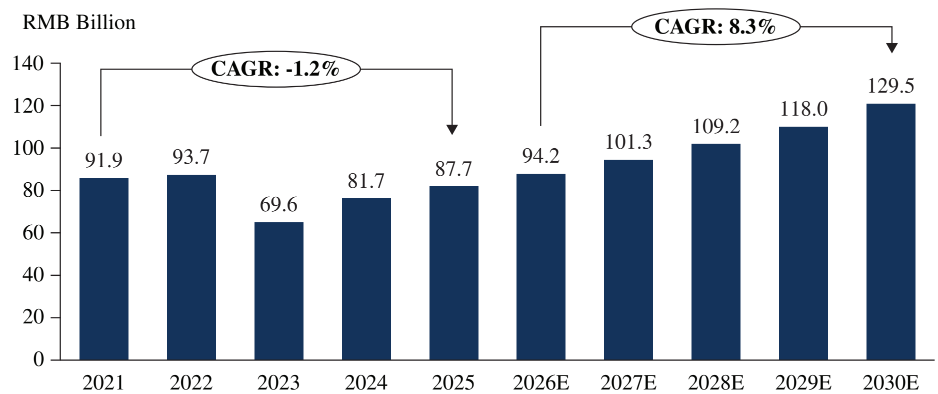
Market Size of Smart Device Human-Machine Interaction Chip Product Market, China, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

The global smart device human-machine interaction chip product market decreased from RMB91.9 billion in 2021 to RMB87.7 billion in 2025, recording a CAGR of -1.2% over the period. In the forecast period, the market is expected to enter a steady expansion phase, increasing from RMB94.2 billion in 2026 to RMB129.5 billion by 2030, at a CAGR of 8.3%, driven by increased number of display interfaces and controllers per device, with higher demand for higher-performance solutions and panel-side tuning software. The potential growth is also supported by rapid expansion of high-end monitors, gaming devices and premium handsets, where low-latency display driving and high touch sampling directly translate into user-perceived differentiation. Moreover, the need for precise panel control and tuning continues to increase, requiring dedicated chips for timing control, signal adjustment, and touch coordination, thereby raising overall chip content per device.

Market Size of Smart Device Human-Machine Interaction Chip Product Market, Global, 2021-2030E

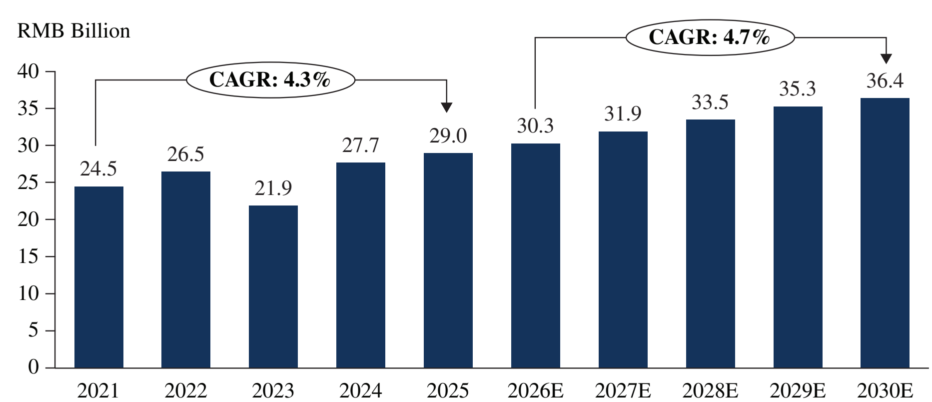


Source: primary interviews with industry participants, Frost & Sullivan

Market Size of Smart Device Multimedia Processing Chip Product Market

China's smart device multimedia processing chip product market remained stable from RMB24.5 billion in 2021 to RMB29.0 billion in 2025, delivering a CAGR of 4.3% over the period, due to the cyclical fluctuations in smart home and office demand. In the forecast period, the market is projected to expand from RMB30.3 billion in 2026 to RMB36.4 billion by 2030, at a CAGR of 4.7%. This growth is underpinned by upgrade of TVs, monitors and high-end commercial displays toward higher resolution, while there is a structural shift toward AI-enhanced multimedia, which pushes higher NPU/GPU utilization tightly coupled with multimedia engines. Moreover, the tighter coupling of multimedia functions requires more efficient allocation of processing tasks within devices, increasing reliance on chips that can support parallel workloads and dynamic resource scheduling.

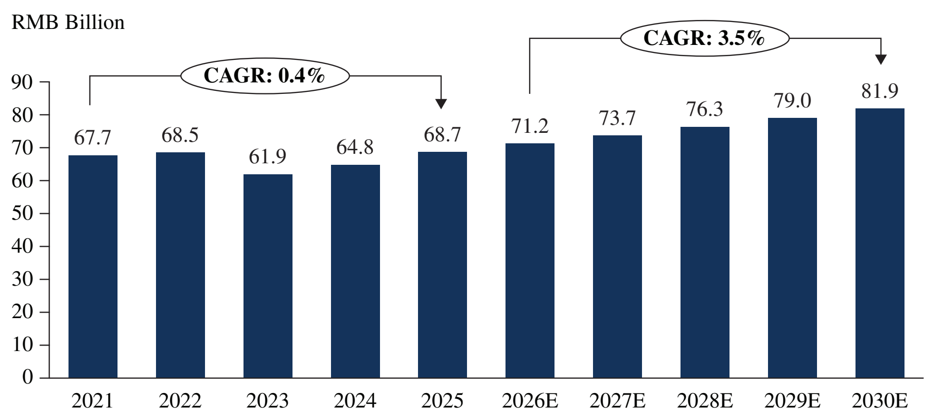
Market Size of Smart Device Multimedia Processing Chip Product Market, China, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

The smart device multimedia processing chip product market globally remained broadly stable from RMB67.7 billion in 2021 to RMB68.7 billion in 2025 with a CAGR of 0.4%, which was constrained by insufficient end-consumer demand. In the forecast period, the market is expected to return to steady growth, rising from RMB71.2 billion in 2026 to RMB81.9 billion in 2030, with a CAGR of 3.5%, driven by rapid product iteration and adoption of higher-spec TVs, scalers and LED control solutions. Another growth driver is the accelerating penetration of Mini-LED, which raises system-level control and calibration needs, reinforcing the value of end-to-end multimedia processing solutions and driving continued growth in content per device. The increasing coordination between different processing stages, such as scaling, signal adjustment, and calibration, requires more specialized chips to manage data flow and ensure consistent output quality.

Market Size of Smart Device Multimedia Processing Chip Product Market, Global, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

Market Size of Other Smart Device Chip Product Market

Other smart device chip product market includes smart device interconnectivity chip and computing chip products, which are not the target markets of the Company. The market size of smart device interconnectivity chip products in China was RMB1.2 billion in 2021, decreased slightly to RMB1.0 billion in 2025, representing a CAGR of -2.9% during 2021 and 2025, and is expected to grow to RMB1.2 billion by 2030, with a CAGR of 2.0% from 2026 to 2030. The market size of smart device computing chip products in China was RMB226.5 billion in 2021, decreased slightly to RMB225.2 billion in 2025, representing a CAGR of -0.1% during 2021 and 2025, and is expected to grow to RMB290.5 billion by 2030, with a CAGR of 5.1% from 2026 to 2030.

The global market size of smart device interconnectivity chip products reached RMB4.5 billion in 2021, decreased to RMB3.7 billion in 2025 at a CAGR of -5.1%, and is projected to reach RMB3.7 billion by 2030, with a CAGR of 0.5% during 2026 and 2030.

The global market size of smart device computing chip products reached RMB1,287.6 billion in 2021, grew to RMB1,412.3 billion in 2025 at a CAGR of 2.3%, and is projected to expand to RMB1,649.0 billion by 2030, with a CAGR of 2.8% during 2026 and 2030.

Market Drivers and Trends of Smart Device Chip Product Market

- ***Enhanced Automation and Personalization in Smart Devices***. Smart devices are increasingly designed to automate routine tasks, minimize manual intervention, and deliver more intuitive user experiences. Through advanced personalization, these devices can adapt to individual preferences and usage patterns. For instance, a modern smart home system can automatically adjust lighting, temperature, and other environmental settings based on learned user habits and specific scenarios, such as lowering the thermostat during work hours or turning on lights at sunset. Meanwhile, voice-enabled controls powered by natural language understanding allow users to interact with their devices seamlessly, making everyday life more convenient and efficient. Driven by the growing demand for convenience, efficiency, and tailored experiences, the replacement and upgrading of smart devices are expected to be key factors in the expansion of the smart device market in the coming years. As technology continues to evolve, further integration of smart automation into diverse aspects of daily life and industry will likely accelerate, opening new avenues for innovation and user engagement.

- ***Accelerated RISC-V Architecture Penetration.*** As the suitable and matching original architecture for AI and intelligence application, RISC-V powered chip product in smart devices is expected to experience an accelerated penetration driven by its core advantages such as low cost, low power consumption, open ecosystem, and flexibility and scalability, which align with the demand for smart devices under the background of AI. The low cost of RISC-V stems from its royalty-free licensing model and modular instruction set architecture, which eliminate upfront licensing fees and minimize long-term manufacturing overhead, and aligns with the economics of cost-sensitive smart terminals. Furthermore, low power consumption is essential for the application of emerging smart devices, which can provide higher computing power under the same energy consumptions.

Challenges and Threats of Smart Device Chip Product Market

- ***Relatively Mature Demand for Smart Devices.*** The relatively mature demand landscape across established smart device chip product categories, encompassing smart home, smart office, and smart portable products, creates saturation challenges. Demand saturation suppresses incremental growth opportunities while escalating competition in conventional domains, further compounded by pricing pressures and diminishing differentiation that restrict market entry and innovation, ultimately trapping players in reactive optimization rather than pioneering new value frontiers. Future breakthroughs are projected to emerge mainly from AI-integrated devices capable of redefining market paradigms.

- ***Privacy and Data Security Considerations.*** Privacy and data security considerations present ongoing challenges for smart device development. Collecting user information for personalized services requires careful data management. Current implementations have opportunities to strengthen protection measures such as broader encryption adoption and more consistent security updates. Evolving global regulations introduce compliance complexities regarding data flows and privacy requirements. These factors necessitate balancing security investments with market growth objectives. While influencing innovation pacing, these challenges are actively addressed through industry efforts.

Entry Barriers of Smart Device Chip Product Market

- ***Technology Barrier.*** The smart device chip product market has a high technology barrier, requiring expertise in human-machine interaction, multimedia processing. To succeed in this market, companies have to master low-power design techniques, efficient multimedia signal handling capabilities, and effective screen-based input and output management, while also ensuring seamless integration with a variety of communication protocols. Furthermore, AI-driven improvements aimed at enhancing human-machine interaction and multimedia processing performance demand continuous innovation and ongoing R&D investment. New entrants face significant challenges in obtaining essential patents and overcoming IP module restrictions that are often held by established players. At the same time, incumbent players already dominate the market with their proprietary technologies, well-established intellectual property portfolios, and highly optimized supply chains, making it extremely difficult for newcomers to compete without a strong technical foundation.

- ***Customer Barrier.*** The smart device chip product market has a high customer barrier, as smart device chip product are deeply integrated into manufacturers' ecosystems across a wide range of scenarios, including smart home applications, smart office applications and portable consumer electronics. This deep integration makes it very challenging for customers to switch from their existing suppliers to new ones. Incumbent suppliers provide extensive technical support, comprehensive software development kits (SDKs), and strong ecosystem compatibility, all of which ensure smooth integration with customers' existing platforms and product lines. Long-term supply agreements and fully or semi-customized offerings further strengthen customer loyalty and create significant switching costs. In many cases, customers authorize their strategic partnering suppliers to use their own IP modules and technologies for customized solutions, which creates strong customer stickiness and raises additional barriers for supplier replacement. As a result, new entrants without differentiated technological advantages or compelling cost-performance benefits face a very difficult market entry.

ANALYSIS OF EMBODIED INTELLIGENCE CHIP PRODUCT INDUSTRY

Definition and Classification of Embodied Intelligence Chip Products

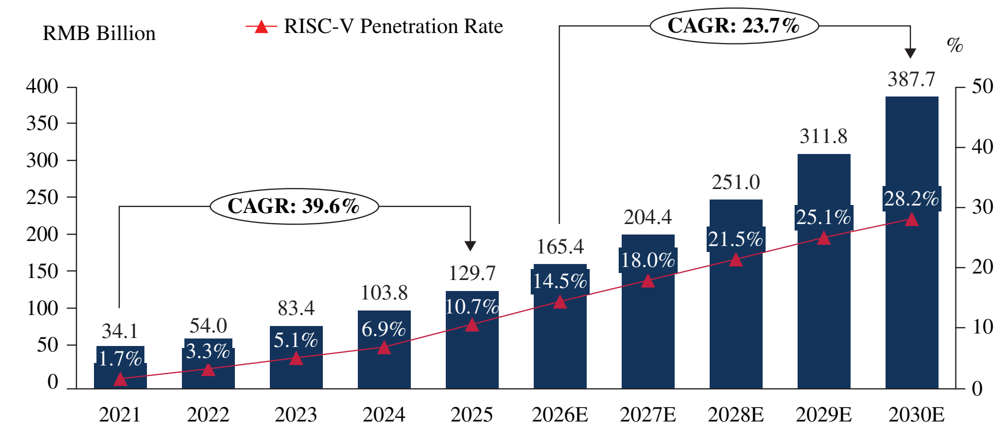
Embodied intelligence chip products are designed to enable autonomous decisions and interact with the physical environments by leveraging sensory perception, control, real-time data processing, or adaptive learning. The core of embodied intelligence chip products lies in learning and evolving through real-time interaction between the physical body and the environment, enabling embodied intelligence to form a closed loop of "perception-transmission-processing-execution". The interconnectivity chip product and computing chip product segments are the target markets of the Company.

Embodied intelligence chip products are mainly used in automotive, robotics and industrial scenarios. For instance, in the automotive field, the goal of embodied intelligence chip product is to upgrade the car from a simple tool of transportation to an "embodied intelligent body" that can deeply interact with the environment and users and has the ability to make autonomous decisions.

Market Size of Embodied Intelligence Chip Product Market

The embodied intelligence chip product market in China demonstrated robust growth, rising from RMB34.1 billion in 2021 to RMB129.7 billion in 2025, with a CAGR of 39.6%. The market is expected to grow from RMB165.4 billion in 2026 to RMB387.7 billion in 2030, with a CAGR of 23.7%, reflecting sustained demand across industries. In 2025, China's embodied intelligence chip product market occupies a 7.5% share of China's total chip product market. RISC-V penetration rate in the embodied intelligence chip product market in China grew from 1.7% in 2021 to 10.7% in 2025, and is expected to reach 28.2% in 2030. In 2025, the penetration rate of x86 and ARM architecture in the embodied intelligence chip product market in China was 40% and 49% respectively. While in 2030, the penetration rate of x86 and ARM architecture in the embodied intelligence chip product market in China is expected to decrease to 31% and 41% respectively.

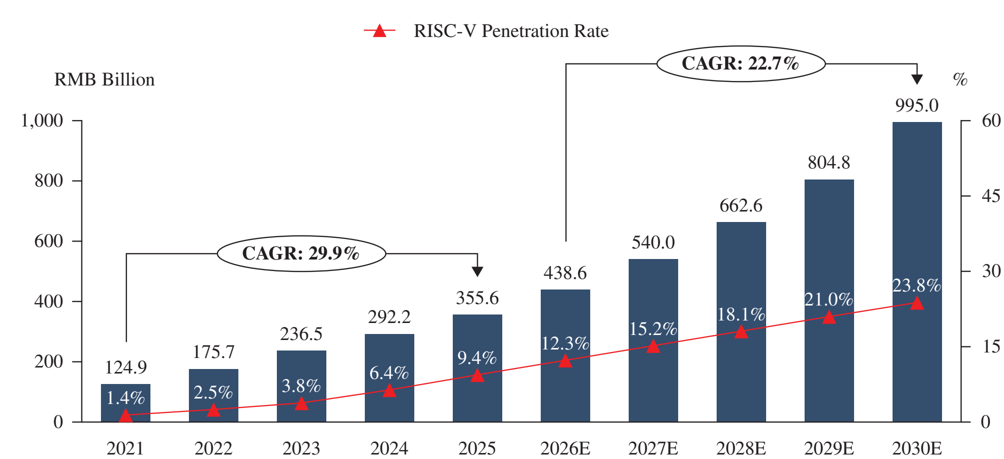
Market Size of Embodied Intelligence Chip Product Market, China, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

Driven by the accelerating adoption of intelligent technologies such as smart automotive, robotics, and industrial scenarios, the global embodied intelligence chip product market expanded robustly from RMB124.9 billion in 2021 to RMB355.6 billion in 2025, achieving a CAGR of 29.9%. The market is projected to grow further from RMB438.6 billion in 2026 to RMB995.0 billion in 2030, with a CAGR of 22.7%, reflecting sustained demand across automotive, robotics, and industrial scenarios. RISC-V penetration rate in the global embodied intelligence chip product market grew from 1.4% in 2021 to 9.4% in 2025, and is expected to reach 23.8% in 2030. In 2025, the penetration rate of x86 and ARM architecture in the global embodied intelligence chip product market was 48% and 43% respectively. While in 2030, the penetration rate of x86 and ARM architecture in the global embodied intelligence chip product market is expected to decrease to 38% and 38% respectively.

Market Size of Embodied Intelligence Chip Product Market, Global, 2021-2030E

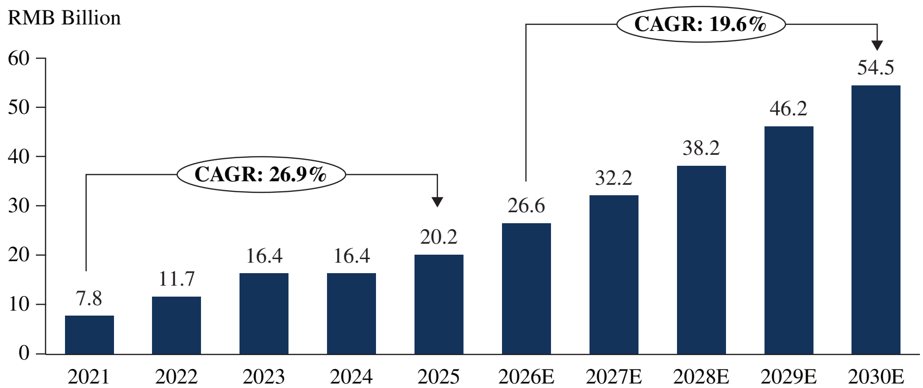


Source: primary interviews with industry participants, Frost & Sullivan

Market Size of Embodied Intelligence Interconnectivity Chip Product Market

The embodied intelligence interconnectivity chip product market in China expanded steadily from RMB7.8 billion in 2021 to RMB20.2 billion in 2025, achieving a CAGR of 26.9%, supported by rapid scaling of industrial automation, robotics deployments and connected automotive ecosystems. The market is projected to grow further from RMB26.6 billion in 2026 to RMB54.5 billion in 2030, with a CAGR of 19.6%, driven by the increased adoption of high-speed interconnect solutions, which is caused by iteration in domestic automotives and IoT terminals.

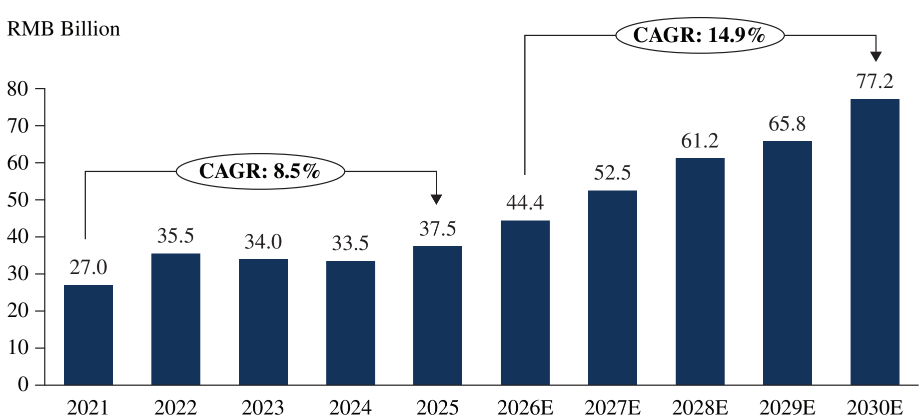
Market Size of Embodied Intelligence Interconnectivity Chip Product Market, China, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

The global embodied intelligence interconnectivity chip product market grew from RMB27.0 billion in 2021 to RMB37.5 billion in 2025, with a CAGR of 8.5%, due to the use of more connected and data-driven robots and industrial equipment, which requires reliable Wi-Fi and 4G/5G links, despite a slight fluctuation between 2022 and 2024. In the forecast period, the market is forecasted to grow steadily from RMB44.4 billion in 2026 to RMB77.2 billion in 2030, with a projected CAGR of 14.9%, caused by the transition toward software-defined vehicles and advanced driver assistance, while broader smart appliance and smart terminal connectivity penetration sustains volume growth in mainstream Wi-Fi solutions. This is further supported by the increasing use of multi-device connectivity in industrial and robotic systems, where continuous data exchange between sensors, controllers, and processing units requires reliable communication links.

Market Size of Embodied Intelligence Interconnectivity Chip Product Market, Global, 2021-2030E

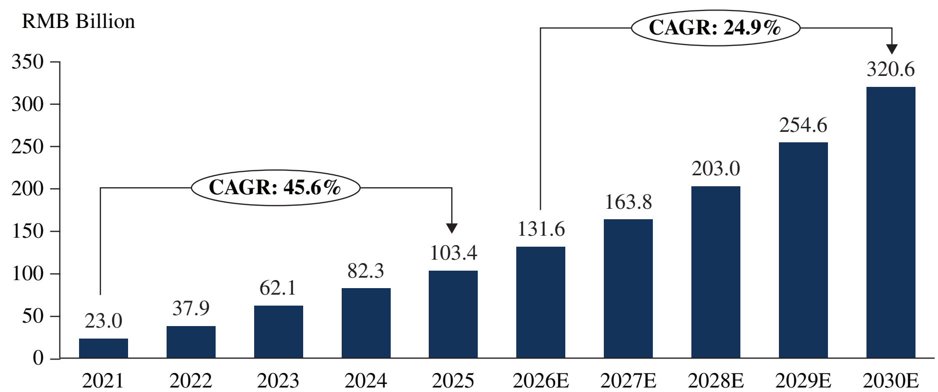


Source: primary interviews with industry participants, Frost & Sullivan

Market Size of Embodied Intelligence Computing Chip Product Market

The embodied intelligence computing chip product market in China experienced rapid expansion from RMB23.0 billion in 2021 to RMB103.4 billion in 2025, achieving a CAGR of 45.6%, supported by raised demand for on-device AI inference and real-time control compute in robotic industry. The market is projected to continue a strong growth, rising from RMB131.6 billion in 2026 to RMB320.6 billion in 2030, with a CAGR of 24.9%, due to increased demand for control platforms and edge inference platforms in automotive and industrial systems.

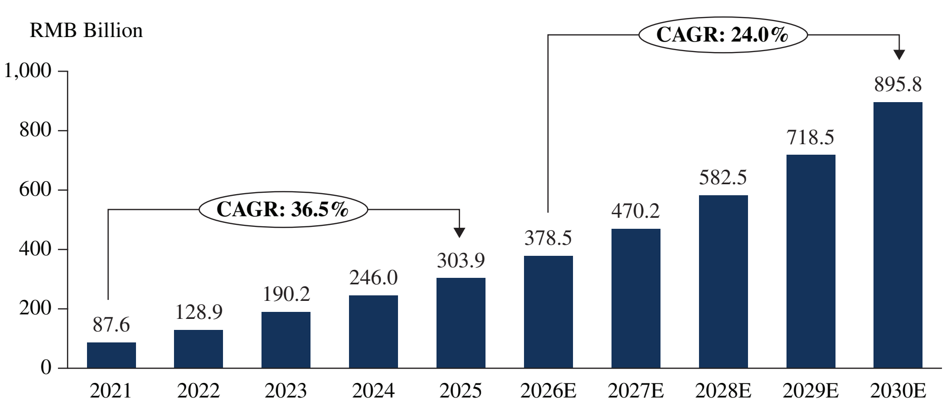
Market Size of Embodied Intelligence Computing Chip Product Market, China, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

The global embodied intelligence computing chip product market experienced rapid expansion, growing from RMB87.6 billion in 2021 to RMB303.9 billion in 2025, achieving a CAGR of 36.5%, due to the fast deployment of industrial robotics and the rapid evolution of intelligent vehicles. In the forecast period, the market is projected to continue the growth potential, rising from RMB378.5 billion in 2026 to RMB895.8 billion by 2030, with a CAGR of 24.0%, driven by the upgrade of industrial and robotics processing and execution tasks, and higher-performance AI compute for perception and decision support.

Market Size of Embodied Intelligence Computing Chip Product Market, Global, 2021-2030E



Source: primary interviews with industry participants, Frost & Sullivan

Market Size of Other Embodied Intelligence Chip Product Market

Other embodied intelligence chip product includes embodied intelligence human-machine interaction chip product, which is not the target market of the Company. The market size of embodied intelligence human-machine interaction chip products in China was RMB3.3 billion in 2021, increased to RMB6.1 billion in 2025, representing a CAGR of 16.5% from 2021 to 2025, and is expected to reach RMB12.5 billion by 2030, with a CAGR of 14.9% from 2026 to 2030.

The global market size of embodied intelligence human-machine interaction chip products stood at RMB10.3 billion in 2021, grew to RMB14.2 billion in 2025 at a CAGR of 8.5%, and is expected to expand to RMB22.0 billion by 2030, with a CAGR of 8.7% from 2026 to 2030.

Market Drivers and Trends of Embodied Intelligence Chip Product Market

- ***Rising Demand for Advanced Intelligent Products.*** The evolution of intelligent systems is reshaping expectations across key fields such as automotive, robotics, and industrial applications. In the automotive sector, advances in sensor technology, 5G connectivity, and computing power are accelerating the adoption of smarter vehicles. Features like interactive smart cockpits, advanced driver-assistance systems, and seamless connectivity are significantly enhancing the driving experience while meeting rising demands for safety and convenience. The convergence of technological progress and socioeconomic needs is expected to drive sustained demand for smarter, more autonomous products, encouraging continued replacement and upgrades in the years ahead. This trend is likely to further expand the embodied intelligence chip product market, creating new opportunities across personal, commercial, and industrial domains.

- ***Accelerated RISC-V Architecture Penetration.*** The open ecosystem, flexibility and scalability, low power consumption and low cost of RISC-V architecture make it suitable for embodied intelligence systems requiring hardware customization, energy efficiency, and collaborative innovation. The open-source architecture of RISC-V makes its underlying architecture more transparent to downstream clients. This design supports rigorous safety verification, making RISC-V more secure for automotive applications. Meanwhile, the open ecosystem fosters cross-industry collaboration. Besides, the architectural flexibility of RISC-V accelerates adoption in autonomous systems, while reduced licensing barriers empower industry participants to prototype embodied intelligence applications cost-effectively.

Challenges and Threats of Embodied Intelligence Chip Product Market

- ***Relatively Immaturity of Applications.*** The relative immaturity of embodied intelligence at the application level poses practical challenges to its large-scale deployment. This immaturity primarily manifests in insufficient adaptability to dynamic environmental changes in real-world scenarios, limited robustness in task execution, and deficient cross-scene generalization capabilities. Current technology has not yet fully resolved the collaborative closed loop integrating multimodal sensory fusion, real-time dynamic decision-making, and fine motor control. However, these challenges are being progressively addressed through technological innovations and industrial collaboration.

- ***Rapid Technology Iteration and Changing Customer Needs.*** The rapid evolution of technological iteration and customer demands poses a challenge to embodied intelligence development. Technically, core areas such as algorithm efficiency and hardware compatibility require breakthroughs, while the technology iteration cycle outpaces traditional hardware development, forcing enterprises to maintain high continuous investment to stay competitive. Simultaneously, customer demands are shifting from basic task execution to human-machine collaboration in complex scenarios, creating systemic pressure on product design. Faced with these challenges, enterprises must build continuous innovation and agile iteration capabilities to establish a sustainable path in the dynamic landscape.

Entry Barriers of Embodied Intelligence Chip Product Market

- ***Technology Barrier.*** The embodied intelligence chip product market has a high technology barrier, requiring a closed loop of perception, transmission, processing. These products must support real-time data processing capabilities, adaptive learning functionalities, and reliable operation across a variety of demanding use cases. New entrants need to develop strong capabilities across multiple technical disciplines, including processing hardware design, low-power optimization, and compliance with various communication protocols. Additionally, they must overcome IP module restrictions and patent barriers that are often controlled by established players. Without a solid technical foundation and sustained innovation capability, it is extremely difficult for new entrants to compete with incumbent players who have already built mature, reliable, and integrated solutions for these specialized application scenarios.

- ***Customer Barrier.*** The embodied intelligence chip product market has a high customer barrier, as embodied intelligence chip product are deeply integrated into manufacturers' ecosystems across automotive, robotics, and industrial applications. Established suppliers in this market offer long-term technical support, comprehensive SDKs, and customized development services that are tailored to the specific requirements of automotive OEMs, robot manufacturers, and industrial automation customers. Customers often authorize their strategic partnering suppliers to use their own IP modules and technologies for fully customized or semi-customized solutions, which creates strong customer stickiness and raises significant barriers for any potential supplier replacement. Switching to a new supplier would require extensive software adaptation, rigorous testing, and thorough validation of performance stability. These high switching costs, combined with the potential risks of performance degradation or reliability issues, make customers highly reluctant to change their incumbent suppliers. As a result, new entrants without proven reliability, established track records, or differentiated technological advantages will struggle to replace the existing suppliers in this market.

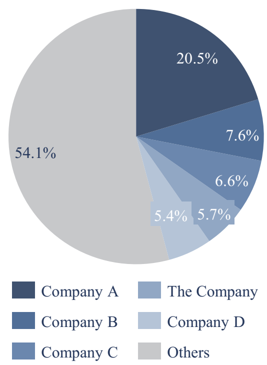
COMPETITIVE ANALYSIS OF SMART DEVICE CHIP PRODUCT AND RISC-V INDUSTRY

Competitive Landscape of Smart Device Human-Machine Interaction Chip Product Companies in China

The smart device human-machine interaction chip product market in China is relatively scattered, with non-domestic players such as Company A, Company B and Company C maintaining existing shares in the market. Major domestic players in the industry are making efforts to establish strong market positions through advanced technology, large-scale production capacity, and extensive industry partnerships.

The top five players had an aggregate of 45.9% of the market share of smart device human-machine interaction chip product industry in terms of revenue in 2025. The Company ranked fourth among all providers and first among domestic providers of smart device human-machine interaction chip products in China, with a market share of 5.7% in smart device human-machine interaction chip product industry.

Top 5 Smart Device Human-Machine Interaction Chip Product Companies* (by revenue), China, 2025



Rank	Company	Sales Revenue (in RMB Billion)	Market Share	Listing Status	Region
1	Company A	6.7	20.5%	Listed (TWSE)	Taiwan, China
2	Company B	2.5	7.6%	Listed (TWSE)	Taiwan, China
3	Company C	2.2	6.6%	Listed (TWSE)	Taiwan, China
4	**The Company**	**1.9**	**5.7%**	**Not Listed**	**Chinese Mainland**
5	Company D	1.8	5.4%	Not Listed	Chinese Mainland
	Others	17.6	54.1%		
	Total	**32.5**	**100%**		

Source: Company reports, primary interviews with industry participants, Frost & Sullivan

**Note:* The product providers for smart devices with human-machine interaction capabilities refer to players who integrate hardware and software platform

Company A, a company listed on the Taiwan Stock Exchange, was established in 1997 and primarily offers integrated circuits and system for smart devices.

Company B, a company listed on the Taiwan Stock Exchange, was established in 2003 and primarily offers integrated circuits, and control chips for smart devices.

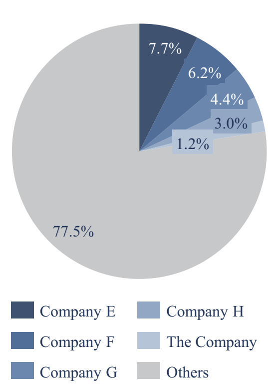
Company C, a company listed on the Taiwan Stock Exchange, was established in 2004 and primarily offers integrated circuit chips, sensing chips and control semiconductor products for smart devices.

Company D, a domestic private company, was established in 2004 and primarily offers chip, chipsets and/or circuit boards and services products.

Ranking of RISC-V Powered Chip Product Companies in China

The RISC-V powered chip product encompasses applications in smart devices and embodied intelligence. The top five players had an aggregate of 22.5% of the market share of RISC-V industry in terms of revenue in 2025. The Company ranked fifth among all providers and third among domestic providers of RISC-V powered chip products in China, with a market share of 1.2% in RISC-V powered chip product industry, the market share of which is expected to increase as our recently launched mass-produced products are entering into the market.

Top 5 RISC-V Powered Chip Product Companies* (by revenue), China, 2025



Rank	Company	Sales Revenue (in RMB Million)	Market Share	Listing Status	Region
1	Company E	2,900	7.7%	Listed (NASDAQ)	Netherlands
2	Company F	2,350	6.2%	Listed (NYSE)	Switzerland
3	Company G	1,658	4.4%	Listed (SSE)	Chinese Mainland
4	Company H	1,145	3.0%	Listed (SSE)	Chinese Mainland
5	**The Company**	**454**	**1.2%**	**Not Listed**	**Chinese Mainland**
	Others	29,234	77.5%		
	Total	**37,740**	**100.0%**		

Source: Company reports, primary interviews with industry participants, Frost & Sullivan

**Note:* The revenue excludes IP module licensing related revenue.

Company E, an overseas company listed on NASDAQ, was established in 2006 and primarily offers automotive MCUs, power semiconductors and connectivity chips.

Company F, an overseas company listed on New York Stock Exchange, was established in 1987 and primarily offers power ICs, MEMS sensors, automotive microcontrollers and wireless connectivity chips.

Company G, a domestic company listed on the A-share Stock Exchange, was established in 2016 and primarily offers wireless audio chip, chipsets and/or circuit boards.

Company H, a domestic company listed on the A-share Stock Exchange, was established in 2008 and primarily offers IoT solutions.

OVERVIEW

Our business in the PRC is subject to extensive supervision and regulatory control by the PRC government. This section sets out a summary of relevant laws and regulations that may have a material impact on our business.

REGULATIONS ON FOREIGN INVESTMENT

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") issued the Company Law of the PRC (《公司法》) (the "**Company Law**"), which was last amended on December 29, 2023, and came into effect on July 1, 2024. The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. The revisions mainly focus on refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, modifying the capital system of companies, strengthening the responsibilities of controlling shareholders and the management level, strengthening the social responsibilities of companies and etc. Unless otherwise provided in the PRC foreign investment laws, the provisions in the Company Law shall prevail.

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》) (the "**Encouraged Catalog**"), and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), which are promulgated and amended from time to time by the Ministry of Commerce (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**"), and together with the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") and its respective implementation rules and ancillary regulations.

In March 2019, the Foreign Investment Law was promulgated by National People's Congress (the "**NPC**") and came into effect on January 1, 2020. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List, and the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments. To ensure the effective implementation of the Foreign Investment Law, 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 Regulations**"), was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On September 6, 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**") which came into effect on November 1, 2024. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments. The 2024 Negative List sets out 29 industries which foreign investments are prohibited or restricted.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office, which is set up in the NDRC and led by the NDRC and MOFCOM, prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in. On December 30, 2019, the MOFCOM and the State Administration for Market Regulation (the "SAMR") issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, since January 1, 2020, for carrying out investment activities directly or indirectly within the territory of China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

REGULATIONS ON OVERSEAS DIRECT INVESTMENT

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the State Administration of Foreign Exchange of the PRC (the "**SAFE**") on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas direct investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management 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 on February 13, 2015 and came into effect on June 1, 2015, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or approval management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to approval management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees, either directly or indirectly through overseas enterprises controlled by them, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China or overseas enterprises controlled by them is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and effective on August 5, 2008, matters on foreign exchange administration in China can be divided into current accounts (such as trade-related income and expenses and payments of interest and dividends) and capital accounts (such as direct equity investment, loans and divestment). Funds under current accounts or capital accounts can only be remitted in or out after going through foreign exchange (such as settlement or purchase) related procedures or even upon obtaining necessary permits and reasonable review.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**Circular 59**"), which was promulgated by the SAFE on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 30, 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 10, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and latest amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment (unless otherwise stipulated by laws and regulations); (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On January 26, 2017, the SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous years' losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Boarder Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) which became effective on the same date (except for Clause 2 of Article 8, which became effective on January 1, 2020), and partly amended on December 4, 2023. The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the State shall safeguard the sovereignty, security and development interests of the State cyberspace, and that the State shall establish a national security review and supervision system to review foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

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》) (the "**Cybersecurity Law**"), which was last amended on October 28, 2025, and became effective on January 1, 2026, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are defined as owners and administrators of networks and network service providers, and such network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. For example, a network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means, and risk monitoring shall be strengthened when data processing activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On September 24, 2024, the State Council promulgated the Cyber Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025, stipulates that cyber data handlers who carry out cyber data handling activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the cyber data handling activities conducted by cyber data handlers in the view of personal data protection, important data safety, cross-border data transfer security management and obligations of network platform service provider. Cyber data handlers shall identify and declare important data in accordance with relevant state regulations. For data confirmed as important data, relevant regions and departments shall promptly inform cyber data handlers or make public announcements. Cyber data handlers shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall designate persons in charge of cyber data security and establish cyber data security management institutions. Cyber data security management institutions shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall conduct risk assessments of their cyber data handling activities on an annual basis and submit risk assessment reports to relevant competent departments at or above the provincial level.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) a CIIO purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on September 1, 2022. The Security Assessment Measures applies to all processors of data and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall conduct security assessment. The Security Assessment Measures provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where important data is transferred to an overseas recipient; (ii) where personal information is transferred to an overseas recipient by a CIIO or a data processor who has processed personal information of more than one million people; (iii) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total since January 1 of the preceding year; or (iv) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

On December 8, 2022, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") issued the Administrative Measures for Data Security in the Industrial and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "**MIIT Data Security Measures**"), which came into effect on January 1, 2023. The MIIT Data Security Measures is applicable to the processing activities carried out in the territory of the PRC of data in the field of industry and information technology, which include, among other things, the data collected and generated in the course of research, development and design, production and manufacturing, operation and management, operating and maintenance and platform operation in the field of industry. Our processing activities in the PRC of such data, for example, the data collected and generated during our research and development, design and manufacturing of our products therefore shall comply with the MIIT Data Security Measures. The MIIT Data Security Measures provides that industrial and telecommunication data processors shall implement data classification and grading, and further imposes data security obligations and responsibilities on data processors in the field of industry and information technology, which include, among others, taking protective measures based on the corresponding grading of data, establishing management system covering the whole data lifecycle, and staffing data security management personnel as needed to be in charge of the security supervision and management of data processing activities as a whole and assisting with the industrial administrative authorities in carrying out the relevant work.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The provisions provide several exemptions to processors of data which exempt them from undergoing data security assessment, obtaining personal information protection certification, or entering into standard contracts for outbound transfer of personal information for businesses. These exemptions include scenarios where a data processor, other than a CIIO, has cumulatively transferred personal information (excluding sensitive personal information) of fewer than 100,000 individuals to overseas recipients since January 1 of the current year. In addition, a data processor, other than a CIIO, shall enter into a standard contract with overseas recipients for the cross-border transfer of personal information, or obtain certification for personal information protection if, since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1,000,000 individuals, or sensitive personal information of fewer than 10,000 individuals. The provisions also explicitly state that data processors are not required to apply for security assessment on cross-border transfer of important data, provided that the relevant data has not been notified or published as important data by relevant departments or regions.

During the Track Record Period and up to the Latest Practicable Date, we had not been notified of being classified as a CIIO, and had not received any inquiry, notice, warning, or sanction regarding cybersecurity review; the term "listing abroad" under the Cybersecurity Review Measures does not apply to listing in Hong Kong, hence we are not subjected to initiating a submission for cybersecurity review or conducting other additional mandatory obligations for our proposed [**REDACTED**] in Hong Kong in accordance with the Cybersecurity Review Measures.

REGULATIONS ON ANTI-UNFAIR COMPETITION

The Countering Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993, and effective from December 1, 1993, with its most recent amendment becoming operative on June 27, 2025, and effective on October 15, 2025, delineates essential measures aimed at curbing unfair competition and preserving market order. These measures encompass the prohibition of unjust practices such as misleading prize promotions and dumping, which are designed to eliminate market competitors. According to the aforementioned law, operators are strictly prohibited from offering bribes to employees of counterpart units, units or personnel entrusted by counterparts, or exerting undue influence on counterpart units or personnel to secure commercial opportunities or gain competitive advantages. However, operators are permitted to openly provide discounts to trading counterparts or commissions to intermediaries during their business transactions. It is imperative for operators to maintain accurate records of payments made to trading counterparts and intermediaries.

In the event of violations against the provisions outlined in Article 7 of the Law, wherein operators engage in bribery, regulatory authorities are empowered to confiscate the illicit gains obtained by the operators. Additionally, depending on the severity of the circumstances, fines ranging from RMB100,000 to RMB3,000,000 may be imposed. In cases of egregious violations, the revocation of business licenses is a potential consequence. The Countering Unfair Competition Law of the PRC underscores the commitment of the PRC to fostering a competitive market environment characterized by integrity, fairness, and adherence to ethical business practices.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was promulgated and effective on December 26, 1989, and most recently amended on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law and other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021, entities that engage in production and business operation activities in PRC shall set up and perfect the responsibility system for work safety, improve the conditions for work safety, strengthen the education and training on work safety for employees, provide articles of labor protection that meet the national standards or industrial standards for their employees, and perform the obligations related to work safety as stipulated by the Work Safety Law of the PRC and other laws and regulations.

REGULATIONS ON LEASED PROPERTIES

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

According to the Administrative Measures for Commercial Housing Leases (《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 became effective on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Entities Failure to complete the relevant lease registration after being ordered to make corrections by the competent department may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000. In addition, if neither the lessor nor the lessee has completed the leasing registration and filing formalities for the lease contract in accordance with laws and administrative regulations, it shall not affect the validity of the contract.

REGULATIONS ON TAX

Enterprise Income Tax

According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**Corporate Income Tax Law**") (last amended and became effective on December 29, 2018), and the Implementation Regulations for the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**Implementation Regulations for the Corporate Income Tax Law**") (last amended on December 6, 2024), all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%, except for the high-tech enterprises provided by the state, which will be subject to enterprise income tax at the reduced rate of 15%, or the qualified small low-profit enterprises, which will enjoy the reduced enterprise income tax rate of 20%.

Value-added Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated on December 25, 2024, and became effective as of January 1, 2026 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (2011 Revision) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》), which was promulgated on October 28, 2011 and became effective on November 1, 2011, all entities or individuals in the PRC engaging in the sale of goods, provision of processing services, repairs and replacement services and the importation of goods are required to pay value-added tax (the "**VAT**"). VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is usually 17%, and in certain limited circumstances is 11% or 6%, subject to the situation involved.

In accordance with Notice of the Ministry of Finance and the State Taxation Administration of the PRC (the "**STA**") on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which became effective on May 1, 2018, the deduction rates of 17% or 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% or 10%.

According to Announcement on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 of the Ministry of Finance, the STA and the General Administration of Customs, became effective on April 1, 2019), for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

REGULATIONS ON DIVIDEND DISTRIBUTION

The Company Law and the Foreign Investment Law are the main laws and regulations regulating the dividend distribution of foreign-invested enterprises in the PRC. According to the regulatory mechanism provided by the abovementioned laws, a foreign-invested enterprise in the PRC may only pay dividends out of accumulated profits (if any) determined in accordance with the

PRC accounting standards and regulations. The PRC companies (including foreign-invested enterprises) are required to draw at least 10% of their after-tax profits into the statutory reserve fund until the relevant reserve fund reaches 50% of their registered capital, except as otherwise provided by the laws on foreign investment; and no profit shall be distributed before making up any loss in the previous fiscal years. Retained profits for previous fiscal years may be distributed together with distributable profits for the current fiscal year.

REGULATIONS ON PRODUCT QUALITY

In accordance with 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, and came into effect on the same date, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to request either the manufacturer or the commercial seller to undertake the tort liability such as stopping the infringement, removing the obstruction and eliminating the danger.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《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 which came into effect on January 1, 2002 and last amended on March 10, 2024, and came into effect on May 1, 2024, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC, on May 12, 1994, which came into effect on July 1, 1994 and most recently amended on December 27, 2025, and effective on March 31, 2026, and the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) lately revised by the MOFCOM on May 10, 2021 and effective on the same date, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Labor Law and Labor Contracts

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) (last amended and became effective on December 29, 2018), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (last amended on December 28, 2012 and became effective on July 1, 2013) and the Implementation Regulations for 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 became effective on September 18, 2008), an employer unit shall establish and improve its rules and regulations in accordance with the law in order to ensure that workers enjoy labor rights and perform labor obligations. A written labor contract is required when an employment relationship is established between an employer and an employee. A labor contract shall include the following clauses: term of labor contract; working hours and rest periods and off days; labor remuneration; social security; labor protection, working conditions and occupational hazard prevention and protection; and any other matters to be included in a labor contract as stipulated by the laws and regulations. Violations of the laws and regulations above may result in the imposition of fines and other administrative penalties. For serious violations, criminal liability may arise.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (last amended and became effective on December 29, 2018), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (last amended and became effective on March 24, 2019), the Unemployment Insurance Regulations (《失業保險條例》) effective in 1999 and the Regulations on Work-related Injury Insurance (《工傷保險條例》) (last amended on December 20, 2010 and became effective on January 1, 2011), the state shall establish social security systems such as basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, family planning insurance, and more, to protect the rights of citizens for obtaining material assistance from the state and the society pursuant to the law in the circumstances of old age, illness, work injury, unemployment, family planning, and more. Employers shall pay work-related injury insurance premiums and maternity insurance premiums. Basic pension insurance premiums, basic medical insurance premiums, and unemployment insurance premiums shall be paid jointly by employers and employees. Employers which failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000.

Housing Provident Fund

Pursuant to Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) (last amended and became effective on March 24, 2019), an employer shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. Employers and employees are also required to pay and deposit housing provident funds, in case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing provident fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

Where, in violation of the provisions of the Regulations, an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON STOCK INCENTIVE PLANS

In February 15, 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which became effective on the same date, replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents or non-PRC citizens that reside in PRC for a continuous period of not less than one year who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, works of PRC citizens, legal persons or other organizations shall, regardless of whether they have been published be entitled to the copyright pursuant to this law. The rights a copyright owner has included but not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of information network dissemination, translation right and right of compilation. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, and the Regulation on Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》), promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and became effective on May 1, 2014, any trademark which is registered with the approval of the Trademark Office is a registered trademark, including commodity trademark, service trademark, collective trademark, certification trademark, and the trademark registrant has the exclusive right to use a registered trademark and such right is protected by law. A registered trademark is valid for a period of ten years commencing from the date on which the registration is approved, and may be renewed for consecutive ten-year periods upon request by the trademark owner. For trademark licensing, the licensor shall submit the license contract to the Trademark Office for recordal and provide the required materials within the term of the license agreement. The unauthorized use of a trademark that is similar to a registered trademark on identical goods, or the use of a trademark that is identical or similar to a registered trademark on similar goods, which is likely to cause confusion, shall constitute an infringement of the exclusive right to use the registered trademark.

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), promulgated on March 12, 1984, last amended on October 17, 2020 and became effective on June 1, 2021, and the Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》), last amended on December 11, 2023 and became effective on January 20, 2024, after the grant of the patent right for inventions and utility models, except otherwise regulated under the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit such patent, that is no manufacture, use, offer to sell, sell or import the patented product, or use the patented process and use, offer to sell, sell or import products directly obtained from such patented process, for production or business purpose. After the patent right is granted for a design, no unit or individual shall, without the authorization of the patent owner, exploit such patent, that is to manufacture, offer to sell, sell, or import any product containing such patented design for production or business purposes. Where infringement has been established, the infringer shall, in accordance with the relevant regulations, be ordered to cease the infringement activities, take corrective actions, and compensate for losses.

Domain Names

Pursuant to the Measures for the Administration of 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, domain name registrations are handled through domain name service agencies established under relevant regulations, and the applicant becomes a domain name holder upon successful registration.

Design of Integrated Circuit Layouts

On April 2, 2001 the State Council promulgated the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》) (the "**Regulations on the Protection**"). According to the Regulations on the Protection, the owner of an integrated circuit layout design has exclusive rights to the design, so long as they comply with the provisions of the Regulations on the Protection, which protects the proprietary rights of integrated circuit layout designs, encourage innovation in integrated circuit technology, and promotes the development of science and technology. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

REGULATIONS ON OVERSEAS LISTING

On July 6, 2021, the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council, among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and related implementation guidelines on February 17, 2023, which took effect on March 31, 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. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

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. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering. Moreover, upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within three working days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within 3 working days after occurrence of the changes.

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 working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS ON THE H SHARE FULL CIRCULATION

Full circulation means listing and circulation on the Stock Exchange of the domestic Unlisted Shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and Unlisted Shares held by foreign shareholders) of H-share companies. On November 14, 2019, the CSRC issued the Guidelines for the Full Circulation Program for 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》), which was amended on August 10, 2023, allowing certain qualified H-share companies and H-share companies intended for listing to apply to the CSRC for full circulation. According to the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies, shareholders of domestic Unlisted Shares may determine by themselves through consultation the amount and proportion of shares, with filing to the CSRC by an H-share company commissioned for this purpose. After the application for full circulation has been filed by the CSRC, an H-share company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDCC of the shares related to the application has been completed.

According to the Guide for "Full Circulation" Business of H Shares (《H股"全流通"業務指南》) issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (the "**CSDCC Shenzhen Branch**") in June 2025 and effective as of June 30, 2025, the H-share companies shall transfer the full amount of cash dividends in RMB to the bank account of CSDCC Shenzhen Branch before 16:00 on the distribution date of cash dividends as published in the announcement. The CSDCC Shenzhen Branch shall complete clearing of the dividend funds within three H-share "full circulation" working days after the distribution date of cash dividends as published in the announcement, and then the dividend funds will be released to domestic securities companies, and the domestic securities companies will release the dividend funds to the investors.

According to the Overseas Listing Trial Measures, issued by the CSRC on February 17, 2023, and effective from March 31, 2023, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.

REGULATION ENVIRONMENT IN HONG KONG, CHINA

Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong.

Regulation on Business Registration

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) ("BRO")

Every person, (a company or individual), who carries on a business in Hong Kong is required under the BRO to apply for a business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Business registration certificate will be issued on submission of the necessary document(s) together with payment of the relevant fee. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years).

Regulations on Taxation

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO")

The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is currently at 8.25% on assessable profits up to HK$2,000,000; and 16.5% on any part of assessable profits over HK$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowance for depreciation.

Regulations on Retail Business

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong)

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("SOGO") governs the formation, performance and enforcement contracts for the sale of goods in Hong Kong and the transfer of title in goods sold. The SOGO also sets out certain implied terms or conditions and warranties relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

(i) where there is a sale of goods by description, the goods shall correspond with the description;

(ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances;

(iii) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Section 55 of the SOGO provides that where a seller is in breach of a warranty, the buyer is not entitled, solely on that basis, to reject the goods. Instead, the buyer may either rely on the breach of warranty to reduce or extinguish the price payable, or bring an action against the seller for damages for such breach of warranty.

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong)

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the "TDO")

TDO aims to prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods; to confer power to require information or instruction relating to goods to be marked on or to accompany the goods or to be included in advertisements. The definition of trade description under the TDO covers indication of a broad range of matters, which includes but not limited to the following aspects of goods: quantity; method of manufacture, production, processing or reconditioning; composition; fitness for purpose, strength, performance, behavior or accuracy; availability; compliance with a standard specified or recognized by any person etc.

Regulations on Anti-money Laundering

Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong)

Among other things, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance imposes requirements relating to client due diligence and record-keeping and provides regulatory authorities with the powers to supervise compliance with the requirements under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance. In addition, the regulatory authorities are empowered to (i) ensure that proper safeguards exist to prevent contravention of specified provisions in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance; and (ii) mitigate money laundering and terrorist financing risks.

U.S. — CHINA TRADE AND INVESTMENT REGULATORY FRAMEWORK

Tariff

Chinese-origin goods have been subject to various U.S. tariffs in the past few years, including tariffs imposed under Section 301 of the Trade Act of 1974 ("Section 301 Tariff"), Section 232 of the Trade Expansion Act of 1962 ("Section 232 Tariff"), the International Economic Emergency Powers Act ("IEEPA-based Tariffs"), and Section 122 of the Trade Act of 1974 ("Section 122 Tariff"). However, as of the Latest Practicable Date, the impact of U.S. tariffs on the Group's imports into the U.S. is limited to 25% ad valorem duties imposed under Section 301, and a 10% global duty under Section 122 for a period of 150 days. Our revenue generated from the U.S. sales accounts for 0%, 0.2% and 0.01% of our total revenue in 2023, 2024 and 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with applicable U.S. tariff requirements. In addition, our Group currently does not target the U.S. market, and the U.S. market is not expected to account for a significant portion of our revenue. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material order cancellation or renegotiation from our customers, including both U.S. and non-U.S. customers, as a result of tariff development between China and the U.S.. Accordingly, as advised by our legal adviser as to U.S. sanctions and export control, our Directors are of the view that, as of the Latest Practicable Date, the U.S. tariff imposition have not had, and are not expected to have, any direct or indirect material adverse impact on our Group's business operations and financial performance. Based on the due diligence conducted on the Company, and having reviewed the relevant views and analysis of the Company's legal adviser as to U.S. sanctions and export control, the Joint Sponsors are not aware of any matters that would cast doubt on the Directors' views.

Sanctions and Export Control

In recent years, the United States has expanded 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"). These regulations are designed, in part, to restrict the access by Chinese companies to sensitive U.S. technologies. In addition, BIS maintains various lists of persons that are subject to enhanced export control restrictions. One of such lists, known as the Entity List, includes a list of foreign persons, including business, research institutions, government and private organizations, individuals and other types of legal persons, on which certain trade restrictions and licensing requirements for items subject to the EAR. None of the entities within our Group is designated on the Entity List or any other export controls or sanctions list maintained by the U.S. government. We are not subject to any specific prohibitions or restrictions that would materially affect our operations. While we use certain U.S.-origin items in connection with our fabless business model, including certain U.S.-origin software classified as 3D991, 5D992.c, and licensed intellectual property classified under ECCNs 3E991 and EAR99, we are generally permitted to receive and use such items without a license and in compliance with the EAR. These tools, which are widely adopted in the semiconductor industry, mainly serve to enhance development efficiency and do not constitute our core technological capabilities.

Under the EAR, a license from BIS may be required for the export, re-export or in-country transfer of any items (including commodities, software, and technology) subject to the EAR. Depending on the destination country, end-user, and the export control classification number ("ECCN") of the item, transferring, exporting, or reexporting an item subject to the EAR may require a U.S. export license unless a license exception is available. During the Track Record Period, we procured certain U.S.-origin software classified as 3D991, 5D992.c, and licensed intellectual property classified under ECCNs 3E991 and EAR99. In 2023, 2024 and 2025 and for the three months ended March 31, 2026, our procurement of U.S.-origin software and licensed intellectual property represented 8.3%, 1.4%, 0.4% and 0.9% of our total purchases in the respective year. This means that the export, re-export and transfer of such items subject to the EAR shall comply with the EAR. As advised by our legal adviser as to U.S. sanctions and export control, all of such items subject to the EAR procured by us can be exported by our suppliers to us without a U.S. export license based on the ECCNs of such items and the corresponding destination-based controls. In addition, the U.S.-origin items were only used by us for the development of our products. We did not transfer any such items to any company or person on the Entity List, send them to a controlled destination without a license or applicable license exception, or use them for prohibited end uses or other prohibited end users, as set forth in Part 744 of the EAR. We ensure that the receipt and use of such items remain in full compliance with applicable laws and regulations.

During the Track Record Period and as of the Latest Practicable Date, we did not experience any significant difficulties in procuring items from the U.S. or other jurisdictions. During the Track Record Period, one of our suppliers was included in the Entity List. The supplier provided wafer fabrication (i.e., foundry) services to us and our transactions with this supplier were limited to providing the chip design files for fabrication of chipsets. Our purchase from this supplier amounted to RMB129.8 million, RMB128.4 million, RMB257.5 million and RMB62.2 million in 2023, 2024 and 2025 and for the three months ended March 31, 2026, respectively accounting for 6.0%, 6.1%, 10.0% and 9.3% of our total purchases for the same years, respectively. During the Track Record Period, one of our customers was included in the Entity List to whom we supplied interconnectivity chip products, and our revenue generated from this customer amounted to RMB3.5 million, RMB6.0 million, RMB5.1 million and RMB0.4 million in 2023, 2024 and 2025 and for the three months ended March 31, 2026, respectively accounting for 0.2%, 0.3%, 0.2% and 0.1% of our total revenue for the same years, respectively. The Entity List imposes license requirements for exports, re-exports, or transfers (in-country) of items subject to the EAR to the listed entities. A person is generally required to obtain a license to export, reexport, or transfer (in-country) any item subject to the EAR to a listed entity. However, the Entity List does not restrict a person from purchasing products or services from a listed entity, provided that such purchase does not involve the export, reexport, or transfer (in-country) of an item subject to the EAR to that entity. Although we use certain U.S.-origin software and technology classified under 3D991, 5D992.c, 3E991 and EAR99 for product development, our current chipset products and the corresponding chip design files are not themselves subject to the EAR. Accordingly, our procurement of services from the Entity List supplier and sales to the Entity List customer were conducted in compliance with applicable U.S.

export control requirement. In particular, our dealings with the Entity List supplier as well as our sales to the Entity List customer did not require a license under the EAR and were not in violation of the EAR. Our procurement, R&D and expansion activities have proceeded normally. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material order cancellation or renegotiation from our customers as a result of export controls and restrictions. Accordingly, as advised by our legal adviser as to U.S. sanctions and export control, our Directors are of the view that, as of the Latest Practicable Date, the U.S. export control measures have not had, and are not expected to have, any direct or indirect material adverse impact on our business operations and financial performance.

In light of the above and based on the advise of our legal adviser as to U.S. sanctions and export control, our Directors are of the view that we have been in compliance in all material respects with the applicable export control laws and regulations for the receipt and use of the U.S.-origin items which are subject to the EAR during the Track Record Period and up to the Latest Practicable Date. Based on the due diligence conducted on the Company, and having reviewed the relevant views and analysis of the Company's legal adviser as to U.S. sanctions and export control, the Joint Sponsors are not aware of any matters that would cast doubt on the Directors' views.

Outbound Investment Controls

On August 9, 2023, the Biden administration released an executive order and an advance notice of proposed rulemaking (the "ANPRM"), providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM.

On October 28, 2024, the U.S. Treasury issued the Outbound Investment Rule to implement the executive order of August 9, 2023. The Outbound Investment Rule became effective on January 2, 2025.

The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems (collectively, "covered activities"). Under the Outbound Investment Rule, entities with meaningful ties to China (including Hong Kong and Macau) and engaged in "covered activities" are defined as "covered foreign persons."

As advised by our legal adviser as to U.S. sanctions and export control, we will be deemed a "covered foreign person" defined under the U.S. Outbound Investment Rule due to our business activities which falls within the "covered activities" targeted by the Outbound Investment Rule. As such, if a U.S. person engages in a "covered transaction", including the acquisition of our equity interests, such transaction will be deemed as a "notifiable transaction" and such U.S. person will need to notify the U.S. Department of the Treasury pursuant to the Outbound Investment Rule. However, as advised by our legal adviser as to U.S. sanctions and export control, the Outbound Investment Rule primarily regulates certain investment activities of U.S. persons and does not directly restrict our business operations, product development, procurement activities, or sales activities. In addition, on December 23, 2025, the U.S. Department of Treasury published additional frequently asked questions ("FAQs") on the Final Rule. One of these FAQs (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a "covered foreign person", and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security" in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into. At the time U.S. persons acquire our H shares in this [**REDACTED**], such shares would be publicly listed and tradable. In light of the FAQ guidance above, our Directors are of the view, as advised by our legal adviser as to U.S. sanctions and export control and taking into account its view, a U.S. person's acquisition of our H shares in this [**REDACTED**] may constitute an "excepted transaction" assuming the U.S. person would not also be afforded rights beyond "standard minority shareholder protections." Having considered the advice of our legal adviser as to U.S. sanctions and export control, our Directors are of the view that the Outbound Investment Rule have not had, and will not have, any direct or indirect material adverse impact on our business operations and financial performance. Based on the due diligence conducted on the Company, and having reviewed the relevant views and analysis of the Company's legal adviser as to U.S. sanctions and export control, the Joint Sponsors are not aware of any matters that would cast doubt on the Directors' views.

On December 18, 2025, the President of the United States signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 ("COINS Act"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it is not self-executing and does not immediately replace or amend the Outbound Investment Rule. Instead, it provides the statutory basis of the Outbound Investment Rule and requires the U.S. Treasury to, within 450 days from passage, promulgate new or amended regulations (which may amend or replace the Outbound Investment Rule) to implement the law.

SOVERVIEW

We are a RISC-V oriented chip product provider in China. Leveraging RISC-V as our foundational architecture, we focus on researching and designing products consisting of chip, chipsets and/or circuit boards accompanied with essential software and outsource the integrated circuit manufacturing, packaging and testing to third-party service providers.

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
2019 . .	Our Company was established in Beijing, PRC.
	We established a Central Research Institute dedicated to the research of RISC-V computing architecture, high-speed interfaces, and foundational IP modules for the computing chip products.
2020 . .	We have established partnerships with industry leading customers to deliver customized products, benefiting from our flexible collaboration models from fully customized products to industry customized products.
2021 . .	We set an edge and automotive strategic focus strategy and emphasized a hardware-software co-engineered product business model for value creation.
	We delivered our first 32-bit RISC-V IP module and developed image processing IP modules.
	We initiated RISC-V powered chip, chipsets and/or circuit boards development program for high performance processing.
2022 . .	Our flagship product generated more than RMB100 million revenue.
	We initiated our automobile RISC-V powered chip, chipsets and/or circuit boards development program.
	We have commenced mass production of customized RISC-V powered multimedia processing chip products for leading smart device manufacturers in the industry.
	We have secured a 5G small-cell RF processing product design contract with a leading telecommunications operator.
2023 . .	We delivered our first 64-bit RISC-V IP module.
	We secured design contracts for fully customized V2X product.
2024 . .	We hosted our first Developer Partners Conference and officially launched the RISAA Ecosystem & Technology Platform.
	We entered mass production of high-performance RISC-V powered edge computing chip products, multi-purpose computing chip products and hardware products for smart retail.

Time	Milestone
2025 . .	Our RISC-V multimedia main control product (MNT Scaler) has been mass-produced by a leading monitor manufacturer.
	Our automotive RISC-V MCU product has been mass-produced by a leading automotive parts supplier and a leading automobile manufacturer.
	Our RISC-V video transcoding card jointly developed with a leading telecommunications operator has entered mass production.
	Our OLED display driver IC has been mass-produced and adopted by a leading smartphone manufacturer.
2026 . .	We initiated a development program for a high-performance AI SoC based on the RISC-V architecture, targeting large-model inference applications.
	Our RISC-V AI SoC product has been adopted by a leading consumer storage manufacturer used for advanced personal storage solutions.

OUR MAJOR SUBSIDIARIES

Set forth below are details of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period. All of our major subsidiaries are established in the PRC and wholly owned by our Company.

Name of subsidiary	Date of establishment and commencement of business	Principal businesses
ESWIN Hefei	August 10, 2016	The R&D of human-machine interaction, multimedia processing and computing (software); product sales and delivery; operations of the supply chain and engineering team
ESWIN Haining	June 26, 2019	The R&D of control, RISC-V cores and intelligent cockpit; operations of the supply chain and engineering team
ESWIN Xi'an	August 31, 2021	The R&D of connectivity, multimedia processing, RISC-V cores and computing; operations of the supply chain and engineering team

There has been no change of shareholdings in ESWIN Hefei, ESWIN Haining, and ESWIN Xi'an during the Track Record Period and up to the Latest Practicable Date.

MAJOR SHAREHOLDING CHANGES IN THE COMPANY

Our businesses were established in 2018 and were managed and operated under the Predecessor Company since its establishment. In 2019, considering that mixed business operation was not conducive to market-oriented financing and specialized development, the Predecessor Company implemented reorganization and split its businesses into four companies (including our Company and three other companies which are not in the Group), with each company undertaking different principal businesses, including system level product business, 12-inch silicon wafers business, board-level system packaging and testing business as well as display driver chip packaging and testing business, so that they could develop and finance independently and accumulate their core competitiveness in the respective fields. The shareholding structures of our Company and the other three companies were the same with the Predecessor Company before the reorganization. Our Company was established in September 2019 to operate the chip business originally managed under the Predecessor Company. After the aforesaid reorganization of the Predecessor Company and our establishment, we were held by ESWIN Group, Beijing Singularity Power Investment Fund (L.P.) (北京芯動能投資基金(有限合夥)),Tianjin Bosi Zongheng Equity Investment Partnership Enterprise (L.P.) (天津博思縱橫股權投資合夥企業(有限合夥)), Ningbo Sanxing Zhiying Venture Capital Partnership (L.P.) (寧波三行智瀛創業投資合夥企業(有限合夥)) and Zhangjiagang Broad Vision Funds Venture Investment Partnership Enterprise (L.P.) (張家港博華創業投資合夥企業(有限合夥)) as to 64.41%, 15.66%, 10.68%, 4.98% and 4.27%, respectively.

In June 2022, our Company was converted into a joint stock company with limited liability with a registered share capital of RMB46,175,861. Before and after the conversion, we completed several rounds of [**REDACTED**] Investments through capital injection from, and equity transfers between, our [**REDACTED**] Investors. For further details, please refer to "— [**REDACTED**] Investments" below.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Beijing Yili Technology Partnership Enterprise (L.P.) (北京奕理科技合夥企業(有限合夥)) ("**Yili Technology**") and Beijing Yixiang Technology Partnership Enterprise (L.P.) (北京奕想科技合夥企業(有限合夥)) ("**Yixiang Technology**") were our employee shareholding platforms established in October 2019 and June 2021, respectively. Both Yili Technology and Yixiang Technology are managed by ESWIN Group as their sole general partner. All the limited partners of Yili Technology and Yixiang Technology are our employee shareholding platforms, which are in turn held by our employees or former employees and none of them ultimately holds 30% or more interest in Yili Technology and Yixiang Technology. As of the Latest Practicable Date, all of the options under the platform have been granted and exercised, and as a result, the grantees hold the partnership interest in our employee shareholding platforms, subject to terms and conditions of our share incentive scheme. As of the Latest Practicable Date, there are no outstanding options or share awards under our share incentive scheme.

The partnership interests of our Directors, Supervisors and senior management of the Company in the Yili Technology and Yixiang Technology are set out below:

- Mr. Wang is a limited partner of Beijing Yili 16 Technology Partnership Enterprise (L.P.) (北京奕理十六號科技合夥企業(有限合夥)) ("**Yili 16**") and Beijing Yili 1 Technology Partnership Enterprise (L.P.) (北京奕理一號科技合夥企業(有限合夥)) ("**Yili 1**") with partnership interests of 36.8699% and 28.2435%, respectively. Yili 16 and Yili 1 are limited partnerships established in the PRC, managed by ESWIN Group as general partner and are limited partners of Yili Technology with partnership interests as to 14.2782% and 22.7980%, respectively;

- Mr. Wang Bo is a limited partner of Beijing Yili 3 Technology Partnership Enterprise (L.P.) (北京奕理三號科技合夥企業(有限合夥)) ("**Yili 3**") with partnership interests of 56.8888%. Yili 3 is a limited partnership established in the PRC, managed by ESWIN Group as general partner and are limited partners of Yili Technology with partnership interests as to 9.9884%;

- Mr. Mi Peng is a limited partner of Yili 16 and Yili 1 with partnership interests of 10.7959% and 10.2089%, respectively;

- Mr. Hu Weihao is a limited partner of Yili 16 and Yili 1 with partnership interests of 12.2390% and 6.5108%, respectively;

- Ms. Li Yang (李洋) is a limited partner of Beijing Yili 2 Technology Partnership Enterprise (L.P.) (北京奕理二號科技合夥企業(有限合夥)) ("**Yili 2**") with partnership interests of 5.84288%. Yili 2 is a limited partnership established in the PRC, managed by ESWIN Group as general partner and are limited partners of Yili Technology with partnership interests as to 11.276%;

- Mr. Wang Qi (王琪) is a limited partner of Yili 16 and Yili 1 with partnership interests of 1.5235% and 0.4659%, respectively;

- Mr. Liu Shuai (劉帥) is a limited partner of Yili 1 with partnership interests of 0.1790%;

- Dr. He Ning is a limited partner of Yili 1 with partnership interests of 8.5471%.

Save as disclosed above, there is no other connected persons or senior management of the Company who are interested in Yili Technology and Yixiang Technology.

[**REDACTED**] INVESTMENTS

Overview

We have undergone the following rounds of [**REDACTED**] Investments, details of which are set forth below.

Round[3]	Date of last agreement	Date of last payment of consideration	Approximate total consideration	Cost per Share[1]	[REDACTED] to the [REDACTED][2]
			(RMB)	*(RMB)*	
Series A	March 19, 2020	June 5, 2020	1,000 million	0.43	[REDACTED]%
Series B	March 10, 2021	April 8, 2021	2,500 million	0.59	[REDACTED]%
Series C	October 25, 2021	December 8, 2021	2,500 million	1.00	[REDACTED]%
Series D[4]	April 8, 2025	April 21, 2025	3,276 million	1.14	[REDACTED]%

Notes:

(1) The cost per Share paid by the [**REDACTED**] Investors was calculated based on the amount of investment made by the relevant [**REDACTED**] Investors and number of Shares held by them immediately before the completion of the [**REDACTED**], which was adjusted to reflect the subsequent conversion of capital reserve to registered share capital and Share Subdivision of our Company.

(2) The [**REDACTED**] to the [**REDACTED**] is calculated based on the mid-point of the indicative [**REDACTED**] and the exchange rates as set out in this Document.

(3) The increase of valuation (i) between series A and series B round financing is primarily due to our rapid increase of revenue during the period; (ii) between series B and series C round financing is primarily due to the delivery of our first 32-bit RISC-V powered hardware IP module and the development of our image processing IP modules as well as initiating RISC-V powered AI chip, chipsets and/or circuit boards development program; and (iii) between series C and series D round financing is primarily because our flagship product had a significant revenue breakthrough, together with securing RF processing product design contract with a leading telecommunications operator and design contracts for fully customized V2X chip, chipsets and/or circuit boards product, as well as the delivery of our first 64-bit RISC-V powered hardware IP module.

(4) Series D round financing comprises investment of RMB3,026 million settled in June 2023 and further investment of RMB250 million settled in April 2025 as one Pre-[**REDACTED**] Investor further invested approximately RMB250 million to our Company by way of capital injection based on arm's length negotiation with the Company, and the consideration of the further investment was settled on April 21, 2025. The reason for adopting the same cost per Share was that, taking into account the strategic cooperation relationship between our Company and the Pre-[**REDACTED**] Investor, such arrangement would be conducive to strengthening the synergy of the industry chain and supporting the long-term development of our Company. The investment was unanimously approved by the shareholders' meeting.

Other Principal Terms of the [REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each round of the [**REDACTED**] Investments were determined based on arm's length negotiations amongst the [**REDACTED**] Investors and our Company, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Company, and the prospects of our business.
Lock-up period	Pursuant to PRC Company Law, Shares issued by our Company prior to the [**REDACTED**] (including those held by the [**REDACTED**] Investors) will be subject to a lock-up period of one year from the [**REDACTED**].
[**REDACTED**] from the [**REDACTED**] Investments	We have utilized the proceeds from the [**REDACTED**] Investments for the principal business of our Company, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all of the funds raised from the [**REDACTED**] Investments have been utilized.
Strategic benefits to our Company brought by the [**REDACTED**] Investors	At the time of the relevant [**REDACTED**] Investments, our Directors were of the view that our Company could benefit from the additional funds provided by the [**REDACTED**] Investments in our Company and the industry knowledge of the [**REDACTED**] Investors. The [**REDACTED**] Investments demonstrated the [**REDACTED**] Investors' confidence in the operation and development of our Company.

Special Rights of the [REDACTED] Investors

The [**REDACTED**] Investors were granted certain special rights, including but not limited to information rights, inspection rights, pre-emptive rights and anti-dilution rights. The redemption rights granted by our Company were irrevocably terminated in May 2022. The redemption rights granted by ESWIN Group were suspended before the first filing of the [**REDACTED**] by our Company with the Stock Exchange while other special rights will be terminated upon [**REDACTED**]. Our Company has not provided any guarantee and there was no side agreement in respect of the redemption rights granted to the Pre-[**REDACTED**] Investors by ESWIN Group, and no corresponding liability was recorded during the Track Record Period. The special rights granted to the Pre-[**REDACTED**] Investors by the ESWIN Group shall be automatically reinstated upon the earliest of the occurrence of any of the following redemption right restoring events: (i) the regulatory authority did not accept the [**REDACTED**] application; (ii) the [**REDACTED**] application was not approved within 12 months by the regulatory authority; (iii) the return of the [**REDACTED**] application.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the [**REDACTED**] Investments was settled more than 120 clear days before the [**REDACTED**] Date, and (ii) the special rights granted to the [**REDACTED**] Investors as disclosed in "— Special Rights of the [**REDACTED**] Investors" above will be terminated upon [**REDACTED**] with the redemption rights suspended before the first filing of the [**REDACTED**] by our Company with the Stock Exchange, the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information of the [**REDACTED**] **Investors**

Set forth below are details for each of our major [**REDACTED**] Investors with a shareholding of 2% or above in our Company as of the Latest Practicable Date. To the best knowledge of our Company and save as disclosed below, all of our [**REDACTED**] Investors and their ultimate beneficial owners with 30% or more interests, are Independent Third Parties.

Boxin Chuangcheng, Bosi Zongheng and Boming Weiye

Tianjin Boxin Chuangcheng Equity Investment Partnership Enterprise (L.P.) (天津博芯創成股權投資合夥企業(有限合夥)) ("**Boxin Chuangcheng**"), Tianjin Bosi Zongheng Equity Investment Partnership Enterprise (L.P.) (天津博思縱橫股權投資合夥企業(有限合夥)) ("**Bosi Zongheng**") and Tianjin Boming Weiye Management Consulting Partnership Enterprise (L.P.) (天津博明偉業管理諮詢合夥企業(有限合夥)) ("**Boming Weiye**") are limited partnerships established in the PRC on March 18, 2020, December 7, 2018 and September 8, 2021 respectively.

The general partner of Boxin Chuangcheng and Bosi Zongheng is Shenzhen Jingchuang Zhizao Enterprise Management Partnership Enterprise (L.P.) (深圳精創智造企業管理合夥企業(有限合夥)) ("**Shenzhen Jingchuang Zhizao**") and Beijing Hexie Xinrong Investment Center (L.P.) (北京和諧欣榮投資中心(有限合夥)) ("**Beijing Hexie Xinrong**"), respectively. Both of Shenzhen Jingchuang Zhizao and Beijing Hexie Xinrong are ultimately controlled by Mr. Li Jianguang (李建光), Mr. Niu Kuiguang (牛奎光) and Mr. Wang Jingbo (王靜波). Boxin Chuangcheng and Bosi Zongheng are held by other four and three limited partners, respectively. Among them, Hexie Chengzhang Phase II (Yiwu) Investment Center (L.P.) ("**Hexie Chengzhang**") as the limited partner holds 30.4% of the partnership interests in Boxin Chuangcheng and 79.5% of the partnership interests in Bosi Zongheng, respectively. The general partner of Hexie Chengzhang is Beijing Hexie Xinrong Investment Center (L.P.), in which there are eight limited partners in total, none of whom hold 30% or more interests in Hexie Chengzhang. Except for the foregoing, none of the other limited partners of Boxin Chuangcheng and Bosi Zongheng hold 30% or more partnership interests. To the best knowledge of our Directors, each of the limited partners of Boxin Chuangcheng and Bosi Zongheng is an Independent Third Party.

The general partner of Boming Weiye is Tianjin Yuhui Management Consulting Co., Ltd. (天津煜輝管理諮詢有限公司), which is a wholly-owned subsidiary of Tianjin Chenhui Private Equity Management Co., Ltd. (天津宸輝私募基金管理有限公司) ("**Tianjin Chenhui**"). Tianjin Chenhui is ultimately controlled by Lian Meng (連萌), Chen Jing (陳靜) and Cui Guangfu (崔廣福), save as Lian Meng (連萌) none of the individual shareholders hold 30% or more interests therein. Boming Weiye is owned by two other limited partners, Tianjin Hexie Haihe Equity Investment Partnership (Limited Partnership) (天津和諧海河股權投資合夥企業(有限合夥)) ("**Tianjin Hexie Haihe**") and Shenzhen Hexie Growth Phase III Technology Development Equity Investment Fund Partnership L.P. (深圳和諧成長三期科技發展股權投資基金合夥企業(有限合夥)) ("**Shenzhen Hexie Growth Phase III**"), each holding a 49.8% interest in the partnership. The general partner of Tianjin Hexie Haihe is Tianjin Yuhui Management Consulting Co., Ltd. (天津煜輝管理諮詢有限公司) ("**Tianjin Yuhui**"). Tianjin Hexie Haihe has two limited partners, of which Yiwu Hexie Jinhong Equity Investment Partnership (Limited Partnership) (義烏和諧錦弘股權投資合夥企業(有限合夥)) ("**Yiwu Hexie Jinhong**") holds 99.99% of the partnership interest. The general partner of Yiwu Hexie

Jinhong is Tibet Jinling Enterprise Management Co., Ltd. (西藏錦凌企業管理有限公司) ("**Tibet Jinling**") and Yiwu Ruiteng Investment Management Co., Ltd. (義烏睿騰投資管理有限公司) ("**Yiwu Ruiteng**"). The sole shareholder of Tibet Jinling is Chengdu Hexie Shuangma Investment Co., Ltd. (成都和諧雙馬投資有限公司) ("**Chengdu Shuangma**"), whose sole shareholder is Sichuan Hexie Shuangma Co., Ltd. (四川和諧雙馬股份有限公司) (stock code: 000935). Yiwu Ruiteng is held as to 38% by Niu Kuiguang (牛奎光) and 38% by Zhuhai Hexie Haoyu Management Consulting Co., Ltd. (珠海和諧浩宇管理諮詢有限公司) ("**Hexie Haoyu**"), respectively. Hexie Haoyu is held as to (1) 40% by Li Jianguang (李建光); (2) 30% by Niu Kuiguang (牛奎光); and (3) 30% by Wang Jingbo (王靜波). Yiwu Hexie Jinhong has 15 limited partners, each holding less than 30% of the partnership interest. The general partner of Shenzhen Hexie Growth Phase III is Shenzhen Jingchuang Zhizao. The general partner of Shenzhen Jingchuang Zhizao is Tibet Zhizao Enterprise Management Co., Ltd. (西藏智造企業管理有限公司), and the limited partner is Shenzhen Baocheng Chuangke Enterprise Management Co., Ltd. (深圳寶成創科企業管理有限公司), both of which are ultimately controlled by Mr. Li Jianguang (李建光), Mr. Niu Kuiguang (牛奎光) and Mr. Wang Jingbo (王靜波). Shenzhen Hexie Growth Phase III has 18 limited partners, each holding less than 30% of the partnership interest. To the best knowledge of our Directors, each of the limited partners of Boming Weiye is an Independent Third Party.

The ultimate beneficial owners of Boxin Chuangcheng, Bosi Zongheng and Boming Weiye are all partners and/or senior managements of IDG Capital, and all of Boxin Chuangcheng, Bosi Zongheng and Boming Weiye are controlled by IDG Capital.

Beijing Singularity Power

Beijing Singularity Power Investment Fund (L.P.) (北京芯動能投資基金(有限合夥)) ("**Beijing Singularity Power**") is a limited partnerships established in the PRC on August 21, 2015.

The general partner of Beijing Singularity Power is Beijing Yichen Qidian Investment Center (L.P.) (北京益辰奇點投資中心(有限合夥)), which is in turn owned as to 60.6% by Beijing Singularity Power Capital Co., Ltd. (北京芯動能投資管理有限公司) and as to 39.4% by Beijing Yichen Investment Center (L.P.) (北京益辰投資中心(有限合夥)) ("**Yichen Center**"), its general partner. Beijing Singularity Power Capital Co., Ltd. (北京芯動能投資管理有限公司) is owned as to 45% by Yichen Center and no other shareholder owns 30% or above interest therein. Yichen Center is owned as to 54.5% by Ningbo Meishan Bonded Port Area Yijia Investment Management Partnership Enterprise (L.P.) (寧波梅山保税港區益嘉投資管理合夥企業(有限合夥)) ("**Yijia**") and is owned as to 45.5% by Beijing Yixin Venture Capital Investment Management Co., Ltd. (北京益新創業投資管理有限公司) ("**Beijing Yixin**"), its general partner and the general partner of Yijia. Mr. Wang Jiaheng (王家恒), an Independent Third Party, is the largest shareholder in Beijing Yixin, holding 70% interests, and no other shareholder owns 30% or more interest in Beijing Yixin. The largest limited partners of Beijing Singularity Power are BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000725.sz), and China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司), each of which holds approximately 37.3% partnership interests in Beijing Singularity Power. China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司) is held as to approximately 36.5% by the Ministry of Finance and no other shareholder holds 30% or more interests therein. None of the remaining two limited partners holds 30% or more of the partnership interests in Beijing Singularity Power. To the best knowledge of our Directors, each of the limited partners of Beijing Singularity Power is an Independent Third Party.

Ningbo Zhuangxuan and Shanghai Qianyou

Ningbo Zhuangxuan Investment Partnership Enterprise (L.P.) (寧波莊宣投資合夥企業(有限合夥)) ("**Ningbo Zhuangxuan**") is a limited partnership established in the PRC on August 28, 2020.

The general partner of Ningbo Zhuangxuan is Ningbo Xuanyue Equity Investment Co., Ltd. (寧波宣岳股權投資有限公司) ("**Ningbo Xuanyue**"). Mr. Xu Xuanbin (徐宣斌) and Mr. Zhuang Xiangxian (莊祥仙) hold 70% and 30% interest in Ningbo Xuanyue, respectively. The largest limited partner of Ningbo Zhuangxuan is City Renewal Equity Investment (Qingdao Jimo) Partnership Enterprise (L.P.) (城市更新股權投資(青島即墨)合夥企業(有限合夥)) ("**Qingdao Renewal**"), which holds approximately 99.01% partnership interest in Ningbo Zhuangxuan. The general partner of Qingdao Renewal is Ningbo Xuanyue. The limited partner of Qingdao Renewal is Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司), which holds 90.91% interest in Qingdao Renewal and is controlled by Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司), a company owned as to 44.9% by Xinliyi Group Co., Ltd. (新理益集團有限公司), which is in turn owned as to 88.6% by Liu Yiqian (劉益謙). No other shareholder owns 30% or above interests in Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司). To the best knowledge of our Directors, each of the limited partners of Ningbo Zhuangxuan is an Independent Third Party.

Shanghai Qianyou Electronics Co., Ltd. (上海乾優電子有限公司), a limited company established in the PRC on March 21, 2005, is owned as to approximately 99% by Ningbo Yingtaihong Investment Partnership Enterprise (L.P.) (寧波盈泰泓投資合夥企業(有限合夥)), ("**Ningbo Yingtaihong**"). Ningbo Xuanyue holds 14.3% partnership interest of Ningbo Yingtaihong as the general partner and Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) holds 85.7% partnership interest as the limited partner.

Legend Capital

Beijing Legend Capital Shengyuan Equity Investment Partnership Enterprise (L.P.) (北京君聯晟源股權投資合夥企業(有限合夥)) ("**Legend Capital Shengyuan**"), Zhuhai Legend Capital Yongyi Venture Investment Partnership Enterprise (L.P.) (珠海君聯永逸創業投資企業(有限合夥)) ("**Legend Capital Yongyi**"), and Zhuhai Legend Capital Jiayun Equity Investment Enterprise (L.P.) (珠海君聯嘉運股權投資企業(有限合夥)) ("**Legend Capital Jiayun**"), are limited partnerships established in the PRC on June 20, 2018, August 25, 2021 and September 14, 2020, respectively.

The general partner of each of Legend Capital Shengyuan and Legend Capital Jiayun is Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is a wholly-owned subsidiary of Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"). The general partner of Legend Capital Yongyi is Beijing Legend Capital Tongdao Private Equity Fund Management Partnership Enterprise (L.P.) (北京君聯同道私募基金管理合夥企業(有限合夥)), whose general partner is Shenzhen Legend Capital Qisheng Management Consulting Co., Ltd. (深圳君聯祺盛管理咨詢有限公司), a wholly-owned subsidiary of Legend Capital. Legend Capital is controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which is in turn held as to 40% by Mr. Chen Hao (陳浩), 20% by Mr. Zhu Linan (朱立南), 20% by Mr. Li Jiaqing (李家慶), our non-executive Director, and 20% by Mr. Wang Nengguang (王能光). Save as disclosed above, no other entity held 30% or more interests in Legend Capital and Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) respectively. Legend Capital Shengyuan and Legend Capital Jiayun are held by other 21 and 13 limited partners and Legend Capital Yongyi is held by other six limited partners, comprising individual and institutional investors, respectively. Legend Capital Shengyuan is held by National Council for Social Security Fund (全國社會保障基金理事會) as to approximately 35.71%. None of the ultimate beneficial owners of Legend Capital Shengyuan, Legend Capital Jiayun and Legend Capital Yongyi holds 30% or more partnership interests. To the best knowledge of our Directors, each of the limited partners of Legend Capital Shengyuan, Legend Capital Yongyi and Legend Capital Jiayun is an Independent Third Party.

China IC Fund II

China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd. (國家集成電路產業投資基金二期股份有限公司) ("**China IC Fund II**") is a joint stock company established in the PRC on October 22, 2019, which primarily focuses on investing in the value chain of the integrated circuit industry via equity investment, primarily in integrated circuit chip manufacturing as well as chip designing, packaging/test and related equipments/materials. The single largest shareholder of China IC Fund II is the Ministry of Finance, which holds approximately 11.02% interest, and other shareholders include enterprises in the integrated circuit industry, large-scale state-owned enterprises, certain financial institutions and private enterprises.

Triniti Capital

Ningbo Sanxing Zhiying Venture Capital Partnership (L.P.) (寧波三行智瀛創業投資合夥企業(有限合夥)) ("**Sanxing Zhiying**") and Xuzhou Yixing Tianxia Venture Investment Partnership Enterprise (L.P.) (徐州宜行天下創業投資合夥企業(有限合夥)) ("**Xuzhou Yixing**") are limited partnerships established in the PRC on December 26, 2018 and February 26, 2021, respectively. Sanxing Zhiying and Xuzhou Yixing are both controlled under Triniti Capital (三行資本), an investment firm specialized in hard and core technology in pan-semiconductor and energy storage industries.

The general partner of each of Sanxing Zhiying and Xuzhou Yixing is Beijing Triniti Capital Management Co., Ltd. (北京三行資本管理有限責任公司), which is owned 65% and 35% by Mr. Sun Dafei, our Supervisor, and Mr. Lu Hai (陸海). Sanxing Zhiying and Xuzhou Yixing are held by other eight and three limited partners, ultimately comprising individual and institutional investors, respectively. None of the ultimate beneficial owners holds 30% or more partnership interests. To the best knowledge of our Directors, each of the limited partners of Sanxing Zhiying and Xuzhou Yixing is an Independent Third Party.

Broad Vision Funds

Zhangjiagang Broad Vision Funds Venture Investment Partnership Enterprise (L.P.) (張家港博華創業投資合夥企業(有限合夥)) ("**Broad Vision Funds Venture**"), Zhangjiagang Broad Vision Funds Phase III Equity Investment Partnership Enterprise (L.P.) (張家港博華三期股權 投資合夥企業(有限合夥)) ("**Broad Vision Funds Phase III**"), and Zhangjiagang Broad Vision Funds Tianchen Equity Investment Partnership Enterprise (L.P.) (張家港博華天辰股權投資合夥企業(有限合夥)) ("**Broad Vision Funds Tianchen**") are limited partnerships established in the PRC on May 11, 2018, September 21, 2020, and February 2, 2021, respectively. All of the foresaid entities are controlled by Broad Vision Funds (博華資本), a professional private equity investment firm focusing on investment in domestic technology and medical companies with favorable growth prospects and has over RMB20 billion assets under management.

The general partner of Broad Vision Funds Venture is Zhangjiagang Broad Vision Funds Yaoshi Investment Partnership Enterprise (L.P.) (張家港博華耀世投資合夥企業(有限合夥)), which is in turn held as to 50% by Beijing Broad Vision Funds Co., Ltd. (北京博華資本有限公司) ("**Beijing Broad Vision Funds**") as the general partner, 34% by Mr. Xu Wenbo (徐文博) as a limited partner, 10% by Mr. Wei Xiaoan (衛曉安) as a limited partner and 6% by Mr. Guang Dong (廣東) as a limited partner. Broad Vision Funds Venture is held by other 13 limited partners comprising institutional investors. None of the ultimate beneficial owners holds 30% or more partnership interests. To the best knowledge of our Directors, each of the limited partners of Broad Vision Funds Venture is an Independent Third Party.

The general partner of each of Broad Vision Funds Phase III and Broad Vision Funds Tianchen is Zhangjiagang Broad Vision Funds Changqing Investment Partnership Enterprise (L.P.) (張家港博華常青投資合夥企業(有限合夥)), which is in turn held as to 70% by Beijing Broad Vision Funds as the general partner, and 30% by Mr. Guang Dong (廣東) as the limited partner. Beijing Broad

Vision Funds is in turn held as to 74% by Mr. Xu Wenbo (徐文博), 10% by Mr. Wei Xiaoan (衛曉安), 8% by Mr. Guang Dong (廣東) and 8% by Mr. Zhang Juncai (張俊才). Broad Vision Funds Phase III and Broad Vision Funds Tianchen are held by other 22 and three limited partners comprising individual and institutional investors, respectively. None of the limited partners of Broad Vision Funds Phase III holds 30% or more partnership interests. The largest limited partner of Broad Vision Funds Tianchen is Shenzhen Huaan Huiying Investment Partnership Enterprise (L.P.) (深圳華安匯贏投資合夥企業(有限合夥)), which is in turn ultimately controlled by Sinosafe General Insurance Company Limited (華安財產保險股份有限公司) in which no shareholders hold 30% or above interests. To the best knowledge of our Directors, each of the limited partners of Broad Vision Funds Phase III and Broad Vision Funds Tianchen is an Independent Third Party.

CAPITALIZATION

Our Company [has applied] for H-share full circulation to convert certain Unlisted Shares into H Shares after the [**REDACTED**]. The conversion of Unlisted Shares into H Shares will involve an aggregate of [**REDACTED**] Unlisted Shares, representing approximately [**REDACTED**]% (assuming that the [**REDACTED**] is not exercised) of the total issued share capital of the Company upon [**REDACTED**].

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision(1)	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
ESWIN Group	362,245,488	17.74%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Yili Technology	259,734,636	12.72%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Yixiang Technology	22,269,300	1.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal(1), (2)	644,249,424	31.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Boxin Chuangcheng	93,113,680	4.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Bosi Zongheng	59,297,746	2.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Boming Weiye	30,080,268	1.47%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal(3)	182,491,694	8.94%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Ningbo Zhuangxuan	113,727,540	5.57%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Qianyou	23,134,248	1.13%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal(3)	136,861,788	6.70%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Beijing Singularity Power	118,103,703	5.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Legend Capital Shengyuan	50,579,938	2.48%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Legend Capital Yongyi	47,687,302	2.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Legend Capital Jiayun	10,740,624	0.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal(3)	109,007,864	5.35%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
China IC Fund II	105,280,938	5.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Sanxing Zhiying	55,335,600	2.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Xuzhou Yixing	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal(3)(10)	63,748,040	3.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision[1]	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
Broad Vision Funds Venture	37,893,562	1.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Broad Vision Funds Phase III	13,459,942	0.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Broad Vision Funds Tianchen	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[3]	59,765,944	2.93%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Shenzhen Tianbao Qiushi Investment Enterprise (L.P.) (深圳天寶秋石投資企業(有限合夥))	33,649,836	1.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Suzhou Fenhu Investment Group Co., Ltd. (蘇州汾湖投資集團有限公司)	33,649,836	1.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhejiang Haining Juanhu Innovation Investment Co., Ltd. (浙江海寧鵑湖創新投資有限公司)	23,554,870	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Haining Industrial Investment Group Co., Ltd. (海寧市實業產業投資集團有限公司)	10,094,966	0.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[4]	33,649,836	1.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhuhai Tech Changyi Investment Co., Ltd. (珠海珠科長宜投資有限公司)	21,933,534	1.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Guangzhou Technology Innovation Industrial Investment Fund (L.P.) (廣州科創產業投資基金合夥企業(有限合夥))	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[5]	30,706,936	1.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Wuxi SAIC Jinshi Innovation Industrial Fund (L.P.) (無錫上汽金石創新產業基金合夥企業(有限合夥))	30,080,268	1.47%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Xinzhi (Shenzhen) Private Equity Investment Fund (L.P.) (信郅(深圳)私募股權投資基金合夥企業(有限合夥))	25,237,358	1.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
China Development Bank Technology Venture Capital Co., Ltd. (國開科技創業投資有限責任公司)	5,013,378	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[6]	30,250,736	1.48%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Beijing Ruiyi Venture Capital Fund (L.P.) (北京瑞沂創業投資基金(有限合夥))	26,320,206	1.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司)	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Xiamen Haitong Jinyuan Equity Investment (L.P.) (廈門海通金圓股權投資合夥企業(有限合夥))	5,047,464	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[7]	22,594,268	1.11%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision(1)	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
Ningbo TTGG Yuncheng Enterprise Management Consulting (L.P.) (寧波天堂硅谷雲成企業管理諮詢合夥企業(有限合夥))	10,295,262	0.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Wuhan TTGG Yuntao Equity Investment (L.P.) (武漢天堂硅谷雲韜股權投資合夥企業(有 限合夥))	4,903,084	0.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Wuhan TTGG Hengxin Venture Capital Fund (L.P.) (武漢天堂硅谷恒新創業投資基金合夥企業(有限合夥))	3,007,672	0.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Shaoxing Keqiao TTGG Lingxin Venture Investment (L.P.) (紹興柯橋天堂硅谷領新創業投資合夥企業(有限合夥))	1,804,603	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Hefei TTGG Anbo Tonghetai Equity Investment (L.P.) (合肥天堂硅谷安博通和泰股權投資合夥企業(有限合夥))	1,717,381	0.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Jiaxing Guigu Tiantang Zhaoxi Investment Management (L.P.) (嘉興硅谷天堂昭晞投資管理合夥企業(有限合夥))	401,070	0.02%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal(8)	22,129,072	1.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
China Internet Investment Fund (L.P.) 中國互聯網投資基金(有限合夥))	21,056,180	1.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhuhai Jinyiquan Investment Consulting (L.P.) (珠海金鎰全投資諮詢合夥企業(有限合夥))	19,050,844	0.93%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Wuhu Ruicheng Zhanxin Industry No. 1 Fund (L.P.) (蕪湖市瑞丞戰新產業壹號基金合夥企業(有限合夥))	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Beijing Yitang Chuangxin Venture Capital Center (L.P.) (北京屹唐創欣創業投資中心(有限合夥))	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Chongqing Liangjiang Yixin Private Equity Investment Fund (L.P.) (重慶兩江奕芯私募股權投資基金合夥企業有限合夥))	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Ningbo Meishan Bonded Port Area Ruixue Guangnian Investment Management (L.P.) (寧波梅山保稅港區睿雪光年投資管理合夥企業(有限合夥))	17,392,372	0.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Ningbo Meishan Bonded Port Area Aowen Investment Management (L.P.) (寧波梅山保稅港區奧聞投資管理合夥企業(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision[1]	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
Jiangsu Jiequan Green Industry Equity Investment Fund (L.P.) (江蘇疌泉綠色產業股權投資基金(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Wuhan Bosheng Jiaxu Equity Investment (L.P.) (武漢渤盛嘉旭股權投資合夥企業(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Hunan Caixin Jingjin Equity Investment (L.P.) (湖南財信精進股權投資合夥企業(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
CITIC Securities Investment Co., Ltd. (中信證券投資有限公司)	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Beijing Gaorong Phase IV Kangteng Equity Investment (L.P.) (北京高榕四期康騰股權投資合夥企業(有限合夥))	14,039,936	0.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Chengdu Tianfu New Area Gaorong Phase IV Kangyong Investment (L.P.) (成都市天府新區高榕四期康永投資合夥企業(有限合夥))	2,784,982	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Subtotal[9]	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Chongqing Xinyi Ecological Chain Private Equity Investment Fund (L.P.) (重慶新奕生態鏈私募股權投資基金合夥企業(有限合夥))	13,160,084	0.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhuhai Hengqin Zhiyi Shengyuan Investment (L.P.) (珠海橫琴知一晟遠投資合夥企業(有限合夥))	11,029,424	0.54%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Zhongheng Investment Management (L.P.) (共青城眾衡投資管理合夥企業(有限合夥))	10,016,724	0.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Jiaxing Qisi Equity Investment (L.P.) (嘉興頎思股權投資合夥企業(有限合夥))	10,026,756	0.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Xie Haolyu (謝豪律)	9,186,445	0.45%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
CCB Investment Co., Ltd. (建投投資有限責任公司)	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Haining Juanhu Mengxiang Technology Investment (L.P.) (海寧鵑湖夢想科技投資合夥企業(有限合夥))	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhejiang Zheshang Transformation & Upgrading Fund of Funds (L.P.) (浙江浙商轉型升級母基金合夥企業(有限合夥))	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision[(1)]	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
Central Plains Qianhai Equity Investment Fund (L.P.) (中原前海股權投資基金(有限合夥))	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Gongqingcheng Singularity Power Computing Venture Investment Partnership Enterprise (L.P.) (共青城芯動能計算創業投資合夥企業(有限合夥))	7,018,714	0.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Jiaxing Dingfeng Guixin Venture Capital (L.P.) (嘉興鼎峰硅鑫創業投資合夥企業(有限合夥))	5,047,464	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Comba Telecom Systems (Guangzhou) Co., Ltd. (京信通信系統(廣州)有限公司)	4,564,788	0.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Qingdao Chuxin Optoelectronic Industry Investment Fund (L.P.) (青島初芯光電產業投資基金合夥企業(有限合夥))	4,386,720	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Chengdu Ceyuan Guangyi Electronic Information Equity Investment Fund (L.P.) (成都策源廣益電子信息股權投資基金合夥企業(有限合夥))	4,386,682	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhaoshi Lianke (Zhuhai) Fund Management (L.P.) (兆實聯科(珠海)基金管理合夥企業(有限合夥))	4,010,710	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Wuxi Ruishi Phase IV Venture Capital (L.P.) (無錫睿勢四期創業投資合夥企業(有限合夥))	4,010,703	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhang Huizhu (張惠珠)	3,364,976	0.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Ultra HD Video Industry Investment Fund (Guangzhou) (L.P.) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥))	3,070,666	0.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhou Hui (周暉)	2,940,521	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhao Yingjia (趙穎佳)	2,685,165	0.13%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Qingdao Chunhe Miaopu No. 2 Venture Capital Fund (L.P.) (青島春禾苗圃貳號創業投資基金合夥企業(有限合夥))	1,886,282	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Zhang Yuezhou (張岳洲)	1,750,000	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Guangzhou Yuncong Changying Investment Co., Ltd. (廣州雲從長贏投資有限公司)	1,579,204	0.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Rong Sujiang (榮蘇江)	1,071,039	0.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Guangzhou Tiansui Enterprise Management Consulting (L.P.) (廣州天遂企業管理諮詢合夥企業(有限合夥))	175,446	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Other public Shareholders	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Total	**2,042,143,304**	**100%**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Notes:

(1) Please refer to "Relationship with The Single Largest Shareholders — Our Single Largest Shareholders"

(2) Please refer to "— Employee Shareholding Platforms" above.

(3) Please refer to "— Information of the [**REDACTED**] Investors" above.

(4) Zhejiang Haining Juanhu Innovation Investment Co., Ltd. (浙江海寧鵑湖創新投資有限公司) ("**Zhejiang Haining Juanhu**") is a company established in the PRC, indirectly wholly owned by Haining State-owned Capital Investment and Operation Co., Ltd. (海寧市國有資本投資運營有限公司) ("**Haining State-owned Capital Investment and Operation**"), which is held by Haining Municipal Finance Bureau (海寧市財政局) and Zhejiang Financial Development Group Co., Ltd. (浙江省財開集團有限公司) ("**Zhejiang Financial Development**") as at 90% and 10%, respectively. Zhejiang Financial Development is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳), all of them are Independent Third Parties. Haining Industrial Investment Group Co., Ltd. (海寧市實業產業投資集團有限公司) ("**Haining Industrial Investment**") is a company established in the PRC, wholly owned by Haining State-owned Capital Investment and Operation. Therefore, each of Zhejiang Haining Juanhu and Haining Industrial Investment is an entity controlled by Zhejiang authorities.

(5) Zhuhai Tech Changyi Investment Co., Ltd. (珠海珠科長宜投資有限公司) ("**Zhuhai Tech Changyi**") is a company established in the PRC and ultimately controlled by Zhuhai Municipal Government State-owned Assets Supervision and Administration Commission (珠海市人民政府國有資產監督管理委員會), an Independent Third Party. Guangzhou Technology Innovation Industrial Investment Fund (L.P.) (廣州科創產業投資基金合夥企業(有限合夥)) ("**Guangzhou Technology Innovation**") is a limited partnership established in the PRC. The general partner of Guangzhou Technology Innovation is Guangzhou Industry Investment Private Fund Management Co., Ltd. (廣州產投私募基金管理有限公司) ("**Guangzhou Industry Investment Private Fund**"), holding 0.01% partnership interest. Guangzhou Technology Innovation has two limited partners, namely, Guangzhou Industry Investment Holding Group Co., Ltd. (廣州產業投資控股集團有限公司) ("**Guangzhou Industry Investment Holding**") and Guangzhou Industry Investment Capital Management Co., Ltd. (廣州產業投資資本管理有限公司) ("**Guangzhou Industry Investment Capital**") holds 98% and 1.99% partnership interest, respectively. Both Guangzhou Industry Investment Private Fund and Guangzhou Industry Investment Capital are subsidiaries of Guangzhou Industry Investment Holding. Guangzhou Industry Investment Holding is controlled by General Office of the Guangzhou Municipal Government (廣州市人民政府), an Independent Third Party. Therefore, each of Zhuhai Tech Changyi and Guangzhou Technology Innovation is an entity controlled by Guangdong authorities.

(6) Xinzhi (Shenzhen) Private Equity Investment Fund (L.P.) (信郅(深圳)私募股權投資基金合夥企業(有限合夥)) ("**Xinzhi**") is a limited partnership established in the PRC. The general partner of Xinzhi is Xinzhi (Shenzhen) Private Equity Investment Fund Management Co., Ltd. (信郅(深圳)私募股權投資基金管理有限公司) ("**Xinzhi PE**"), holding approximately 0.0263% partnership interest. Xinzhi has one limited partner, China CITIC Financial Asset International Holdings Co., Ltd. (中國中信金融資產國際控股有限公司) ("**CITIC Financial Asset**"), holding approximately 99.9737% partnership interest. Each of Xinzhi PE and CITIC Financial Asset is controlled by China CITIC Financial Asset Management Co., Ltd. (中國中信金融資產管理股份有限公司) ("**CITIC Financial Asset Management**"), a company listed on the Stock Exchange (stock code: 2799). To the best knowledge of the Company and being confirmed by the relevant shareholder that CITIC Financial Asset Management is controlled by CITIC Group Corporation (中國中信集團有限公司) (a company being controlled by Ministry of Finance) and Ministry of Finance. China Development Bank Technology Venture Capital Co., Ltd. (國開科技創業投資有限責任公司) ("**China Development Bank VC**") is a company established in the PRC and ultimately wholly owned by China Development Bank (國家開發銀行), which is held as at approximately 36.5362% by Ministry of Finance. Therefore, each of Xinzhi and China Development Bank VC is an entity controlled by Ministry of Finance.

(7) Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司) ("**Shanghai Guoxin**") is a company established in the PRC and an equity investment platform indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shanghai Municipality (上海市人民政府國有資產監督管理委員會), an Independent Third Party. Xiamen Haitong Jinyuan Equity Investment (L.P.) (廈門海通金圓股權投資合夥企業(有限合夥)) ("**Xiamen Haitong Jinyuan**") is a limited partnership established in the PRC. The general partner of Xiamen Haitong Jinyuan is Guotai Haitong Kaiyuan Investment Co., Ltd. (國泰海通開元投資有限公司) ("**Haitong Kaiyuan**"), holding 1% partnership interest. Haitong Kaiyuan is a wholly-owned subsidiary of Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) ("**Guotai Haitong**"), a company listed on the Stock Exchange (stock code: 2611) and Shanghai Stock Exchange (stock code: 601211). Xiamen Haitong Jinyuan has two limited partners, Jinyuan Capital Management (Xiamen) Co., Ltd. (金圓資本管理(廈門)有限公司) ("**Jinyuan Capital**") and Shanghai Haitong Securities Asset Management Co., Ltd. (上海海通證券資產管理有限公司) ("**Haitong Securities**") holds 50% and 49% partnership interest, respectively. Jinyuan Capital is wholly owned by Xiamen Municipal Finance Bureau (廈門市財政局), an Independent Third Party. Haitong Securities is wholly owned by Guotai Haitong. To the best knowledge of the Company and as confirmed by the relevant shareholder, the ultimate beneficial owner of Guotai Haitong is Shanghai International Group Co, Ltd. (上海國際集團有限公司), which is a wholly owned subsidiary of Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). Therefore, each of Shanghai Guoxin and Xiamen Haitong Jinyuan is an entity controlled by Shanghai authorities.

(8) The sole limited partner of Ningbo TTGG Yuncheng Enterprise Management Consulting (L.P.) (寧波天堂矽谷雲成企業管理諮詢合夥企業(有限合夥)) and all general partners of the other entities are controlled by Heaven-Sent Industrial Group Co., Ltd. (硅谷天堂產業集團股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 833044).

(9) All the entities are controlled by Beijing Gaorong Capital Management Consulting Co., Ltd. (北京高榕資本管理諮詢有限公司).

(10) Sanxing Zhiying and Xuzhou Yixing, which are close associates of Mr. Sun Dafei, one of our Supervisors, will be deemed as our core connected persons and therefore the H Shares held by Sanxing Zhiying and Xuzhou Yixing will not be counted towards the public float. Save as disclosed above, all H Shares held by each of the Shareholders will be counted towards public float.

PUBLIC FLOAT

Following the conversion of the Unlisted Shares into H Shares and upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), (i) ESWIN Group, Yili Technology and Yixiang Technology, which are members of our Single Largest Shareholders, (ii) Sanxing Zhiying and Xuzhou Yixing, which are close associates of Mr. Sun Dafei, one of our Supervisors, will be deemed as our core connected persons and a total of [**REDACTED**] Shares held by them, representing [**REDACTED**]% of our total issued Shares, will not be counted towards the public float.

To the best knowledge of our Directors, upon the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, (i) [**REDACTED**] H Shares are expected to be held by our existing Shareholders who are not our core connected persons, will be counted towards the public float; (ii) a total of [**REDACTED**] H Shares issued pursuant to the [**REDACTED**], will be counted towards the public float.

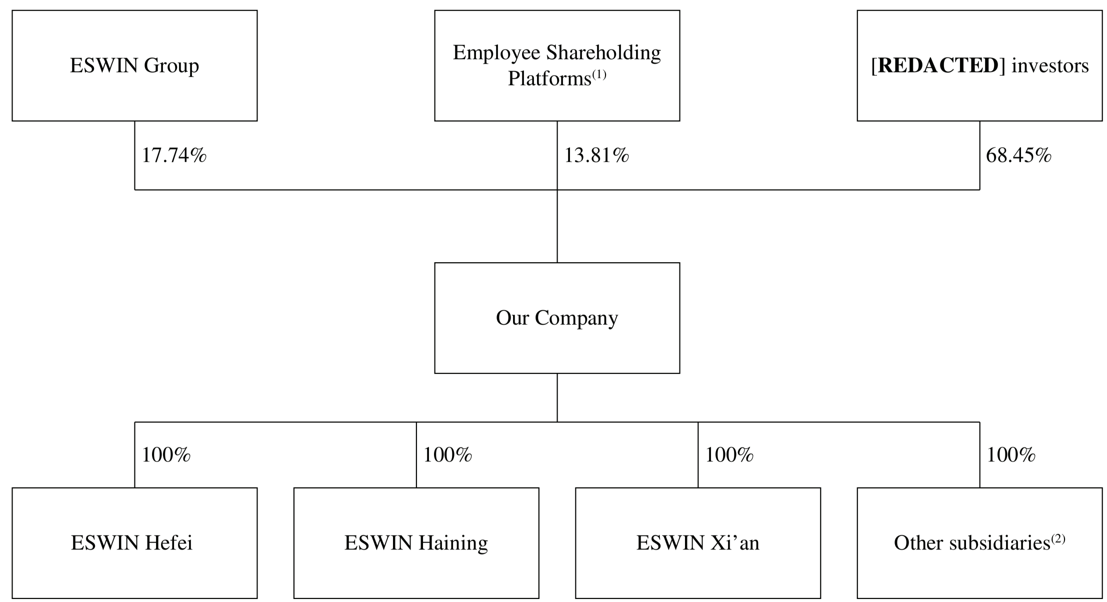
Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the total number of [**REDACTED**] H Shares held by the public represents approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**].

With respect to the indicative [**REDACTED**] range of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low end, mid-point and the upper-end of the [**REDACTED**], respectively), the expected [**REDACTED**] of the Company's Shares would [**REDACTED**]. Pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum number of H shares held by the public at the time of [**REDACTED**] as a percentage of the total number of shares in the class to which H shares belong shall be the higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$4,500,000,000 at the time of [**REDACTED**]; and (ii) 10%. Pursuant to Rule 19A.13A(1) of the Listing Rules, at least [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% (based on the aforementioned [**REDACTED**] respectively) of the total number of issued [**REDACTED**] must at the time of the [**REDACTED**] be held by the public. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) immediately upon [**REDACTED**].

[**REDACTED**]

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Company's simplified shareholding and corporate structure immediately prior to the completion of the [**REDACTED**]:

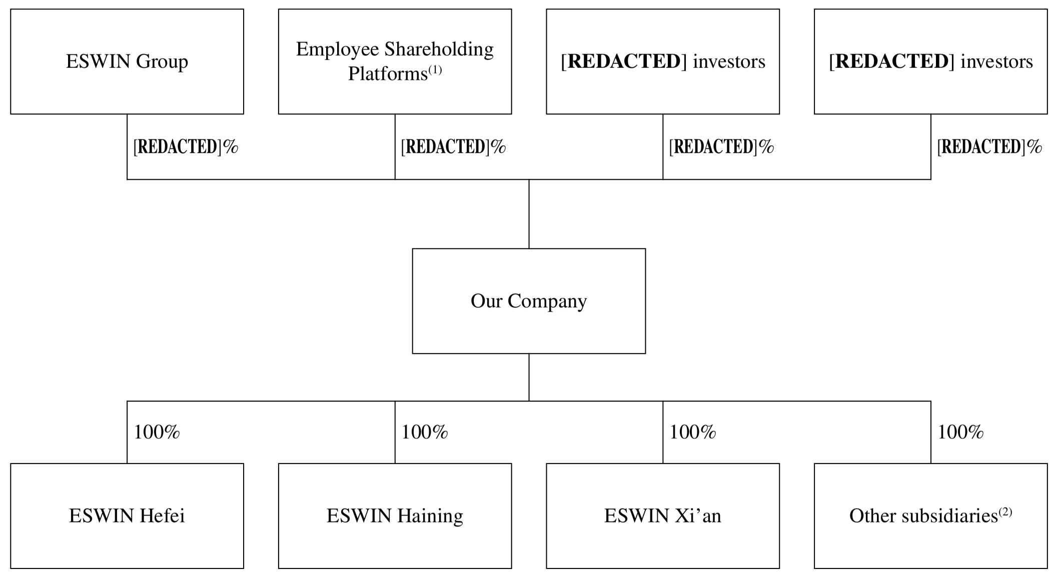


Notes:

1. refer to Yili Technology and Yixiang Technology.
2. including other 17 wholly owned subsidiaries of the Company.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Company's simplified shareholding and corporate structure immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

1. refer to Yili Technology and Yixiang Technology.
2. including other 17 wholly owned subsidiaries of the Company.

OVERVIEW

We are a RISC-V oriented chip product provider in China. Leveraging a fabless business model and leveraging RISC-V as our foundational architecture, we focus on researching and designing products consisting of chip, chipsets and/or circuit boards accompanied with essential software and outsource the integrated circuit manufacturing, packaging and testing to third-party service providers.

Based on end-user scenario, we organize our proprietary offerings into smart device chip products and interconnectivity and computing chip products:

- Smart device chip products (comprising human-machine interaction chip products and multimedia processing chip products targeting smart device chip product industry) empower smart devices to manage screen-based input/output and process multimedia signals.

- Interconnectivity and computing chip products (comprising interconnectivity chip products and computing chip products targeting embodied intelligence chip product industry) empower intelligent agents that are capable of sensing, processing and executing/acting upon the physical environment, including, among others, smart vehicles, robots, and automated industrial equipment.

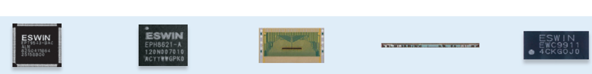
As of March 31, 2026, we have successfully commercialized over 150 hardware-software co-engineered products. During the Track Record Period, we served 220 customers worldwide, including many leading global companies. According to Frost & Sullivan, we were China's largest domestic smart device human-machine interaction chip product providers in terms of revenue in 2025. As of March 31, 2026, we amassed over 620 IP modules, over 20 serial RISC-V cores and over 1,740 patent applications in our products. We are the board member of RISC-V International (the global non- profit organization that owns and maintains the RISC-V instruction set architecture) and rotating Chairman of RISC-V Ecosystem & Industry of China Electronics Standardization Association.

Our Product Offering. Over the years, guided by our customer-centered approach, we have developed hundreds of products tailored to diverse application scenarios and specific needs.

- *Human-Machine Interaction Chip Products* primarily support screen-related input/output. They are mainly applied in the display screens of TVs, monitors, laptops, phones and watches. The products contain various combinations of chips with supporting software for screen-related interactions mainly to (i) receive multimedia signals and output timing signals and display data to the DDIC (through TCON); convert the timing signals and display data into pixel driving signals and finally output them to the panel (through DDIC), and (ii) detect users' touch inputs on the screen and convert them into executable commands for the device (through Touch Controller), which are mainly applied to watch/phone and high-end monitors. During the Track Record Period, a majority of our revenue was derived from sales of human-machine interaction chip products powering a wide variety of screens.

Our Deliverables

Chip/Chipset + Software



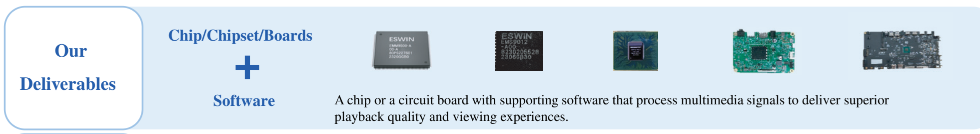
A single or a combination of DDIC (Display Driver IC), TCON (Timing Controller), Touch Controller and PMIC (Power Management IC), together with supporting software on display control, timing control, touch control and power management.

Our Product Matrix

Major Scenarios	Major Deliverables
TV Screen	DDIC+TCON+PMIC & Supporting Software
Monitor Screen	DDIC+TCON+PMIC & Supporting Software
Notebook Screen	DDIC+ Touch Controller+ TCON+PMIC & Supporting Software
Mobile Screen	DDIC+PMIC+Touch Controller & Supporting Software

Note: For illustrative purposes only, not an exhaustive list of all product matrix.

- *Multimedia Processing Chip Products* encode, decode, analyze, edit and enhance multimedia (audio/video/image) signals (through mainly TV SoC, Mini-LED control chip, Micro-LED control chip and MNT scaler chip), determine the contents to be displayed and generate the corresponding image data and display signals, which are subsequently passed to human-machine interaction chip products, such as TCONs and DDICs, for timing control, pixel driving and then final display. Multimedia processing chip products are mainly used for high-end commercial displays and monitors. The products contain various chips and/or circuit boards with supporting software to process multimedia signals.

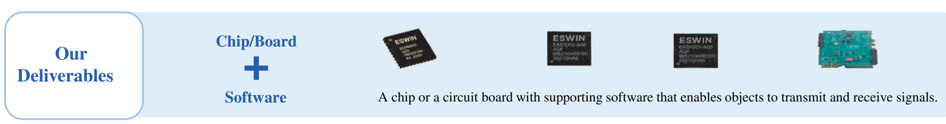


Our Product Matrix

Major Scenarios	Major Deliverables
TV	TV SoC/Circuit Board + Supporting Software
	Mini-LED Control Chip + Supporting Software
	Micro-LED Control Chip + Supporting Software
Monitor	MNT Scaler Chip + Supporting Software

Note: For illustrative purposes only, not an exhaustive list of all product matrix.

- *Interconnectivity Chip Products* are mainly used as the main communication part of automotive, robotics, and industrial scenarios. The products contain various chips and/or circuit boards with supporting software to transmit and/or receive wireless signals (through interconnectivity chips) based on various communication protocols, such as Wi-Fi, BLE and 4G/5G.

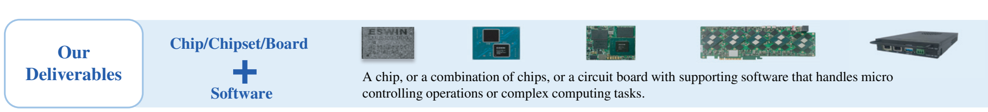


Our Product Matrix

Major Scenarios	Major Deliverables
Industrial/Home Appliance Connectivity	Wi-Fi/BLE chip/circuit board + Supporting Software
Industrial Appliance/Robotics	RF chip/circuit board + Supporting Software
Automotive	V2X chip + Supporting Software

Note: For illustrative purposes only, not an exhaustive list of all product matrix.

- *Computing Chip Products* are mainly used for on-device data processing and decision-making in automotive, robotics, and industrial scenarios. The products contain various chips and circuit boards with supporting software to provide a range of computing capabilities — from microcontrolling operations (through MCUs) to high-performance neural processing (through AI SoCs) — to address complex processing and execution needs.



Our Product Matrix

Major Scenarios	Major Deliverables
Smart Retail	ESL MCU + Supporting Software
Industrial Appliance/Robotics	AI SoC chip/board + Supporting Software
Automotive	Automotive-grade MCU chip/board + Supporting Software

Note: For illustrative purposes only, not an exhaustive list of all product matrix.

Modular Technology Platform Underpinning Our Products. We utilize a modularized and reusable technology platform comprising:

- *Hardware Building Blocks:* also referred to as IP modules, which are pre-designed, reusable components that can be directly integrated into hardware designs. These blocks include processing cores (when required) and other specialized IP modules. Processing cores — typically the "heart" of the chip, chipsets and/or circuit board — handle core computing tasks, encompassing RISC-V processing cores and neural processing cores. Other IP modules, such as image processing module for MNT scaler chip and power management module for PMIC, are responsible for various specialized tasks. We design the chip, chipsets and/or circuit board by integrating all necessary IP modules, and deliver the finalized design to manufacturers for production.

- *Software Building Blocks:* including basic software (such as operating systems, drivers and firmware) and application-specific software algorithms, rigorously tested for performance. We also provide toolchains to help developers to debug issues, analyze and enhance performance more efficiently.

Adopting RISC-V in Our Products. We adopt RISC-V as the fundamental architecture for products with computing and/or control needs. RISC-V is basically a set of rules defining how the hardware processing core operates in response to software commands in machine language. Unlike traditional architectures like x86 and ARM, which struggle to keep pace with the evolving demands of intelligent applications due to their increasing complexity, RISC-V offers a streamlined and modular design. This aligns well with the "software-defined hardware" approach, delivering greater efficiency, flexibility, and scalability. Also, as an open-standard architecture, RISC-V reduces innovation barriers and costs while promoting global collaboration, unlocking its full potential for future advancements. Furthermore, RISC-V not only delivers conventional processing capabilities, but also supports parallel computing for demanding processing tasks such as AI computing via instruction extensions and unified toolchains. This enables it to address diverse computing demands across cloud, edge, and terminals. See "Business — RISAA Platform — Ecosystem & Technology Underpinning Our Products."

Building on this market expansion, RISC-V's current penetration — 3.7% in smart devices and 9.4% in embodied intelligence in 2025 — indicates considerable room for further growth. We are well positioned to address this through our hardware-software integrated approach, customization capabilities that align computing architecture with specific applications, and ecosystem partnerships that support broader implementation. To compete with peers in RISC-V and established players in x86 and ARM domains, we are targeting high-growth areas in automotive, robotics and industrial scenarios, applying RISC-V's open-standard framework to offer cost-effective and adaptable alternatives. This strategy enables us to enhance our position in RISC-V while gaining ground in the broader market share.

OUR COMPETITIVE STRENGTHS

Proven Commercialization of RISC-V Oriented Chip Products

We are a RISC-V oriented chip product provider in China focusing on developing human-machine interaction and multimedia processing chip products targeting smart device chip product industry, and interconnectivity and computing chip product targeting embodied intelligence chip product industry. To entrench our technology capabilities, we focus on developing and integrating application-specific algorithms, IP modules, software, and chip products to meet the rapidly changing demands of emerging sectors.

We have firmly invested in innovation based on the RISC-V computing architecture. With a forward-looking vision and deep insight into scenario-driven demands, we are able to accurately identify and resolve customer pain points so as to stay ahead of market trends, and offer targeted products, achieving precise alignment between application scenarios and foundational computing architecture.

Systematic R&D Capabilities: Accumulated Technology Assets and Systematic R&D Capabilities

Technology is the cornerstone of our core strengths. As of March 31, 2026, we have built a team of over 1,000 research and development personnel, accounting for about 70% of our total employees, with about 70% of research and development personnel holding master's degrees or above. As of the same date, we ran 41 specialized laboratories. Our research and development expenses amounted to RMB1,444.7 million, RMB1,337.0 million, RMB1,041.6 million, RMB275.3 million and RMB251.8 million in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026. These aforesaid technology capabilities have translated to the following technical advantage:

- ***Substantial IP Portfolio for Rapid Commercialization***. As of March 31, 2026, we possessed over 620 IP modules. These IP modules form a standardized, modular, and reusable resource library, enabling us to quickly meet the fast-evolving demands of smart device and embodied intelligence chip product industry. As of the Latest Practicable Date, we have filed over 1,770 patent applications and have 720 granted patents.

- ***End-to-End Design and Collaborative Innovation***. We have full-process design capabilities, spanning from processing core design to comprehensive system level product development. Meanwhile, we also have capabilities to coordinate on the manufacturing and assembly and testing processes to innovate, and optimize the products jointly with our partners.

Ecosystem Enablement: RISAA Platform and RDI

To drive innovation, iteration and development within the RISC-V ecosystem, we have launched the RISAA ecosystem & technology platform (the "RISAA Platform"), encouraging technology sharing, collaboration and integration. This platform enables developers to build customized chip, chipsets and/or circuit board efficiently, without the need to construct complex system from scratch, significantly lowering the research and development barriers.

To help further boost the growth and industry-wide adoption of RISC-V, we have introduced the concept of RISC-V Digital Infrastructure ("RDI"). RDI represents all digital infrastructure based on the RISC-V architecture, including chips, software, devices, and systems for diverse application scenarios. RDI encourages developers to apply RISC-V across all facets of digital infrastructure, thereby driving its broader adoption and accelerating ecosystem growth.

Efficiency Enhancement: Leveraging Reusable Technology, Customer and Supply Chain Resources to Reduce Marginal Cost and Drive Value Creation

Through our reusable technology, customer, and supply chain resources, we have built a scalable business model. This approach achieves a dual breakthrough: reducing marginal cost while driving value creation.

- On the technological side, we utilize self-developed IP modules, including RISC-V cores, to enable sharing and reusing across multiple products, effectively reducing R&D expenses and improving R&D efficiency.

- On the customer side, we thoroughly explore the potential needs of each customer across multiple products. By promoting cross-selling and scale usage of multiple products to the same customers, we not only reduce customer acquisition costs but also enhance customer loyalty.

- On the supply chain side, we fully integrate supplier resources and maximize supply chain synergies to secure strong support from suppliers. This strengthens our product competitiveness, ensures reliable supply capacity, and fosters an efficient and stable supply chain ecosystem, ultimately reducing our procurement costs and achieving economies of scale.

With the above approach, we have created a virtuous cycle as our revenue scales, marginal costs decrease while value grows rapidly. This scalable business model supports both economic efficiency and strategic depth, laying a solid foundation for our sustainable growth in the era of intelligence transformation.

Strategic Talent Engine: Leadership Team with Global Vision and Innovative Talent Development Plan

Our founding and executive team brings together top leaders and experts across the industry. Mr. Wang, our founder and the chairman of our Strategy and Investment Committee, is a pioneer of China's semiconductor display industry where he resolved the critical "display shortage" situation. Now, he is responsible for corporate strategy and decision-making, and has led the Company to become an industry pioneer in fabless and RISC-V industry. Mr. Wang Bo, our co-founder and vice chairman of the Board, with over 20 years of R&D and management experience at Intel, leverages his deep industry expertise to drive international market expansion and assist our strategy planning. Mr. Mi Peng, our chairman of the Board and CEO, has more than 20 years of experience in the semiconductor sector, with deep expertise in financial management, investment, and corporate operations. Mr. Hu Weihao, our president and COO, brings nearly two decades of experience in product R&D, with a strong focus on full process product development and management. Dr. He Ning, our CTO and a nationally recognized innovation leader, brings 20 years of experience in semiconductor and product R&D to help us overcome critical technical bottlenecks and spearhead the development of the RISC-V ecosystem.

We have also built a dynamic talent base, with over 50% of our team under the age of 35. We have established a human capital system that integrates strategic decision-making, industry operation, and technological innovation. Such strategic foresight, industry expertise, and creative energy equip us with both the agility to navigate industry transformations and the capability to achieve technological breakthroughs. It serves as a core driving force for our continued leadership in hardware-software co-engineered products that drive the next generation of intelligence transformation.

OUR DEVELOPMENT STRATEGIES

Prioritizing Technology Innovation and Strengthening Hardware-Software Integration Capabilities

In RISC-V industry, we uphold our core value of "technology as the cornerstone," and remain committed to advancing the open architecture through continuous R&D and innovation. We intend to tackle performance bottlenecks in increasingly complex scenarios, further strengthening our products' characteristics of "green, open and fusion" and improving their adaptability across diverse applications.

To address the needs of diverse application scenarios, we focus on developing and integrating domain-specific algorithms, software, and chip products to meet the rapidly changing demands of emerging sections. We aim to provide customers with efficient, diverse, from customized to general hardware-software co-engineered products. In addition, we will provide comprehensive support ranging from basic software to toolchains, delivering turnkey products for our customers.

We will leverage representative application scenarios to drive the rapid iteration of technologies and products as well as deeper market penetration. Going forward, we will continuously adapt our existing product and technology portfolio to evolving market dynamics and harness the competitive advantage and growth momentum of RISC-V in AI applications. We will focus on customer pain points across cloud and edge computing, automotive and industrial scenarios, and enhance customer value by delivering more competitive chip, chipsets, board and equipment, ultimately driving faster and stronger growth.

Shortening Development Cycle, Strengthening Customization Capabilities and Reusability to Capture Markets and Drive Scale

We remain committed to our customer-centric philosophy, and work closely with customers throughout the product development process. We will continuously refine our innovation and collaboration mechanisms to ensure precision and foresight in development. This enables our products to meet customer needs efficiently, while maintaining long-term competitiveness and innovativeness.

We will further enhance our reusable technology, customer, and supply chain resources. We will continue our construction of a standardized technology platform to improve reusability of existing technology and boosting product competitiveness. We are committed to deepening collaboration with existing customers and expanding our products across more niche application scenarios. We will deepen strategic collaboration with key supply chain partners, including manufacturers and assembly and testing providers. Through close and long-term cooperation, we aim to achieve mutual success and build a strong, stable and resilient supply chain ecosystem. This foundation will ensure reliable support for our technology innovation and product delivery.

Advancing RISC-V Industry Prosperity Through the RISAA Platform and Strengthening Value Chain Competitiveness

We will keep investing and iterating our RISAA Platform so as to continuously drive technological collaboration and innovation among all industry players, jointly creating a comprehensive RISC-V product portfolio. This will enable RISC-V to unlock new high-value markets and build a stronger, more dynamic ecosystem. Concurrently, we will provide open technical support and ecosystem enablement for the development of the RDI Alliance, accelerating the large-scale implementation of industry-specific applications and continuously optimizing and enhancing the RISC-V ecosystem.

Building Innovative Talent Pool with Global Vision, Creating Value for Customers

Looking ahead, we will uphold strivers-oriented core philosophy and consistently maintain our strong talent pool. By offering a competitive compensation package and long-term equity incentives, we aim to ensure the stability and continuous growth of our core talents. Simultaneously, we will actively recruit world-class experts in technology, market, operations and management, building a well-structured, innovative and visionary talent team with global vision.

By cultivating a talent engine centered on creating value for customers, we will continually empower innovation in the era of intelligence transformation.

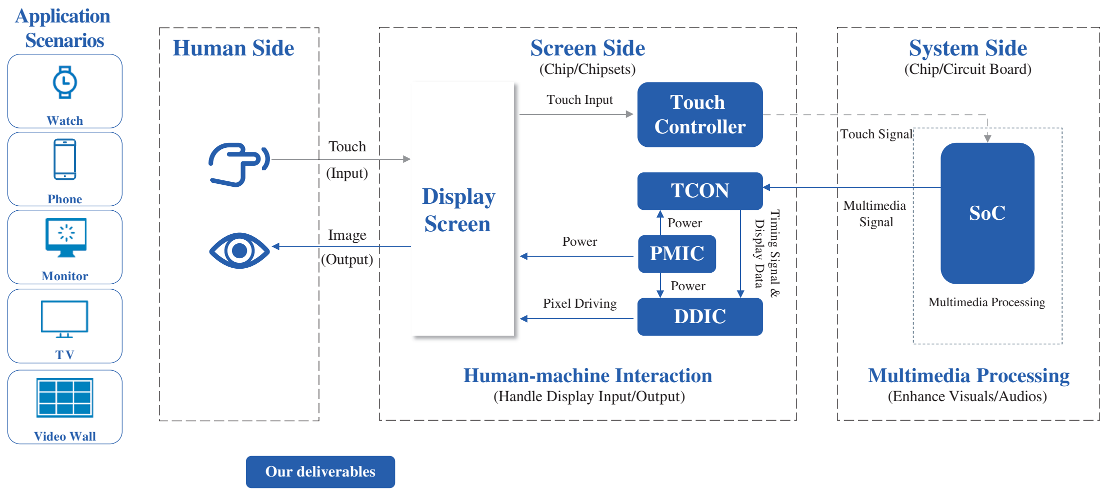
OUR OFFERINGS

Sale of Products

We generate revenue from the sales and delivery of our human machine interaction and multimedia processing chip products targeting smart device chip product industry, and interconnectivity and computing chip products targeting embodied intelligence chip product industry. Within our portfolio, we allow our customers to choose any component or any combination of components in our whole stack offerings from IP modules (including our RISC-V cores), chips, chipsets, circuit boards, software and the whole packages.

Smart Device Chip Products

Smart device chip products manage screen related input and/or output ("human-machine interaction") and encode, decode, analyze, edit and enhance multimedia (audio/video/image) signals ("multimedia processing"). The following diagram sets forth an overview of a typical interactive display system for illustrative purpose.



Note: For illustrative purposes only, not an exhaustive list of all application scenarios and deliverables.

In a typical interactive display system, the screen-side chipsets (Touch Controller, TCON, PMIC, DDIC) and the system-side SoCs are standalone components. When a human provides touch input on the display surface, the system converts this input into control actions and returns processed visuals to the display for output. In particular,

- The Touch Controller samples the touchscreen sensor array to detect the user's touch position and related parameters. It packages the detected touch information as a touch signal and delivers this touch signal to the SoC for interpretation;

- The SoC receives and analyzes the touch signal to determine the updated screen content. It generates new image data to be shown on the display;

- The TCON, a component that controls the timing signals, display data and image quality of the panel, receives multimedia signals from the SoC and generates the required display control signals to ensure the image is displayed properly and at a correct timing;

- The DDIC receives timing signals and display data, converts them into pixel-level driving signals, and directly controls the on/off states and color grayscale of R/G/B subpixels;

- The PMIC supplies different power types and levels for the TCON, DDIC, and panel circuits, so that they can provide precise driving signals to the display panel; and

- The screen receives display driving signals from DDIC and outputs images to users, while new touch inputs are captured by the Touch Controller and transmitted as commands to the SoC for the next update, completing the human-machine interaction loop.

Based on the key functions and primary application scenarios, our smart device chip products can be further categorized into two categories: human-machine interaction chip products (chips handling screen side input and/or output through screen-side chipsets) and multimedia processing chip products (SoCs handling system side multimedia signal processing).

Human-Machine Interaction Chip Products

Human-machine interaction chip products support screen-based input from users and output to users by (i) receive multimedia signals and output timing signals and display data to the DDIC (through TCON); convert the timing signals and display data into pixel driving signals and finally output them to the panel (through DDIC), (ii) detecting users' touch inputs on the screen and converting them into executable commands (through Touch Controller) for the device, which are mainly applied to watch/phone and high-end monitors.

By combining touch detection technology, image quality enhancement algorithms, fast point-to-point data connections, and energy-saving strategies, our human-machine interaction chip products offer more accessible, responsive, and engaging user experiences for screen related interactions. We offer human-machine interaction chip products in the form of various combination of chips and/or circuit boards with software for screen based interactions, consisting DDIC, TCON, Touch Controller and PMIC. For details on how DDIC, TCON, Tounch Controller and PMIC works together to enable human-machine interactions on screens, see "— Smart Device Chip Products." The typical lifecycle for our human-machine interaction chip products is up to seven years.

During the Track Record Period, a material portion of our revenue is derived from sales of human-machine interaction chip products to customers, powering TVs, monitors, notebooks, watches and phones. The strong revenue contribution from human-machine interaction chip products is resulted from our technology leads in this field, evidenced by more than 210 invention patents (more than 570 invention patent applications) and 340 IP modules in the field of human-machine interaction as of March 31, 2026.

Benefiting from aforesaid technologies, our human-machine interaction chip products exhibit strong competitive advantages in applications in different screens:

- ***TV Screen***: Our human-machine interaction chip products on TV screens combines DDICs and TCONs with supporting software to drive 8K/4K resolutions in real time, correct every pixel's color and brightness, and remove common big-screen issues like lag and picture noise. The result is high-grade clarity, smooth motion, and consistent, lifelike visuals across large panels.

- ***Monitor Screen***: Our human-machine interaction chip products on monitor screens combine DDICs, TCONs and PMIC with advanced software on adaptive refresh synchronization to perfectly align the screen output with the signal input while keeping power delivery robust and consistent under heavy loads. The products support refresh rates of 165 Hz and higher with minimal tearing and flicker, providing stable, clear visuals for fast motion and detailed tasks.

- ***Notebook Screen***: Our human-machine interaction chip products on notebook screens combine DDICs, TCONs and PMIC with supporting software to drive signals efficiently and allocate power precisely within ultra-thin bezels and tight spaces. The result is bright, sharp visuals with noticeably lower heat and longer battery life.

- ***Watch Screen***: Our human-machine interaction chip products on smartwatch screens utilized OLED-optimized PMICs with ripple-compensation technology and low-power design to drive displays efficiently, reduce visual artifacts, and stabilize performance in real time. The approach supports cleaner, more consistent images with reduced power consumption and heat, contributing to longer battery life and stable day-to-day operation.

- ***Phone Screen***: Our human-machine interaction chip products on phone screens combine an AMOLED-specific DDIC (AMOLED is a display technology in which each pixel is driven by thin-film transistors, commonly controlled by dedicated DDICs), Touch Controller and PMIC with software on noise-resistant touch and color-compensation to deliver ultra-rich color, millisecond-level touch response, and smart power savings in one integrated product. It is designed to provide wide color coverage, low-latency touch response, and power-efficient operation in an integrated product, maintaining usability in bright ambient light and low-power modes.

Multimedia Processing Chip Products

Multimedia processing encodes, decodes, analyzes, edits and enhances multimedia (image, video and audio) signals to improve the visuals/audio (through mainly TV SoC, Mini-LED control chip, Micro-LED control chip and MNT scaler chip). The products boost picture details and color accuracy, fully satisfying users' demands for superior audio and video quality. In a typical display architecture, multimedia processing chip products receive and decode incoming multimedia signals (such as touch signals from Touch Controllers), determine the content to be displayed and generate the corresponding image data and related display signals, which are then, where applicable, transmitted to downstream human-machine interaction chip products, such as TCONs and DDICs, for timing control, pixel driving and then final display on the panel. During the process, PMIC ensures efficient and reliable power supply. We offer multimedia processing chip products in the form of various chips and/or circuit boards with supporting software. For details on how SoCs handle multimedia signals, see "— Smart Device Chip Products." The typical lifecycle for our multimedia processing chip products ranges from three to six years.

One example of our multimedia processing chip products is the product we provide for gaming monitors. It supports UHD at 144 Hz for ultra-smooth visuals, and, powered by our in-house RISC-V cores and advanced backlight algorithms, it analyzes incoming images in real time to generate optimized backlight signals, delivering a more vibrant, responsive, and energy-efficient viewing experience.

Interconnectivity and Computing Chip Products

Our interconnectivity and computing chip products deliver core communication, processing and control capabilities to enable customers' device, such as automobiles, robots and industrial equipment, to perceive, process and respond intelligently to their environment in real time.

Interconnectivity Chip Products

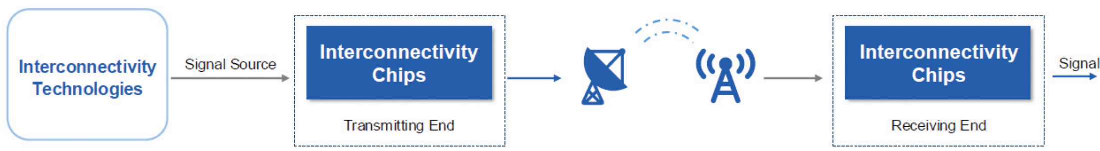
Interconnectivity products transmit and receive signals (through interconnectivity chips) based on various communication protocols, such as Wi-Fi and 4G/5G. This enables stable, reliable wireless connections with high bandwidth, low delays, and support for multiple devices. We deliver interconnectivity chip products in the form of various chips and/or circuit boards with supporting software, mainly including Wi-Fi/BLE chip/circuit board, RF chip/circuit board and V2X chip. The typical lifecycle for our interconnectivity chip products is up to eight years.

- The Wi-Fi/BLE chip/circuit board implements Wi-Fi/BLE-protocol-compliant data transmission and reception between devices, enabling wireless networking.

- The RF chip/circuit board handles transmission and reception of RF signals in wireless communication and converts between RF and baseband signals.

- The V2X chip enables low-latency, high-reliability wireless communication between vehicles (V2V), vehicles and infrastructure (V2I), and vehicles and pedestrians (V2P).

The following diagram sets forth an overview of a typical interconnectivity system for illustrative purpose.



Note: For illustrative purposes only, not an exhaustive list of all application scenarios and deliverables.

One example of our interconnectivity chip products is the product to enable real-time wireless video and control data transmission for drones. Leveraging our self-developed RISC-V cores, advanced signal processing, and robust wireless protocols, it provides a highly reliable, low-latency, and power-efficient data link. This ensures precise control and clear, stable live video transmission even in demanding scenarios.

Computing Chip Products

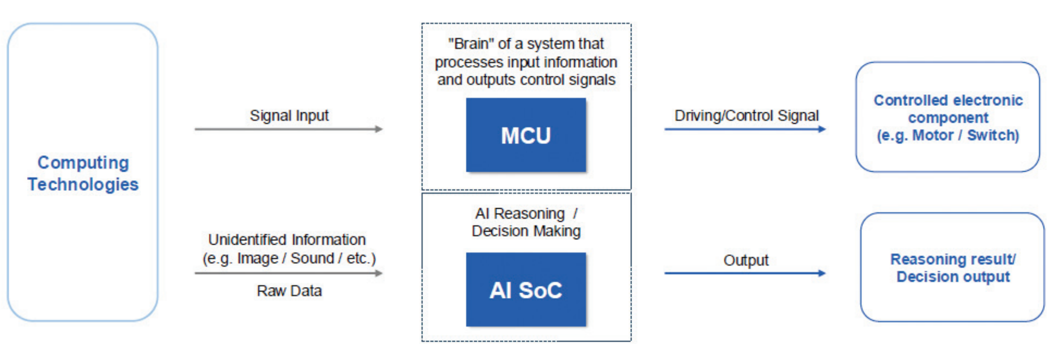
Computing chip products provide a range of computing capabilities — from microcontrolling operations (through MCUs) to high-performance neural processing (through AI SoCs) — to address complex computational needs. Our computing chip products are mainly used for on-device data processing and decision-making in automotive, robotics, and industrial scenarios.

The products excel in demanding fields like smart manufacturing, industrial IoT, and autonomous vehicles, where high computing power, solid reliability, quick response, and low energy consumption are crucial. We deliver computing chip products in the form of various chips and circuit boards with supporting software, mainly MCUs and AI SoCs. The typical lifecycle for our computing chip products is up to eight years.

- For micro controlling operations, the MCU, acting as the brain for control, receives signal inputs, executes real-time control logic, and outputs driving/control signals so that downstream electronic components (for example, a motor or a switch) operate as commanded.

- For demanding computing tasks, the AI SoC receives raw, unidentified information, performs AI reasoning and decision making (such as perception, classification, or prediction), and outputs the reasoning/decision results for the system to use.

The following diagram sets forth an overview of a typical computing system for illustrative purpose.



Note: For illustrative purposes only, not an exhaustive list of all application scenarios and deliverables.

One example of our computing chip products is the MCU used in electronic shelf labels. The MCU combines chip hardware with software on single wire communication and power management and is optimized for ultra-low power signal processing and data transmission to enable multi-year battery life.

Another example of our computing chip products is an AI Acceleration Card for AI servers. The product combines four AI SoC chips on the circuit board of the card with software on host-side SDK, cloud management platform, inference framework, and model development & deployment toolstack. With up to 256 GB of memory, it runs both traditional deep learning models and large language models efficiently, making it suitable for a wide range of inference workloads.

Other Miscellaneous Products

We also offered other miscellaneous products to address certain specific demands of our customers, mainly integrated software-and-hardware solutions provided to customers for education and industrial application scenarios. For instance, during the Track Record Period, we design an integrated edge computing device bundled with management software capable of automatically detecting smoking, phone use, and whether workers are wearing uniforms and safety helmets in industrial settings. The revenue contribution from other miscellaneous product is minimal, representing 1.3%, 0.7%, 0.1%, 0.2% and 0.0% of our total revenue in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively.

Key Operating Metrics

During the Track Record Period, our revenue is primarily derived from sale of products. The following table sets forth certain key operating metrics by type of chip products for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
Sales Volume (Units, except for percentages)										
Human-machine interaction chip products	72,667,361	92.1	110,816,363	88.2	153,158,090	86.0	22,217,309	76.4	19,608,783	80.1
Multimedia processing chip products	2,073,908	2.6	2,278,958	1.8	1,368,435	0.8	476,886	1.6	476,695	2.0
Interconnectivity chip products	4,157,187	5.3	10,110,616	8.1	13,193,446	7.4	4,797,402	16.5	3,158,653	12.9
Computing chip products	8,927	0.0	2,417,332	1.9	10,243,659	5.8	1,597,662	5.5	1,232,703	5.0
Other miscellaneous products	3,278	0.0	6,558	0.0	502	0.0	78	0.0	15	0.0
Average Selling Price (RMB)										
Human-machine interaction chip products	20.9		15.3		12.1		14.9		11.6	
Multimedia processing chip products	56.0		44.2		110.1		27.8		29.8	
Interconnectivity chip products	10.2		10.2		4.6		4.5		3.5	
Computing chip products	42.0		29.9		31.2		28.0		180.9	
Other miscellaneous products	7,024.6		2,028.6		6,129.5		8,683.7		792.5	

From 2023 to 2025, our sales volume for the human-machine interaction chip products increased, while the average selling price decreased. This was primarily attributable to our price-for-volume strategy. As a result, while our average selling price for human-machine interaction chip products decreased by approximately 42.1% from 2023 to 2025, our sales volume for these products increased significantly by approximately 110.8% over the same periods, with the growth in sales volume outpacing the reduction in average selling price and demonstrating the effectiveness of our price-for-volume strategy. From the three months ended March 31, 2025 to the same period in 2026, our sales volume and average selling price for the human-machine interaction chip products decreased. This was primarily attributable to separate supply- and demand-side effects arising from the strong demand for memory products. On the supply side, strong demand for HBM, DDR and other memory products intensified competition for shared wafer fabrication and packaging and testing capacity, as well as certain upstream materials, constraining our supply of chips used in consumer electronics and extending their delivery cycles. Separately, higher memory prices increased the BOM costs and retail prices of consumer electronics, weakening end-market demand and prompting downstream manufacturers to exert greater pricing pressure on other components, including our human-machine interaction chip products.

From 2023 to 2024, our average selling price for the multimedia processing chip products decreased, while the sales volume increased. This was primarily attributable to our price-for-volume market strategy to combat fluctuation macroeconomic condition in prior year, especially when sales volume growth outpaced price reductions. Our average selling price for multimedia processing chip products increased significantly from RMB44.2 in 2024 to RMB110.1 in 2025, primarily due to a change in our product mix, in particular the higher contribution from a customized chip product for a globally leading multinational enterprise specializing in consumer electronics and chips. This project involved customization development service fees and the delivery of customized samples and engineering components, which carried a higher unit value than our standard chip products given the dedicated engineering resources and project-specific design requirements involved. As this higher-value product accounted for a larger proportion of our sales in 2025, it drove up the average selling price for multimedia processing chip products during the year. While this particular project was one-off in nature, our business relationship with this customer is expected to continue on an ongoing basis. Our sales volume decreased over the same period primarily due to decrease in downstream demand for certain earlier generation TV SoC products. Our average selling price for the multimedia processing chip products increased from the three months ended March 31, 2025 to the same period in 2026, primarily attributable to the increase in demand for our MNT scaler chips with higher unit prices. Our sales volume remained relatively stable.

From 2023 to 2024, our sales volume for interconnectivity chip products increased while average selling prices remained relatively stable. This was primarily attributable to the expansion of our projects that request higher level of customization as our brand gained more recognition in the industry. Our sales volume for the interconnectivity chip products increased while our average selling price decreased significantly from 2024 to 2025, primarily attributable to disposal of our earlier-generation products under gross losses to maintain a healthy inventory level. Our average selling price and sales volume for interconnectivity chip products decreased from the three months ended March 31, 2025 to the same period in 2026, primarily because certain custom interconnectivity chip products was approaching the end of its lifecycle. As a result, the market demand for these earlier-generation products declined and we disposed of the related products at competitive prices to maintain a healthy inventory level. In addition, we recorded a write-down of inventories and made provisions for certain earlier-generation products during the Track Record Period. The balance of write-down of inventories for interconnectivity chip products amounted to RMB134.3 million, RMB132.1 million, RMB145.8 million and RMB139.6 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively, and the provisions made for such products amounted to RMB122.7 million, RMB15.8 million, RMB38.1 million and RMB1.8 million for the year ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively, leading to gross loss margin for interconnectivity chip products in 2023, 2024 and 2025 and the three months ended March 31, 2025.

From 2023 to 2024, our sales volume for the computing chip products, which include MCUs and AI SoCs, increased, while our average selling price decreased, primary attributable to the mass production of our computing chip products for smart retailing (MCU), the average selling price of which is lower but the demand for such product is high due to on-boarding of a strategic customer. Our sales volume for the computing chip products increased from 2024 to 2025, primarily attributable to the increase in sales volume of our computing chip products for smart retailing to the same product (MCU). The average selling price increased from RMB29.9 per unit in 2024 to RMB31.2 per unit in 2025, primarily attributable to increased revenue contribution from AI SoC products, which had relatively higher average selling price than our MCU products. Our sales volume for the computing chip products slightly decreased from the three months ended March 31, 2025 to the same period in 2026, primarily attributable to fluctuations in demand for our MCU products. The average selling price increased from RMB28.0 for the three months ended March 31, 2025 to RMB180.9 during the same period in 2026, primarily attributable to the delivery of a large-scale intelligent computing center solution to Customer I, our largest customer for the three months ended March 31, 2026. We are acquainted with Customer I at industry events and our cooperation was built upon the mutual understanding on the development of RISC-V technology and infrastructure. We are currently exploring several other potential intelligent computing center projects with Customer I and intend to pursue long-term cooperation on future projects. The solution we provided in early 2026 was designed to support large-scale computing power deployment and cluster operations, featuring our AI SoCs together with the supporting hardware and software as an integrated computing offering. As the products delivered to Customer I formed part of an integrated, system-level solution with a higher level of hardware and software integration, their unit selling price was higher than that of the AI SoCs sold primarily on a standalone basis during the corresponding period in 2025, resulting in the increase in our overall average selling price.

In general, sales volume of our human-machine interaction, interconnectivity and computing chip products increased during the Track Record Period primarily because we adopted a price-for-volume strategy in these highly competitive product categories. This also accelerated customer penetration, increased procurement by existing customers and expanded shipment volume, which also led to a decline in the average selling price of these products.

We will only apply price-for-volume market strategy in limited circumstances, including with respect to strategically important customers or markets, during product ramp-up periods, or in relatively standardized and competitive market segments. Going forward, our overall business strategy will focus mainly on value creation rather than price-based competition. In particular, we intend to strengthen our market position through continued investment in research and development, customize chip products based on unique needs of customers and further enhance our brand recognition for reliability and performance.

The following table sets forth certain key metrics by geographic location in absolute amount and percentage of our total revenue, sales volume and gross profit, where applicable, for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
							(unaudited)			
Revenue (RMB in thousands, except for percentages)										
Chinese Mainland	192,003	11.0	389,699	19.2	651,966	26.8	109,642	26.3	338,078	68.4
Hong Kong, China	1,464,118	83.6	1,592,076	78.6	1,663,626	68.4	306,481	73.4	153,169	31.0
Taiwan, China	72,668	4.1	23,364	1.2	1,728	0.1	148	0.0	471	0.1
Japan	23,396	1.3	15,303	0.8	11,381	0.5	1,080	0.3	1,178	0.2
United States	–	–	4,934	0.2	171	0.0	129	0.0	45	0.0
Others[(1)]	–	–	3	0.0	102,365	4.2	–	–	1,272	0.3
Total	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
							(unaudited)			
Sales Volume (Units, except for percentages)										
Chinese Mainland	6,414,645	8.1	16,027,370	12.8	42,880,919	24.1	7,920,373	27.2	9,102,017	37.2
Hong Kong, China	69,656,256	88.3	109,093,882	86.8	134,734,821	75.7	21,144,454	72.7	15,220,598	62.2
Taiwan, China	2,690,054	3.4	367,680	0.3	18,540	0.0	1,080	0.0	7,080	0.0
Japan	149,706	0.2	138,900	0.1	133,800	0.1	23,400	0.1	21,600	0.1
United States	–	–	1,993	0.0	63	0.0	30	0.0	18	0.0
Others(1)	–	–	1	0.0	195,989	0.1	–	–	125,536	0.5
Total	**78,910,661**	**100.0**	**125,629,826**	**100.0**	**177,964,132**	**100.0**	**29,089,337**	**100.0**	**24,476,849**	**100.0**
Average Selling Price (RMB)										
Chinese Mainland	29.9		24.3		15.2		13.8		37.1	
Hong Kong, China	21.0		14.6		12.3		14.5		10.1	
Taiwan, China	27.0		63.5		93.2		137.0		66.5	
Japan	156.3		110.2		85.1		46.1		54.5	
United States	–		2,475.6		2,720.7		4,313.8		2,482.6	
Others(1)	–		3,209.5		522.3		–		10.1	

Note:

(1) "Others" primarily represent South Korea, Singapore and the United Kingdom.

From 2023 to 2024, our revenue and sales volume increased while our average selling price decreased in Chinese Mainland and Hong Kong. This was primarily attributable to our price-for-volume market strategy to gain market share. Our revenue and sales volume increased from 2024 to 2025 in Chinese Mainland and Hong Kong, primarily due to the increase in sales volume of our computing chip products for smart retailing which have relatively low prices. Our revenue and sales volume increased in Chinese Mainland from the three months ended March 31, 2025 to the same period in 2026, primarily attributable to certain intelligent computing center project, where we provided systematic computing infrastructure comprising our AI SoC products, together with computing platform software and deployment services.

License and Services

During the Track Record Period, we generate a portion of revenue from (i) licensing proprietary IP modules, including but not limited to RISC-V cores, to customers for licensing fee, enabling them to develop their own chip, chipsets and/or circuit boards tailored for their own products or (ii) providing technical services relating to, among other things, design services where we help our customers build their chip designs from an early-stage blueprint to a finished product that is ready to be sent for manufacturing, software services where we offer our various in-house developed toolchains and supporting softwares to our customers and technical support where we provide network-related support, including maintenance of servers and networks, to our customers for a fee, helping our customers achieve specific functions relating to their own products. For IP module licensing, we generally charged fees based on the value and expected usage of the relevant licensed IP modules, with fees typically ranging from approximately RMB0.2 million to RMB9.0 million per license. For design services, we generally determined service fees with reference to factors such as engineering hours incurred, development resources involved, and the complexity of the relevant development work, with fees typically ranging from approximately RMB0.2 million to RMB30.0 million per project. For software services, we generally charged on a per-unit basis, with the fee per unit typically ranging from approximately RMB130 thousand to RMB140 thousand. For royalty arrangements, we generally charged based on shipment volume multiplied by the royalty rate per chip. The royalty rate per chip typically varied on a tiered basis according to cumulative shipment volume, and generally ranged from approximately RMB0.04 to RMB0.59 per chip. During the Track Record Period, we served 25 customers with licensing and technical services.

Our proprietary IP modules licensed to customers primarily involve our self-developed RISC-V cores (processing cores based on the RISC-V instruction sets) together with related code and technology support, toolchains and security modules. Designed for diverse applications, these proprietary IP modules cater to a wide range of requirements, from low-power to high-performance. We hold key intellectual property rights covering the design of IP module design, software optimization, and other technologies that enhance IP module performance.

The following sets forth salient terms with our customers for our license and services.

- ***Specification***: The contracts clearly set forth the scope and content of our licensed IP modules or other technologies, as well as any technical services required by our customers.

- ***Limitation***: Our customers only have the right of use within the limitation and in the manner specifically set forth in the contracts, and cannot use our technologies outside such agreed scope.

- ***Delivery and Acceptance***: We are responsible for the delivery of our IP modules or services in accordance with the conditions, time and place set forth in the contracts. Our customers are typically granted a period of 15 to 30 days to inspect the technical parameters and other indications to accept our delivery.

- ***Supporting***: We provide free technical supporting services typically for a period of 12 months, and charge annual service fees at the rate fixed in the contracts thereafter.

- ***Duration***: The contracts of license and services typically last five years.

- ***Intellectual Property***: We retain all the intellectual properties in relation to our technologies and services involved, and our customers only have the right of use within the limitation of the contracts.

- ***Confidentiality***: The parties are prohibited from disclosure of any confidential data and materials in relation to the contracts, technologies and services to any third party without prior consent.

- ***Termination***: The contracts can typically be terminated upon mutual consent or due to the other party's fundamental breach or bankruptcy and liquidation.

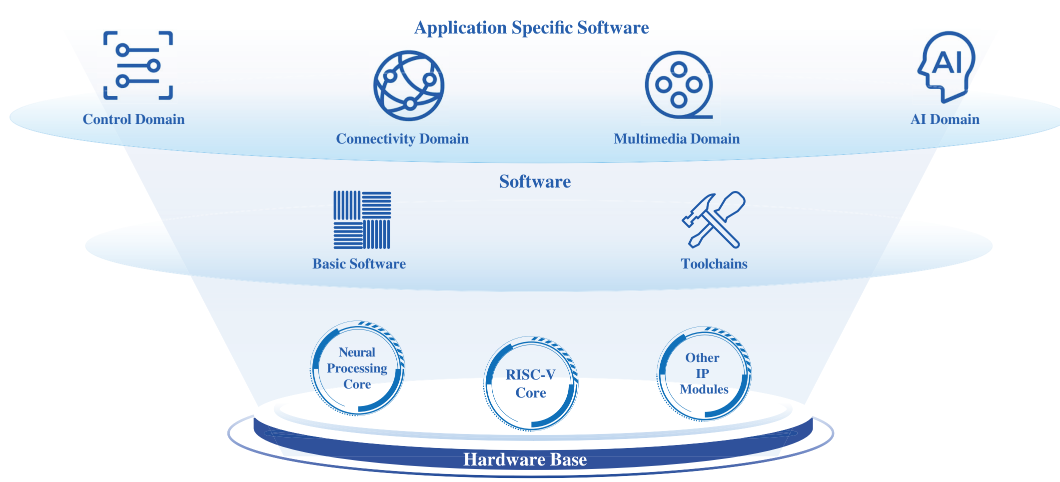
Pricing

We apply the same pricing framework and methodology across our product and service lines. In setting prices for our chip products and services, we primarily consider prevailing market conditions, competitive dynamics, product or service type, order volume, customer profile, strategic importance and cost structure, including raw material costs and their fluctuations. For most customers, we may agree on an indicative price range and expected transaction volume under framework agreements or other commercial arrangements, while the specific pricing and quantities are determined based on purchase orders placed from time to time during the relevant period. We may offer limited volume-based pricing adjustments to customers with substantial procurement volumes or strong business potential.

RISAA PLATFORM — ECOSYSTEM & TECHNOLOGY UNDERPINNING OUR PRODUCTS

Overview

We launched the RISAA ecosystem & technology platform (the "**RISAA Platform**"), a unique platform powered by RISC-V, AI and other foundational computing technologies, in order to standardize and enrich implementation of our products. It empowers developers and ecosystem participants to innovate and create applications based on our existing smart device and interconnectivity and computing chip products without the need to construct complex systems from scratch. Currently, our RISAA Platform provides certain hardware building blocks, such as our neural processing cores, and software building blocks, such as our algorithm models, that are capable to support the AI development of embodied intelligence devices.



Hardware Building Blocks

The hardware building blocks establish the essential hardware architecture or framework that provides the computational and processing foundation for a system, enabling the functioning of higher-level software and applications. The hardware building blocks of our RISAA Platform include processing cores and other IP modules, supporting the capabilities and efficiency of the entire system.

Processing Cores

The processing cores include both RISC-V cores and neural processing cores such as Neural Processing Engine. The adoption of the RISC-V architecture offers us distinct advantages in product design over traditional architectures such as x86 and ARM.

- ***Application-Defined Customization Capabilities***. With in-depths knowledge of RISC-V ISA, we are able to go beyond surface-level modifications and create customized enhancements at the core architecture level.

- ***Lightweight Architecture Without Legacy Burden***. RISC-V was designed with simplicity and efficiency in mind. RISC-V architecture eliminates the need to support outdated or redundant instructions, which reduces design complexity, power consumption, and cost.

- ***Scalability and Modular Design***. The modular design philosophy underpinning our RISC-V architecture allows developers to build different levels of computation capabilities and features for different applications.

- ***Cost-Effectiveness and Open Ecosystem***. RISC-V's openness significantly reduces licensing and development costs compared to other proprietary architectures. Moreover, the open-source model fosters global collaboration, attracting developers worldwide to contribute to the RISC-V ecosystem.

Meanwhile, our neural processing cores are specially designed to enhance computing and processing performance, offering the following features:

- ***Extensive Hardware Acceleration***: Our neural processing cores (e.g., NPU) accelerate key operators in CNNs and LLMs, such as convolution, matrix multiplication, linear and nonlinear functions.

- ***Scalability***: Our neural processing cores include RISC-V vector extensions to efficiently handle non-hardware-accelerated operators, ensuring the scalability of AI processing capability. Furthermore, our neural processing cores support standardized, parameterized user interfaces, allowing users to configure hardware parameters and operator chaining to suit various neural network workloads.

- ***Efficient Bandwidth Usage***: Our computing engine adopts a multi-level cache design that provides high local bandwidth and flexible memory access network for efficient data exchange between hardware operators.

Other Specialized IP Modules

Specialized IP modules are specialized hardware designed and optimized for specific applications. Unlike the processing cores, the other specialized IP modules focus on delivering performance, efficiency and specialized functionality tailored to particular use cases by integrating various specialized IP modules, each designed to address critical application demands in certain industries.

These IP modules include a wide variety of modules on, among other things, (i) various control IP modules designed for precise and reliable controls, (ii) image processing IP modules focused on advanced image rendering, color calibration, display optimization and timing control, (iii) power management IP modules enabling energy-efficient power products to extend device lifecycles and reduce energy consumption, (iv) wireless communication IP modules delivering highly efficient and reliable wireless communication capabilities, (v) high-speed interface IP modules enabling ultra-fast data transfer and communication, (vi) RF communication IP modules supporting robust radio frequency signal processing for advanced communication systems, and (vii) human-machine interaction IP modules enabling precise, responsive, and intuitive user interfaces. For details on functions realized by such IP modules, see "— Our Offerings — Sale of Products."

Software Building Blocks

Our software building blocks enable hardware building blocks to function seamlessly and reliably, ensuring that different hardware components can work together efficiently.

Basic Software

By providing a unified, standardized layer, basic software simplifies software development on the upper level, increases reusability, and reduces the complexity of supporting various hardware configurations. In particular, our basic software assists with the following:

- ***Abstract Hardware Complexity.*** Hardware in modern systems can vary widely. The foundational software platform abstracts these differences, making it easier for developers to focus on creating applications without worrying about the underlying hardware.

- ***Improve Efficiency and Reusability.*** By offering a common set of application framework, tools and interfaces, the foundational software platform allows software components to be reused across different devices and scenarios, saving time and resources.

- ***Support a Wide Range of Functionality.*** It includes key components such as drivers and firmware, which ensure hardware operates correctly and can communicate with software; operating systems like Android, RTOS, and Linux, which manage processes, memory, and hardware resources; application frameworks that define foundational structures and rules to simplify development while providing common functionalities; and middleware and system libraries that enable seamless communication and data exchange between components while offering essential tools and shared functionality for developers.

Toolchains

To expedite the development process of ecosystem participants, we offer a suite of toolchains that streamline the development process for RISC-V powered systems.

Our toolchain includes: (i) an integrated development environment that provides a unified platform to program, debug, and integrate code efficiently; (ii) compilers that translate and optimize high-level code into machine-readable binaries tailored for our chips, chipsets, and circuit boards; (iii) debugging tools with breakpoints, step execution, and memory inspection to identify and fix issues; (iv) performance analysis tools that uncover bottlenecks and deliver visual insights to improve efficiency and scalability; (v) simulation tools that emulate the underlying hardware to enable testing and debugging; (vi) production and release tools that automate building, version management, and deployment; (vi) security tools that configure keys and encryption for secure boot and runtime protection; and (viii) AI model tools that support development, optimization, conversion, and deployment of AI models on our products.

Application Specific Software Algorithms

Our application-specific software algorithms are a collection of reusable software modules designed to enable and optimize the operation of specialized IP modules.

- ***Control Domain.*** We have deployed a cluster of supporting software to enable control-specific hardware, including, among others, (i) a motor control library that helps developers easily adjust motor settings and control parameters; (ii) a sensor algorithm library that accurately models the behavior of various sensors to meet customer precision requirements; (iii) a security protocol library that works through controllers to run encryption algorithms; and (iv) a deep sleep/wake support library that allows devices to enter deep sleep and quickly recover after power failure.

- ***Connectivity Domain.*** We have developed a series of software to help devices better connect with its surroundings, including, among others, (i) a Wi-Fi communication protocol stack for Wi-Fi access, authentication and data communication; (ii) a BLE communication protocol stack that supports BLE 5.0 for access, authentication, and data transfer; (iii) a network protocol stack that provides customized protocol stacks for AIoT scenarios; and (iv) a cloud service connection library that supports a variety of cloud service connections.

- ***Multimedia Domain.*** We have developed a suite of software components specifically designed for multimedia applications, including, among others, (i) protocol stacks for ensuring seamless and high-quality transmission over various multimedia-specific interfaces; (ii) an independently developed picture quality (PQ) enhancement library which provides fine-tuned control over PQ hardware functions and parameters; and (iii) audio and video coding libraries that support the encoding and decoding of multiple media formats.

- ***AI Domain.*** We have developed a comprehensive set of software components tailored for AI computing, including, among others, (i) a variety of mathematical libraries and operator libraries optimized for our architecture; (ii) a library of AI algorithm models providing developers with ready-to-use prototypes; and (iii) framework support modules that ensure smooth integration with mainstream deep learning frameworks.

RESEARCH AND DEVELOPMENT

We invest significant resources in research and development to improve our technology and product capabilities. We believe a strong research and development capability is crucial to our continued success and ability to develop innovative products offerings to keep up with rapid development and advances in the market we operate.

Our R&D Talents and Investments

As of March 31, 2026, we have over 1,000 full time-equivalent research and development employees, representing about 70% of our total employees, among which approximately 70% received a degree of master or above. For details on research and development expenses incurred during the Track Record Period, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses."

In 2019, we established a Central Research Institute dedicated to the research of RISC-V computing architecture, high-speed interfaces, and foundational IP modules. Our Central Research Institute consists of Taishan Institute and Zhufeng Institute. Taishan Institute is primarily responsible for the development of reusable general IP modules and technologies, such as multimedia display interfaces, memory interfaces, high-speed interfaces and image processing IP modules. In March 2025, to accelerate the commercialization of the general technologies and enhance our product capabilities, we restructured our Taishan Institute. We integrate research team responsible for high-speed interface and image processing IP modules into our interconnectivity and computing business group to focus on automotive high-speed interface and automotive vision products, and research team responsible for multimedia display and memory interfaces into smart device business group to develop display and related interface products. Zhufeng Institute focuses on RISC-V architecture and has long been engaged in the development of RISC-V cores and supporting software tools. It has developed over 20 RISC-V cores covering both 32-bit and 64-bit architectures. Its development efforts serve general-purpose applications such as embedded, high-efficiency and high-performance computing.

Our R&D Process

We have established a structured and efficient R&D mechanism to adapt to the rapidly evolving demands of customers. By adhering to a cautious yet focused development strategy, we ensure core strengths are consolidated and expanded without pursuing large-scale expansion. This approach allows us to maintain stable growth while responding effectively to market fluctuations. The following illustrates the phases of our R&D project development process.

- ***Concept Proposal***: Product concepts proposed based on market needs.
- ***Market Review***: Evaluating and approving market direction by internally established market committee.
- ***Technical Evaluation***: Evaluating technical feasibility and providing implementation advice by internally established technical committee.
- ***Project Approval***: Formal project initiation and allocation of resources.
- ***Design and Validation***: End-to-end architecture and product design and validation.
- ***Pilot Production***: Completion of the pilot production of the product.
- ***Customer Validation***: Collaborating with our customers to test and validate our products.
- ***Mass Production***: Final stage where the product is launched into full-scale production.

The development cycle of each product is tailored to the complexity involved and requirements of target customers. Small scale products, which are less complex, typically require a development cycle of around 12 months from concept to mass production. In contrast, more large-scale products, which involve more intricate designs and advanced functionalities, can take up to 2 years or more to complete. The following table sets forth certain of our key R&D projects during the Track Record Period. For more details about the intellectual properties derived thereof, see "— Intellectual Property" and "Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" in Appendix IV to this Document.

Target	Content	Launch Date	Progress as of March 31, 2026	Key Intellectual Properties Derived
Commercialization of high-speed TV interface display product	Development of 4.2G high-speed interface technology to reduce cost through decreased area of chip	2024.01.02	Realized mass production	Invention patents related to high-speed data transmission and display driving
Development of high performance RISC-V CPU IP product	Development and validation of the high-performance RISC-V architecture and CPU core	2023.05.15	Completed IP design	Invention patents related to instruction processing and processor microarchitecture
Commercialization of fully domestic OLED smartphone display product	Development of OLED display image quality algorithms and low-power display technology	2023.04.10	Realized mass production	Invention patents related to display driver

Target	Content	Launch Date	Progress as of March 31, 2026	Key Intellectual Properties Derived
Commercialization of a scaler product for gaming monitors.	Development and integration of high-speed data interface technologies such as HDMI and DisplayPort to enable local dimming and OSD technology	2022.10.15	Realized mass production	Invention patents related to image processing
Commercialization of domestic automotive-grade data transmission product	Development of high-speed signal transmission product that meets automotive functional safety and reliability requirements	2022.09.19	Completed function test by customer	Invention patents related to signal detection and transmission
Commercialization of low-power electronic price tag product	Development of low-power control technology	2022.04.11	Realized mass production	Invention patents related to data transmission and storage medium
Commercialization of RISC-V architecture-based AI acceleration computing chip product .	Development of AI acceleration computing engine, AI software and toolchains	2021.02.08	Realized mass production	Invention patents related to data transmission and processing in AI-accelerated computing

INTELLECTUAL PROPERTY

Since our inception, we have internally developed a variety of intellectual property rights. As of March 31, 2026, we have 615 granted patents, 71 copyrights, as well as 166 trademarks both in China and overseas. We also own four domain names in China, as of March 31, 2026. See "Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" in Appendix IV to this Document for details of our material intellectual property rights. As of the Latest Practicable Date, we have filed over 1,770 patent applications and have 720 granted patents.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties. As of the Latest Practicable Date, as confirmed by our PRC Legal Adviser, save for the domain names listed in the Appendix IV which will expire in 2027, our key invention patents generally have remaining authorization period of over five years.

RISC-V is an open-source architecture. However, unlike open-source software, RISC-V companies own their core designs and related components with no obligation to share. RISC-V architecture only opens the instruction set architecture (ISA) specification, rather than the actual code implementations. RISC-V itself does not obligate us to open the source code of our hardware and software implementation. Nonetheless, we may subject to open-source obligations for certain open-source software we use. During the Track Record Period, we had a total of approximately 200 projects that were either under research and development or had entered mass production. Approximately 10.6% of these projects were subject to obligations arising from the relevant open-source software licenses, which require that if we modify certain software components, the modified source code must also be open sourced. These projects primarily involve our computing chip products. For these specific products, we are only required to open-source the relevant modified parts as stipulated by the open-source licenses, rather than the entirety of the source codes. The open-sourced codes are considered non-core technical information to enrich the product ecosystem. Accordingly, such partial software open-source obligations will not result in negative impact on our research and development, production, or business operations, nor will they lead to the leakage of our technological secrets or impairment of our intellectual property rights. Meanwhile, we have employed a wide range of legal, technical, and managerial measures to protect our proprietary software and source code, which are developed based on RISC-V open-source architecture:

- ***Patent Protection:*** Key technologies within proprietary code, or improvements based on open-source components, are patented without violating open-source licenses, creating strong technical barriers.

- ***Modularized Products:*** The system is modularized into independent components, with only non-core modules open-sourced, while core codes remain proprietary.

- ***Access Monitoring:*** Code repository access and operations are logged and periodically audited to detect and address abnormal activities.

- ***Strict Compliance with Open-Source Licenses:*** We ensure all open-source components and their licenses are identified and adhered strictly to their terms. Proprietary code is effectively isolated from open-source code governed by copyleft licenses to ensure they are properly protected.

- ***Compliance Review Process:*** An open-source compliance review team evaluates all open-source components before adoption, distribution, or open-sourcing, ensuring license compliance to avoid any unintended disclosure of proprietary code.

- ***IP Ownership and Confidentiality Agreements:*** Key employees are required to sign intellectual property ownership and confidentiality agreements, clearly defining code ownership and binding them to confidentiality.

- ***Non-Compete Restrictions:*** Core employees are restricted from engaging in competitive activities post-employment obligations.

- ***Customer Confidentiality Agreements:*** When distributing proprietary license and services to customers, confidentiality agreements are signed to safeguard proprietary code.

During the Track Record Period and up to the Latest Practicable Date, we have not faced any claims or disputes related to the development or release of proprietary or derivative software based on open-source architecture.

During the course of our business, we also procured intellectual property from third parties to offer better integrated chip products to our customers. Set forth below are salient terms of our intellectual property procurement agreement.

- ***Grant of License***. Subject to the specific terms and conditions, the licensor grant us the right to use licensor's intellectual property for research and development as well as manufacturing and distribution of our chip products.

- ***Acceptance and Delivery***. The licensor shall use commercially reasonable efforts to deliver licensed technology to us.

- ***Payment***. Subject to the specific terms and conditions, we shall pay the licensor either fixed fee or royalties or a combination of both.

- ***Intellectual Property***. The licensor retains all right, title and interest in and to the licensed technology.

- ***Technical Support***. The licensor shall provide necessary technical support and maintenance services to ensure us to use licensed technology properly.

- ***Termination***. The contracts can typically be terminated mutually or unilaterally upon material breach of terms and conditions set forth in the agreement.

SALES AND MARKETING

Overview

As of March 31, 2026, we had 225 employees responsible for marketing planning, product planning, customer and sales, product promotion, and technical support. As of March 31, 2026, we had sixteen sales and service sites globally, including domestic sites in Beijing, Shanghai, Shenzhen, Guangzhou, Qingdao, Hefei, Hangzhou, Nanjing, Chengdu, Mianyang, Fuqing and Zhuhai; and overseas sites in the UK, Korea, Japan and the U.S. Each of our sales and service sites is typically supported by up to ten sales specialists, and certain key sites are equipped with dozens of sales specialists, depending on the scale of local operations.

- ***Market Planning***. Our market planning team serves as the strategic hub, conducting continuous research on global economic trends, technology, industry dynamics, and supply chains to identify target markets and shape medium- and long-term strategies, while promoting our offerings through industry summits, exhibitions, and customer workshops.

- ***Product Planning***. Our product planning team manages the full product lifecycle from concept to end-of-life, builds roadmaps grounded in market demand and technology trends, coordinates cross-functional inputs, models competitiveness and profitability, and supports R&D quality and supply chain cost optimization.

- ***Customer and Sales.*** Our sales team develops a customer value-driven network by profiling customers, tailoring strategies, partnering with R&D team to deliver customized end-to-end products, running structured customer service reviews, and expanding reach through distributor development.

- ***Product Promotion***. Our product promotion team aligns technical requirements of our customers with our capabilities, maintains an up-to-date technical library to accelerate inquiries and adoption, hosts technical workshops, and gathers feedback to drive improvement.

- ***Technical Support.*** Our technical support team of field application engineers resolves issues and supports integration, leverages a comprehensive knowledge base and issue library for rapid response, implements preventive plans through failure analysis, delivers training, and forms cross-department task forces to tackle complex challenges.

Our Sales Channels

In both non-domestic and domestic markets, we have established two main sales channels: (i) direct sales, and (ii) distribution.

The following table sets forth certain key metrics by sales channel in absolute amount and percentage of our total revenue, sales volume and gross profit, where applicable, for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
							(unaudited)			
Revenue (RMB in thousands, except for percentages)										
Direct sales	1,597,654	91.2	1,854,843	91.6	2,163,421	89.0	371,423	89.0	397,578	80.4
Distribution	154,531	8.8	170,536	8.4	267,816	11.0	46,057	11.0	96,635	19.6
Total	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**
Sales Volume (Units, except for percentages)										
Direct sales	71,482,904	90.6	110,281,467	87.8	149,864,657	84.2	23,160,471	79.6	18,761,510	76.7
Distribution	7,427,757	9.4	15,348,359	12.2	28,099,475	15.8	5,928,866	20.4	5,715,339	23.3
Total	**78,910,661**	**100.0**	**125,629,826**	**100.0**	**177,964,132**	**100.0**	**29,089,337**	**100.0**	**24,476,849**	**100.0**
Average Selling Price (RMB)										
Direct sales	22.4		16.8		14.4		16.0		21.2	
Distribution	20.8		11.1		9.5		7.8		16.9	

From 2023 to 2024 and 2025, our revenue and sales volume for direct sales increased while our average selling price decreased. This was primarily attributable to our price-for-volume market strategy to gain more market share. From the three months ended March 31, 2025 to the same period in 2026, our revenue and average selling price for direct sales increased while our sales volume decreased. This was because we experienced a temporary fluctuation in orders from Customer A, leading to a decrease in sales volume. During the same period, we provided a large-scale intelligent computing center solution to Customer I with relatively high unit price, leading to an increase in average selling price.

From 2023 to 2024 and 2025, our revenue and sales volume through distribution sales increased while our average selling price decreased. This was primarily attributable to our strategic adjustments of product portfolio and our price-for-volume market strategy to gain more market share. From the three months ended March 31, 2025 to the same period in 2026, our revenue and average selling price through distribution sales increased while our sales volume decreased. This was primarily because we previously offered certain earlier-generation products with favorable prices in accordance with our price-for-volume strategy, and gradually transitioned to offering more higher-value products.

Direct Sales

Direct sales are essential for engaging customers, showcasing product capabilities, and building our brand. In particular, we utilize our direct sales network to manage our key customers, which plays a crucial role in introducing and demonstrating our advanced and complex products that require more sophisticated expertise. With a direct communication line to key customers, our team can offer personalized support, gather insights on product performance, and stay ahead of market trends. Our sales team works closely with customers to meet their needs, continuously improving our products based on their direct feedback.

The following sets forth the salient terms of our standard direct sales agreement:

- ***Duration and Renewal:*** Our sales contract typically lasts for up to two years with automatic renewal term of one year upon our customer's request.

- ***Work Scope and Project Details:*** The contracts typically detail the types as well as the quantities of products provided by us to the customer. We typically do not set minimum purchase commitment for our customers other than certain exceptional customization projects.

- ***Pricing:*** The price of the products shall be negotiated in good faith and agreed between parties with unit price reviewed and adjusted periodically. Pricing typically cannot increase unless agreed by the parties.

- ***Forecasting and Ordering:*** Purchasers shall provide periodic forecasts to us for production planning purposes and actual purchase of products will be communicated separately on a purchase order basis.

- ***Delivery:*** We are typically responsible to meet the delivery dates, specifications and quantities as set forth in the agreement.

- ***Payment:*** Purchasers are required to make timely payment under the requirements and conditions set forth in the purchase orders or contracts, typically bank transfer and a credit term of 90 days.

- ***Maintenance:*** We shall provide full technical support, including providing manuals, drawings, plans and other documentation, and shall make available any product upgrade, improvement or retrofit to the customer at competitive costs.

- ***Termination:*** The contracts can typically be terminated mutually, or unilaterally upon fundamental breach of the other party with written notice in advance.

Distribution

We have also developed a network of distributors, allowing us to constantly expand our customer outreach. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our distribution channels accounted for 8.8%, 8.4%, 11.0%, 11.0% and 19.6%, respectively, of our total revenue. During the Track Record Period, all of our distributors were Independent Third Parties, and, to our best knowledge, our distributors were independent from each other.

The following table sets forth the movement in the number of our distributors during the Track Record Period:

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2023	2024	2025	2026
At the beginning of the year	18	20	25	36
Addition:	6	5	19	3
Exit:	4	0	8	2
As of the end of the year	**20**	**25**	**36**	**37**

Note: Entities ultimately controlled by the same party are counted once and not repeatedly.

We engage third-party distributors to sell our products, which is consistent with the industry norm. We and our distributors constitute a seller and buyer relationship and distributors are prohibited from engaging any sub-distributors without our permission. Accordingly, we recognize revenue when our products are delivered to and accepted by the distributors. We bear no rights or responsibility to directly manage the inventory of our distributors but only monitor their inventory level from time to time. We do not impose mandatory sales target for our distributors. Throughout the Track Record Period and up to the Latest Practicable Date, we have maintained strong relationships with our distributors and experienced no significant disputes or conflicts.

The number of distributors increased during the Track Record Period, driven by our strategic decision to target customers in certain emerging markets. To capitalize on the rising demands for intelligent transformation in various emerging markets, we partnered with selected groups of distributors with regional and industrial influence to effectively penetrate into such markets. This approach ensures precise market coverage and allows us to meet the specific needs of customers in fast-growing sectors. The increase in distributor exits in 2025 was primarily because (i) distribution agreements with certain distributors that did not record substantial sales during their contract terms expired and were not subsequently renewed; and (ii) to a lesser extent, certain small- and medium-sized distributors adjusted their business focus and channel strategies.

We have established a comprehensive distributor management mechanism to ensure efficient collaboration and maintain control over its distribution channels. Internally, we follow a strict qualification process to onboard distributors, guided by well-defined policies and procedures. Externally, we sign detailed distribution agreements with our partners, which outline key terms. We also acquire the estimated inventory levels from its distributors from time to time to understand their potential purchase demand to mitigate the potential risk of channel stuffing. We generally provide a reasonable inventory buffer of two to three months based on their actual business needs. To prevent channel stuffing and avoid excessive inventory buildup at the distributor level, we allow our distributors to purchase based on real-time demand with no minimal purchase level requirement. To maintain market order, we hold meetings with our distributors from time to time. If any market disrupting pricing behavior is identified, our sales team will promptly intervene and take corrective actions. Specifically, our sales and marketing department may issue formal warnings and impose a three- to six-month observation period on the non-compliant distributor of disrupting pricing behavior. During this period, our sales and marketing department will closely monitor and evaluate their operations, requiring them to rectify the misconduct within a specified timeframe. If the distributor fails to complete the rectification within the deadline, we may terminate their distributorship, depending on the severity of the violation.

The following sets forth the salient terms of our standard distribution agreement:

- ***Duration:*** The distribution agreement generally lasts for two years, with one-year renewal by mutual agreement.

- ***Work Scope and Project Details:*** The distribution agreement typically specifies the type of products as well as the geographic regions covered.

- ***Pricing:*** The price of the products shall be negotiated in good faith and agreed between parties. We typically do not enforce compulsory selling prices for our distributors but provide a suggested price as a reference and the distributors is prohibited from selling our products in malicious low-price dumping.

- ***Risk Allocation:*** All significant risks, including inventory risks, are transferred to our distributors upon delivery and acceptance.

- ***Payment and Delivery:*** Upon each purchase order, we would ship materials upon fulfilling contractual conditions. The order sets out particular payment terms, typically bank transfer and a credit term of 60 days.

- ***Product Maintenance and Exchange:*** We typically grant a warranty period of up to 36 months to our distributors for post-sale services, depending on the types of products. Our distributors have the right to require maintenance or exchange for quality issues upon our inspection and confirmation.

- ***Termination:*** The contracts can typically be terminated mutually or unilaterally by us upon fundamental breach of distributors or written notice in advance. Fundamental breach may include, among others, distribution outside the agreed scope or region, malicious low-price dumping, or reverse-engineering of our products.

During the Track Record Period and up to the Latest Practicable Date, there had not been any material breaches of distribution agreements or disputes with our distributors.

OUR CUSTOMERS

Our Collaboration Model with Customers

We offer distinct commercial collaboration models to address the diverse needs of our customers. Each provides a tailored approach to product development, balancing customization, scalability, and cost-efficiency. These models enable us to meet the varying requirements of customers, from fully customized products to semi-customized and industry customized products:

- ***Fully Customized Model.*** The fully customized model provides customers with fully customized products that are designed and developed to meet their unique requirements. This model is particularly suited for customers with highly specific performance, functionality, or system integration needs that cannot be addressed by standard products and existing products of such customers.

- ***Semi-Customized Model.*** The semi-customized model utilizes a standardized or existing platform to help meet different customer needs while making product development faster and less expensive. This model is well-suited for customers who require a degree of customization but also want to leverage standardized or existing platform design to reduce development time and costs.

- ***Industry Customized Model.*** The industry customized model offers customers pre-designed products that are optimized for specific applications based on the industry standards and common requirements from industry leading customers. This model is ideal for customers who require proven, reliable products with minimal development time and cost.

Top Five Customers

During the Track Record Period, our customers mainly include AIoT, consumer electronics and technology companies seeking innovative and reliable products to enable their devices to better interact with environments and perform more advanced tasks. The AIoT companies we serve primarily engage in the development of smart consumer devices, advanced display and sensor technologies, and the provision of solutions such as edge AI and industrial IoT to create AI-driven ecosystems. Additionally, our customers also include distributors who procure our products and resell to businesses in need of our chip products. In 2023, 2024, 2025 and for the three months end March 31, 2026, the aggregate revenue generated from our five largest customers in each year/period during the Track Record Period were RMB1,588.7 million, RMB1,792.2 million, RMB2,175.0 million and RMB410.6 million, representing 90.7%, 88.5%, 89.5% and 83.1% of our revenue for the respective years/periods. Revenues generated from our largest customer in each year/period during the Track Record Period were RMB1,437.9 million, RMB1,555.2 million, RMB1,569.8 million and RMB194.2 million, representing 82.1%, 76.8%, 64.6% and 39.3% of our revenues for the respective years/periods.

The following tables set forth details of our five largest customers in each year/period during the Track Record Period:

Rank	Customers	Customer Type	Type of Purchase	Background	Approximate Years of Business Relationship	Revenue	% of Our Total Revenue
						(RMB in millions)	%
For the year ended December 31, 2023							
1 . . .	Customer A[(1)]	Direct sales	Human-machine interaction chip products	A leading IoT provider of intelligent interface products and professional services incorporated in China and listed on Shenzhen Stock Exchange with a business scale of over RMB190.0 billion in terms of revenue in 2024	Six years	1,437.9	82.1
2 . . .	Customer B[(2)]	Distributor	Human-machine interaction chip products and multi-media chip products	A technology company focusing on new materials established in Taiwan and listed on Taiwan Stock Exchange with a business scale of approximately NT$80.0 billion in terms of revenue in 2024	Four years	72.7	4.1
3 . . .	Customer C[(3)]	Direct sales	Interconnectivity chip products	A digitalization and information technology service provider incorporated in China and listed on Shenzhen Stock Exchange with a business scale of approximately RMB1.5 billion in terms of revenue in 2024	Two years	29.1	1.7
4 . . .	Customer D[(4)]	Distributor	Human-machine interaction chip products	An electronic equipment distributor established in China with a registered capital of RMB5.0 million	Two years	24.6	1.4
5 . . .	Customer E[(5)]	Direct sales	Multi-media processing chip products	A globally leading multinational conglomerate specialized in consumer electronics and chips, listed on the Korean Exchange with a business scale of approximately KRW300.9 trillion in 2024	Three years	24.5	1.4
For the year ended December 31, 2024							
1 . . .	Customer A[(1)]	Direct sales	Human-machine interaction chip products	A leading IoT provider of intelligent interface products and professional services incorporated in China and listed on Shenzhen Stock Exchange with a business scale of over RMB190.0 billion in terms of revenue in 2024	Six years	1,555.2	76.8

Rank	Customers	Customer Type	Type of Purchase	Background	Approximate Years of Business Relationship	Revenue	% of Our Total Revenue
						(RMB in millions)	%
2 . . .	Customer D[(4)]	Distributor	Human-machine interaction chip products	An electronic equipment distributor established in China with a registered capital of RMB5.0 million	Two years	107.3	5.3
3 . . .	Customer F[(6)]	Direct sales	Computing chip products	A display product provider established in China with a registered capital of RMB201.7 million	Three years	66.0	3.3
4 . . .	Customer G[(7)]	Direct sales	Interconnectivity chip products	A display and voice integrated circuit designer established in China with a registered capital of RMB87.0 million	Three years	33.0	1.6
5 . . .	Customer E[(5)]	Direct sales	Multi-media processing chip products	A globally leading multinational conglomerate specialized in consumer electronics and chips, listed on the Korean Exchange with a business scale of approximately KRW300.9 trillion in 2024	Three years	30.7	1.5
For the year ended December 31, 2025							
1 . . .	Customer A[(1)]	Direct sales	Human-machine interaction chip products	A leading IoT provider of intelligent interface products and professional services incorporated in China and listed on Shenzhen Stock Exchange with a business scale of over RMB190.0 billion in terms of revenue in 2024	Six years	1,569.8	64.6
2 . .	Customer F[(6)]	Direct sales	Computing chip products	A display product provider established in China with a registered capital of RMB201.7 million	Three years	257.5	10.6
3 . .	Customer D[(4)]	Distributor	Human-machine interaction chip products	An electronic equipment distributor established in China with a registered capital of RMB5.0 million	Two years	173.9	7.2
4 . .	Customer E[(5)]	Direct sales	Multi-media processing chip products	A globally leading multinational conglomerate specialized in consumer electronics and chips, listed on the Korean Exchange with a business scale of approximately KRW300.9 trillion in 2024	Three years	116.1	4.8
5 . .	Customer H[(8)]	Distributor	Human-machine interaction chip products, interconnectivity chip products, computing chip products	A leading provider of integrated LCD solutions established in China with a registered capital of RMB5.0 million	Four years	57.7	2.4

Rank	Customers	Customer Type	Type of Purchase	Background	Approximate Years of Business Relationship	Revenue	% of Our Total Revenue
						(RMB in millions)	%
For the three months ended March 31, 2026							
1 . .	Customer I[9]	Direct sales	Computing chip products	A technology enterprise established in China with a registered capital of RMB20.0 million	One year	194.2	39.3
2 . .	Customer A[1]	Direct sales	Human-machine interaction chip products	A leading IoT provider of intelligent interface products and professional services incorporated in China and listed on Shenzhen Stock Exchange with a business scale of over RMB190.0 billion in terms of revenue in 2024	Six years	107.5	21.7
3 . .	Customer D[4]	Distributor	Human-machine interaction chip products	An electronic equipment distributor established in China with a registered capital of RMB5.0 million	Two years	43.1	8.7
4 . .	Customer H[8]	Distributor	Human-machine interaction chip products, interconnectivity chip products, computing chip products	A leading provider of integrated LCD solutions established in China with a registered capital of RMB5.0 million	Four years	37.6	7.6
5 . .	Customer F[6]	Direct sales	Computing chip products	A display product provider established in China with a registered capital of RMB201.7 million	Three years	28.1	5.7

Notes:

(1) Customer A consolidates all of its subsidiaries within the same group as a leading AIoT operator globally. For the details of background and business operations of Customer A, see "— Our Relationship with Customer A" below.

(2) Customer B and Supplier A refer to the same entity. Our business relationship with it as our customer started in 2021. For details, see "— Overlapping of Customers and Suppliers" Customer B is a provider of integrated solutions of high-tech new materials, equipment and technologies that primarily serves leading players in the industry of semiconductor devices, displayers, photovoltaics and green energy in Taiwan and other regions. We provide various human-machine interaction chip products performing functions such as display control, timing control and power management through Customer B to downstream manufacturers of displayers and panels.

(3) Customer C primarily provides information digitalization solutions in the V2X and AIoT industries in the PRC. We provide customized interconnectivity chip products with respect to automotive scenarios to Customer C.

(4) Customer D primarily operates as a distributor of electronic equipment in the PRC. We provide various human-machine interaction chip products such as display control, timing control and power management through Customer D to downstream manufacturers of displays and panels.

(5) Customer E is a global leading manufacturer of consumer electronics to customers around the world. We provide customized multimedia processing chip products, including signal processing and backlight control module for Mini-LED backlight in televisions, enabling the TV to achieve a high-contrast, high-definition display.

(6) Customer F is a provider of digital art display and education digitization solutions in the PRC. We provide computing chip products to incorporate into their smart retailing.

(7) Customer G primarily provides IC design services to leading players in the image processing and intelligent recognition industry in the PRC. We provide customized interconnectivity chip products with respect to RF transceiver to Customer G.

(8) Customer H primarily provides IoT solutions and relevant products to telecommunication and internet service providers in the PRC. We provide interconnectivity chip products with respect to Wi-Fi connections to Customer H to perform wireless data transmission and control of smart home products.

(9) Customer I is a subsidiary of a leading domestic big data and AIDC computing power operation service provider in the PRC, serving top-tier clients across various industries, including Internet companies, telecom operators, and large AI model developers. We provide our AI SoC products and supporting hardware and software to Customer I for a large-scale intelligent computing center solution.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers in each year/period during the Track Record Period were Independent Third Parties. To the best of our knowledge, as of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

Our Relationship with Customer A

Background

Customer A was our largest customer from 2023 to 2025 and the second largest customer for the three months ended March 31, 2026. For details on revenue contribution from Customer A, see "— Top Five Customers." Customer A is a leading IoT provider of intelligent interface products and professional services incorporated in China and listed on the Shenzhen Stock Exchange. Our founder previously held senior positions in Customer A prior to June 2019. During the Track Record Period, Customer A primarily procured human-machine interaction chip products from us to serve critical role in displays of Customer A's intelligent interface products. Customer A then integrates our products with its own components to create high-quality display units. These semi-finished or finished products are then sold to ultimate clients, mostly major OEMs for electronics, for use in products like TVs, monitors, and smartphones.

The key terms of the agreements primarily include the following.

- ***Duration:*** The agreement generally remains effective for one year with automatic extension;
- ***Pricing:*** Prices of the deliverables are specified in each purchase order under the framework procurement agreement;
- ***Payment:*** We generally require payments within 90 days of month-end in which the deliverables are delivered and accepted;
- ***Risk Allocation:*** All significant risks are transferred to Customer A upon delivery to carrier;
- ***Period of Warranty:*** We are responsible for providing repair or replacement during the warranty period, which generally ranges from 24 to 39 months upon delivery and acceptance subject to product type;
- ***Termination:*** The agreement generally can be terminated if (i) there is a material failure to perform and such party fails to remedy the situation without justification within 30 days after written notice by the other party, or (ii) if a party goes bankrupt, ceases operations, or is found to be transferring its property or withdrawing its capital with the purpose of evading its liabilities.

We apply a dynamic pricing policy across all customers, including Customer A, reflecting R&D complexity, market conditions, competitor pricing, order volume, and customer potential, as well as the complexity of hardware and software integrated. During the Track Record Period, Customer A, a global leader in the IoT sector with a highly diversified portfolio of end products spanning premium TVs, commercial displays, and smart devices, procured a broad and technically varied range of our human-machine interaction chip products. Its extensive product lines entail highly differentiated technical requirements, resulting in more complex and comprehensive specifications for our offerings compared to other customers. As a result, we supplied Customer A with advanced, high-value hardware components tailored for its high-end TV displays, along with more deeply integrated modules. According to Frost & Sullivan, unit pricing for comparable configurations remained consistent with prevailing market prices. As Customer A purchased a higher proportion of premium products, its average selling price for human-machine interaction chip products was higher than that of other customers during the Track Record Period.

Except as disclosed in "Director, Supervisors and Senior Management", during the Track Record Period and up to the Latest Practicable Date, to our best knowledge, we operated independently with no sharing of resources (e.g., equipment, employees or banking facilities), no transfer or overlap of employees or key management, and no other business transactions or funding arrangements (with or without consideration) with Customer A. We maintained full operational and managerial independence from Customer A.

Reasons for Our Customer Concentration on Customer A

We believe that the high customer concentration on Customer A is attributable to the following factors:

- ***Industry Norm to Maintain Close Collaboration with Market Leaders:*** It is an industry norm and commercially advantageous for suppliers to forge close cooperation with market leaders. According to Frost & Sullivan, historical trends across comparable industries further reflect this practice, where reliance on major customers is instrumental in building market credibility and driving long-term growth. Moreover, to ensure the stability of supply chains, market leaders tend to maintain long-term cooperative relationships with key partners. In addition, according to Frost & Sullivan, reliance on industry leader is an industry norm. For instance, suppliers of components used in consumer electronics heavily rely on top industry players to drive scale. Similarly, for suppliers like us, it is commercially rational and strategically advantageous for us to rely on a leading player like Customer A to ensure effective commercialization and market penetration. In addition, the prominent market share of Customer A in the industry value chain also brings us exposure to massive market opportunities and helps us to establish our market position in upstream industry.

- ***Strategic Focus on Lighthouse Customer:*** Our comprehensive and expanded collaboration with lighthouse customer with significant market leadership is the result of a carefully considered move during the early stages of our business development. We recognized that delivering exceptional service to a single lighthouse customer and successfully validating this collaborative model would be critical to our long-term growth. This experience equips us to apply the proven methodologies and best practices we developed with existing customers across other clients in the future, positioning us to scale our business effectively and confidently.

- ***Deep Collaboration Model with Customer A:*** Our relationship with Customer A cannot be simply defined as a traditional customer-supplier relationship. In many projects with Customer A, we actively engage with ultimate clients to understand their requirements, including hosting various technical discussions, and incorporate their feedback into our product design, development, promotion and delivery. Under this collaboration model, Customer A acts as our close partner rather than a conventional customer. We work closely together to meet the demands of ultimate clients. In some cases, our technological capabilities are highly regarded that ultimate clients specifically request our involvement in projects.

Risk Mitigation Measures

Given the high revenue concentration on Customer A, any decision by Customer A to reduce or terminate its cooperation with us could materially and adversely affect our business, financial condition, and results of operations. See "Risk Factors — Risks related to Our Business and Industry — A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues." However, our Directors believe that the risk of Customer A significantly reducing or ending its cooperation with us is relatively low benefiting from mutually beneficial relationships brought by the following factors:

- ***Close and Stable Relationship with Customer A:*** We have maintained a close and stable partnership with Customer A with no material interruptions or disputes during the Track Record Period and up to the Latest Practicable Date. This longstanding collaboration enables us to maintain a mutual understanding and trust, which serves as the foundation for continued cooperation and growth. We envision no material obstacles to our collaborations with Customer A, and we intend to extend this collaboration model to our other customers to enhance both breadth and depth of our customer relationship.

- ***High Familiarity with Customer A's Specifications.*** We are highly familiar with Customer A's specific needs and requirements. This understanding allows us to deliver value to Customer A while also driving innovation and operational efficiency and exploring front-line business initiatives. Furthermore, our deep collaboration model with Customer A as detailed above underscores our indispensable role in the broader supply chain. It also demonstrates our ability to deliver value not only to Customer A but to Customer A's ultimate clients as well, further expanding collaboration opportunities with Customer A.

To our best knowledge, relationship with Customer A is unlikely to terminate or materially change due to several interconnected factors.

- ***Comprehensive Product Matrix with Full Scenario Coverage.*** With years of research and development, we have formed a complete portfolio of human-machine interaction chip products for Customer A's products, spanning TVs, monitors, laptops, smartphones, and automotive displays—covering all major application scenarios. With years of stable supply and more than 140 projects in mass production and under development as of March 31, 2026, we are one of the few companies in the industry capable of providing full-scenario, full-product-line products.

- ***Solid Technology Expertise and Deep Technology Collaborations.*** As of March 31, 2026, we accumulated more than 210 invention patents (more than 570 invention patent applications) and 340 IP modules in the field of human-machine interaction. Our expertise in low power consumption, small size ICs, faster transmission speeds, and enhanced responsiveness keeps us at the forefront of human-machine interaction chip product technology. These advanced technologies enable our products to outperform peers in key metrics such as performance and power consumption, driving sales of multiple products not only to Customer A but also to other leading panel manufacturers.

- ***Strong Recognitions from Top-Tier Ultimate Clients.*** While supplying Customer A, we also serve and gain recognition from their ultimate clients, including many global leading brands, due to our technological capabilities, enhancing trust and value creation. For instance, in smartphone displays, the ultimate clients identified a critical challenge with high-end smartphone screens: the inability to balance high and low grayscale, posing practical difficulties. To resolve such issue, our technical team took the lead in developing a proprietary compensation algorithm. This innovation addressed the end customer's demand for higher technical standards in premium products and facilitated smooth cooperation between Customer A and the end customer. As a result, ultimate clients recognized our technical capabilities and may specify us as the authorized supplier, creating technological and relational barriers, thereby effectively reinforcing the stability and longevity of our partnership.

- ***Supply Chain Stability***. As of March 31, 2026, we maintained stable relationship with multiple manufacturers of chip, chipsets and/or circuit boards, three of which had entered into long-term procurement agreements with us. This relationship ensures stable product delivery even in the event of industry-wide shortage of semiconductor materials, mitigating supply chain risks faced by many peers.

- ***Deep Collaboration in Specific Industry and Geographic Verticals.*** We are a critical supplier for Customer A's core display business. According to Customer A's annual report, its display business accounted for over 80% of its total revenue in 2025, and our cooperation with Customer A is focused on this core business line.

  - Within Customer A's display business, television is its core segment. According to Frost & Sullivan, TV panels accounted for 65% of Customer A's total shipment area (aggregate surface area of display panels shipped from a manufacturer's production lines, which is a standard benchmark metric used in the industry) in 2025 and over 30% of its display revenue in 2025, directly affecting its operating and financial performance. Human-machine interaction chips are essential components of TV panels, and we are the single largest supplier of human-machine interaction chip products for Customer A's TV panel business and the exclusive supplier of such chips for its high-end 116-inch UHD 180Hz flagship model, which is a leading and cutting-edge product in terms of its product features, as confirmed by Frost & Sullivan. According to Frost & Sullivan, procurement of human-machine interaction chip products from Customer A represented approximately 38.3%, 44.4% and 44.5% of Customer A's total TV panel procurement of human-machine interaction products in 2023, 2024 and 2025, respectively, reflecting Customer A's steadily increasing reliance on us. Furthermore, according to Frost & Sullivan. In 2025, procurement from Customer A accounted for approximately 60% of Customer A's total procurement of human-machine interaction chips for its TV panels supplied to its Chinese clients.

  - Our quality and reliability as a supplier have also been recognized by Customer A. We were awarded the gold prize at Customer A's 2025 Quality Tool Application Competition – a high-profile annual contest open to Customer A's internal teams and external suppliers alike, with only one gold prize awarded each year – underscoring Customer A's reliance on us as a critical supplier.

  - Customer A's deep collaboration with us also extends to its future technology roadmap. We are working with Customer A to develop human-machine interaction chip products adopting the CHPI interface as part of Customer A's transition from legacy point-to-point interfaces to newer interface chip products. We commenced joint development of CHPI-interface human-machine interaction chip products with Customer A in 2022 and achieved mass production in 2023, and by 2025 we accounted for over 40% of Customer A's total procurement of CHPI-interface human-machine interaction chip products. As a key supplier of CHPI interface-related chip products, we assist Customer A in advancing its interface migration and product development strategies, which provides considerable stickiness and positions our revenue to grow together with Customer A.

- ***Alignment with Customer A's Capacity Expansion and Diversification Strategy.*** Based on our best knowledge and disclosures in Customer A's annual reports, Customer A is currently expanding its production capacity in semiconductor display products, which will drive a steady increase in procurement needs over the coming years. We, as a strategically important domestic supplier of smart device chip products, are well positioned to benefit from Customer A's capacity expansion and maintaining our essential role in their ecosystem. While in 2024, our revenue from Customer A only represented approximately 1.2% of total procurement of Customer A, we expect the procurement from Customer A in absolute amount to increase in the foreseeable future, as a result of Customer A's capacity expansion and diversification strategy.

- ***Relatively High Switching Costs.*** Despite low procurement percentage, even if alternative options emerge in the future, the switching costs associated with transitioning to a new domestic supplier would remain high for Customer A, and Customer A would still need to invest significant time, resources, and effort into developing compatibility with the new offerings, especially given Customer A's lengthy production chain. This process would require extensive re-engineering, re-testing, and potential disruptions to the existing supply chain. In particular, many of the current products are fully or semi-customized to Customer A's specifications, making direct substitution impossible. Introducing a new supplier would trigger a full reliability and mass-production compatibility verification as well as supply chain and inventory management process, during which product launches could be delayed and related revenues lost. After on-boarding a new supplier, panel manufacturers, including Customer A, typically spends 6-12 months on design, 3-6 months on pilot productions, and 3-6 months on testing and verification — roughly 12-24 months from ramp-up to mass production. During this period, end customers also closely evaluate the new supplier's quality. New suppliers often witness lower yields due to limited familiarity with Customer A's requirements and process nuances, resulting in scrap, rework, and capacity loss. Additionally, Customer A must maintain safety inventory stock from both existing and new suppliers during the transition, increasing inventory and tying up working capital. These time, cost, and technical integration barriers raise the risks and economic costs of switching suppliers.

- ***Diversifying Customer Base:*** We have been actively diversifying our customer base to mitigate risks associated with customer concentration and reliance over any single customer. Leveraging our technological capabilities and industry experience, we have secured new partnerships with other companies in the intelligent interface industries, which we believe will contribute to our future growth and reduce our reliance on Customer A over time. In 2023, 2024, 2025 and for the three months ended March 31, 2026, we served 75, 113, 134 and 78 customers, respectively, among which 32, 62, 64 and 14 were our new customers, respectively. We are also diversifying our product portfolio addressing needs of customers who are seasoned in industries different from that of Customer A, and cultivate cooperations into various downstream verticals.

  Going forward, we expect percentage revenue contributions from other key customers to increase. As a result of this diversification, our percentage revenue contribution from Customer A is expected to decrease.

Our Directors are confident that our business model remains sustainable and that our long-term cooperation with Customer A will continue to drive our growth while we expand our customer base and product offerings in the global market.

OUR SUPPLIERS

Our suppliers mainly include manufacturers and assembly and testing service providers. We collaborated with 595, 558, 555 and 262 suppliers in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. The following table sets forth a breakdown of our suppliers by geographical region during the Track Record Period.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Chinese Mainland	535	500	494	233
Taiwan, China	17	19	15	6
Japan	12	5	6	3
South Korea	10	8	15	9
United States	9	17	6	5
Hong Kong, China	6	4	14	5
Others[(1)]	6	5	5	1
Total	**595**	**558**	**555**	**262**

Note:

(1) "Others" primarily include the United Kingdom, Ireland, Germany, France, Canada, India and Belgium.

Collaborations with Manufacturers

We have established a robust and strategic collaboration network with leading manufacturers to support our manufacturing needs of chip, chipsets and/or circuit boards. During the Track Record Period, we partnered with seven, seven, eight and seven manufacturers across domestic and international markets in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively, ensuring flexibility, scalability, and innovation. These manufacturers form the core of our manufacturing network, providing reliable and strategically aligned manufacturing capabilities to support our growth.

The following sets forth the salient terms of our agreements with key manufacturers:

- ***Duration****:* The agreement generally lasts for one years, with automatic renewal.
- ***Order and Manufacturing****:* We should make formal purchase order detailing the amount and specifications of products. Manufacturers shall review and respond to the purchase order promptly and failure to reply would constitute acceptance of the purchase order.
- ***Delivery and Acceptance:*** Unless otherwise specified, manufacturers are entitled to package the products based on their specifications. Delivery and acceptance criteria shall be specified in the purchase order. Generally, failure to raise objects during the specified acceptance period, typically ranging from 30 to 60 days, would constitute acceptance.
- ***Payment****:* We shall promptly make payments in accordance to the payment conditions set forth in the purchase order and the contracts, typically bank transfer and a credit term of up to 45 days.

- ***Intellectual Property**:* We are entitled for all intellectual property rights of our products and maintain the ownership and intellectual property rights of the design plans and related materials that we provide.

- ***Termination**:* The agreements can typically be terminated mutually, or unilaterally upon fundamental breach of the other party with written notice in advance.

Collaborations with Packaging, Testing and Assembly Service Providers

In the packaging, testing, and assembly segment, we primarily rely on domestic service providers, forming a well-structured and strategic collaboration network tailored to our diverse product needs. We evaluate the potential service providers in terms of, among other aspects, qualifications, technical skills, product quality, workplace safety and delivery commitments. Once they become our qualified suppliers, we continue to evaluate their performance periodically. We have generally maintained long-term relationships with our service providers, and all of our service providers are Independent Third Parties.

The following sets forth the salient terms of our arrangements with packaging, testing, and assembly service providers:

- ***Duration**:* The agreements generally last for a long term for the performance of contractual obligations.

- ***Purchase Order and Delivery Schedule**:* We may, at our discretion, place purchase order for packaging, testing and assembly services detailing the service specifications as well as the delivery schedules. The service provider, after accepting the purchase order, shall strictly comply with terms of the purchase order.

- ***Package and Delivery**:* The underlying products should be packed in packing suitable for its nature and the transportation, climate and storage condition at service provider's costs. The service provider shall comply with delivery details in the purchase order.

- ***Payment**:* We should promptly make payments after receiving qualified invoice issued by the service providers according to payment terms specified in the purchase order, typically bank transfer and a credit term of up to 90 days.

- ***Quality Assurance**:* Products are accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, the service providers are responsible for replacement.

- ***Termination**:* We have the right to terminate the agreement if the service providers fail to remedy a breach of contract following our written notice.

Collaboration with EDA Suppliers

The following sets forth the salient terms of our arrangements with EDA suppliers:

- ***Duration:*** The agreements are generally long-term effective.

- ***Specification:*** The agreements or orders set forth clear specifications of relevant software and other equipment or services.

- ***Payment:*** We should promptly make payments in accordance with payment terms specified in the agreements or orders.

- ***Warranty:*** EDA suppliers typically grant a warranty period for the quality of software and other equipment of approximately 12 months.

- ***Termination:*** The agreements can typically be terminated mutually, or unilaterally upon fundamental breach of the other party with written notice in advance.

Top Five Suppliers

Our major suppliers are primarily located in Chinese Mainland, South Korea, and Taiwan, China. In 2023, 2024, 2025 and for the three months ended March 31, 2026, the aggregate purchase amounts from our five largest suppliers in each year/period during the Track Record Period were RMB955.2 million, RMB943.8 million, RMB1,412.7 million and RMB429.3 million, representing 44.5%, 44.5%, 54.6% and 64.4% of our total purchase amount for the respective years. The purchase amounts from our largest supplier in each year/period during the Track Record Period were RMB266.4 million, RMB291.4 million, RMB484.8 million and RMB158.1 million, representing 12.4%, 13.7%, 18.7% and 23.7% of our total purchase amount for the respective years/periods.

The following tables set forth details of our five largest suppliers in each year/period during the Track Record Period:

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	*%*
For the year ended December 31, 2023							
1 . . .	Supplier A[1]	Semiconductor materials	A technology company focusing on new materials, headquartered in Taiwan, who supplies but does not manufacture chip, chipsets and/or circuit boards to us and listed on Taiwan Stock Exchange with a business scale of approximately NT$80.0 billion in terms of revenue in 2024	Seven years	60 days; bank transfer	266.4	12.4
2 . . .	Supplier B	Semiconductor materials	A household appliances and electronic components and equipment provider, headquartered in Seoul, who supplies but does not manufacture chip, chipsets and/or circuit boards to us	Six years	90 days; bank transfer	238.3	11.1
3 . . .	Supplier C	Assembly and testing services and materials	An assembly and testing service provider headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB2.0 billion in terms of revenue in 2024	Five years	60-90 days; bank transfer	193.5	9.0

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	%
4 . . .	Supplier D	Semiconductor materials	A manufacturer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Shanghai, listed on the Shanghai Stock Exchange and the Stock Exchange with a business scale of RMB57.8 billion in terms of revenue in 2024	Four years	30% prepayment; bank transfer	129.8	6.0
5 . . .	Supplier E	Semiconductor materials	A seller of electronic components and telecom equipment, headquartered in Daejeon, who supplies but does not manufacture chip, chipsets and/or circuit boards to us	Six years	90 days; bank transfer	127.3	5.9
For the year ended December 31, 2024							
1 . . .	Supplier C	Assembly and testing services and materials	An assembly and testing service provider headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB2.0 billion in terms of revenue in 2024	Five years	60-90 days; bank transfer	291.4	13.7
2 . . .	Supplier A[(1)]	Semiconductor materials	A technology company focusing on new materials, headquartered in Taiwan, who supplies but does not manufacture chip, chipsets and/or circuit boards to us and listed on Taiwan Stock Exchange with a business scale of approximately NT$80.0 billion in terms of revenue in 2024	Seven years	90 days; bank transfer	209.3	9.9
3 . . .	Supplier F	Semiconductor materials	A developer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB9.2 billion in terms of revenue in 2024	Six years	30 days; bank transfer	178.0	8.4
4 . . .	Supplier B	Semiconductor materials	A household appliances and electronic components and equipment provider, headquartered in Seoul, who supplies but does not manufacture chip, chipsets and/or circuit boards to us	Six years	90 days; bank transfer	136.7	6.4

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	*%*
5 . . .	Supplier D	Semiconductor materials	A manufacturer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Shanghai, listed on the Shanghai Stock Exchange and the Stock Exchange with a business scale of RMB57.8 billion in terms of revenue in 2024	Four years	30% prepayment; bank transfer	128.4	6.1
For the year ended December 31, 2025							
1 . .	Supplier C	Assembly and testing services and materials	An assembly and testing service provider headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB2.0 billion in terms of revenue in 2024	Five years	60-90 days; bank transfer	484.8	18.7
2 . .	Supplier F	Semiconductor materials	A developer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB9.2 billion in terms of revenue in 2024	Six years	35 days; bank transfer	325.0	12.6
3 . .	Supplier D	Semiconductor materials	A manufacturer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Shanghai, listed on the Shanghai Stock Exchange and the Stock Exchange with a business scale of RMB57.8 billion in terms of revenue in 2024	Four years	pay in advance; bank transfer	257.5	10.0
4 . . .	Supplier G	Semiconductor materials	A manufacturer of computers and other electronic equipment established in China listed on the Shanghai Stock Exchange and the Stock Exchange with a business scale of RMB14.4 billion in terms of revenue in 2024	Four years	pay in advance; bank transfer	179.0	6.9
5 . . .	Supplier H	Semiconductor materials	A provider of optics solution and Automotive components service established in South Korea with a registered capital of KRW107.7 billion	Five years	60 days; bank transfer	166.4	6.4

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	*%*
For the three months ended March 31, 2026							
1 . .	Supplier I	Intelligent Computing Server	A technology enterprise established in China with a registered capital of RMB100.0 million	One year	30% prepayment, 70% payable upon acceptance; bank transfer	158.1	23.7
2 . .	Supplier C	Assembly and testing services and materials	An assembly and testing service provider headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB2.0 billion in terms of revenue in 2024	Five years	60-90 days; bank transfer	80.8	12.1
3 . .	Supplier F	Semiconductor materials	A developer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Anhui and listed on Shanghai Stock Exchange with a business scale of approximately RMB9.2 billion in terms of revenue in 2024	Six years	35 days; bank transfer	65.3	9.8
4 . .	Supplier G	Semiconductor materials	A manufacturer of computers and other electronic equipment established in China listed on the Shanghai Stock Exchange and the Stock Exchange with a business scale of RMB14.4 billion in terms of revenue in 2024	Four years	pay in advance; bank transfer	63.0	9.4
5 . .	Supplier D	Semiconductor materials	A manufacturer of raw materials and components used in chip, chipsets and/or circuit boards headquartered in Shanghai, listed on the Shanghai Stock Exchange and the Stock Exchange with a business scale of RMB57.8 billion in terms of revenue in 2024	Four years	20% prepayment, 80% payable in 45 days from billing date; bank transfer	62.2	9.3

Note:

(1) Supplier A and Customer B refer to the same entity. Our business relationship with it as our supplier started in 2018. For details, see "— Overlapping of Customers and Suppliers".

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers. A subsidiary of ESWIN Group indirectly owns less than 1% of one of our five largest suppliers during the Track Record Period by holding 0.5149% of the interest of and serving as the general partner of a fund, whose remaining 99.4851% is held and controlled by an Independent Third Party. Such fund holds the largest shareholder as to 99.9994% who is interested in one of our five largest suppliers as to 33.4%, with the remaining 0.0006% held by the aforementioned subsidiary of ESWIN Group. In addition, China IC Fund II, one of our

Shareholders, holds minority interest in two of our five largest suppliers during the Track Record Period. Save as aforementioned, to the best of our knowledge, as of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

Supply Chain and Inventory Management

We believe that we have effectively managed our supply chain during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material supply chain issues.

The following table sets forth a breakdown of our purchase by geographical region during the Track Record Period.

	Year Ended December 31,						Three Months Ended March 31,	
	2023		2024		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
Chinese Mainland	1,003,776	46.7	1,344,907	63.4	1,927,130	74.5	593,679	89.0
South Korea	443,763	20.7	351,320	16.6	236,600	9.1	37,611	5.7
Taiwan, China	404,794	18.8	299,061	14.1	323,796	12.5	20,787	3.1
Hong Kong, China	106,402	5.0	80,296	3.8	84,199	3.2	10,417	1.6
Japan	88,110	4.1	9,504	0.4	1,319	0.1	225	0.0
United States	11,388	0.5	22,821	1.1	7,441	0.3	3,735	0.6
Others[(1)]	90,546	4.2	13,336	0.6	6,965	0.3	333	0.0
Total	**2,148,780**	**100.0**	**2,121,245**	**100.0**	**2,587,448**	**100.0**	**666,786**	**100.0**

Note:

(1) "Others" include the United Kingdom, Ireland, Germany, France, Canada, India and Belgium.

We are actively pursuing the following supply chain and inventory management strategies:

- ***Long-term Agreements and Bulk Purchasing:*** We typically enter into strategic cooperation agreements lasting about three years to ensure relatively stable resources from our suppliers. In certain circumstances such as the risk of industrial supply shortage, we also enter into long-term agreements with suppliers to lock in prices and supply quantities and reduce costs through bulk purchasing.

- ***Supply Chain Diversification:*** We actively seek to expand supplier channels to reduce reliance on a single supplier and enhance the stability of the supply chain. We ensure that there is at least one ancillary supplier available for each of our main procurement needs. Furthermore, we are promoting substitutions from various jurisdictions for raw materials and other materials to mitigate potential geopolitical restrictions.

- ***Inventory Management Optimization:*** We combine routine stock checking to continuously monitor our stock and inventory levels. We utilize advanced inventory management systems in our inventory management and track the status of materials and work-in-progress in our manufacturers and partners, ensuring that stock remains within a reasonable range and avoiding overstocking or shortages.

- ***Market Forecasting and Flexible Adjustments****:* We regularly adjust procurement plans based on market forecasts to ensure timely responses to demand fluctuations. Our agreements with suppliers generally provide for adjustments every one or two years to flexibly accommodate market changes.

We believe that our operation is not dependent on any particular supplier. During the Track Record Period and up to the Latest Practicable Date, we maintained multiple suppliers to avoid overreliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers. We mitigate our exposure to fluctuations in raw material prices through a combination of proactive procurement and risk management measures. These include entering into strategic partnerships and framework agreements with key suppliers to enhance pricing stability, diversifying our supplier base to avoid over-reliance on any single source, and closely monitoring market price trends. In addition, we conduct coordinated analyses of inventory levels and anticipated future demand to optimize purchasing decisions and reduce volatility risk. Specifically, our production management department works regularly with our sales and marketing departments to consolidate orders on hand and customers' future production plans and, taking into account historical shipment volumes and suppliers' capacity, to update our production and procurement plans on a rolling basis, thereby maintaining inventory at a safe level while controlling cost fluctuations. Furthermore, as the raw materials used in our products are generally standard and widely adopted across the industry, price fluctuations tend to affect all market participants similarly and do not place us at a competitive disadvantage. To the extent appropriate and subject to market conditions and customer relationships, we may also pass on increased raw material costs, especially with respect to industry-wide increases, to downstream customers through pricing adjustments.

As of December 31, 2023, 2024 and 2025 and March 31, 2026, the balance of write-down of inventories amounted to RMB207.1 million, RMB283.0 million, RMB279.0 million and RMB256.9 million, respectively. The relatively high level of write down of inventories was primarily due to the fact that we had pre-stocked to build relatively high inventory levels, primarily interconnectivity chip products, prior to 2022 amid surging industry demand and tight upstream capacity. From 2022 onwards, market demand fell significantly as the industry entered a destocking cycle and certain product specifications were superseded by newer iterations, resulting in the accumulation and extended turnover days of certain earlier-generation interconnectivity chip products, in respect of which we prudently made write-downs in each year/period of the Track Record Period. In particular, the inventory write-down during the Track Record Period was mainly resulting from write-down provided for certain earlier generation of interconnectivity chip products. To address these challenges and to avoid further occurrence, we have implemented the following measures to monitor our inventory level:

- ***Monthly Sales Demand Review:*** Regular procurement-sales meetings with relevant business units are held to review and confirm a rolling three-month sales plan, ensuring better alignment between procurement and market demand.

- ***Enhanced Production Control:*** The procurement and production pace is closely managed to meet sales needs while minimizing inventory levels. Product deliveries are scheduled based on packaging and testing requirements, avoiding inventory stockpiles.

- ***Clearing Historical Inventory:*** Regular procurement-sales meetings also focus on plans to clear slow-moving inventory, accelerating its consumption and reducing inventory obsolescence. Where quality permits, we also prioritize consumption of inventories with longer ages.

Despite the increase in inventory turnover days and significant write-down of inventories during the Track Record Period, our Directors are of the view that our inventory management measures are still effective, taking into account the following: (i) the inventory write-downs during the Track Record Period were mainly attributable to market demand fluctuations, which slowed inventory consumption. However, these write-downs were made as a precautionary measure in line with the principle of prudence and do not reflect a deterioration in our overall inventory management capabilities; (ii) we have implemented the aforesaid measures to monitor inventory level and these measures demonstrate our commitment to maintaining efficient inventory management and ensuring alignment with market demand; (iii) the write-down of inventories as a percentage of inventories decreased from 45.1% as of December 31, 2025 to 32.9% as of March 31, 2026; and (iv) the increase in inventory turnover days in 2025 and for the three months ended March 31, 2026 was mainly due to our strategic stockpiling to meet anticipated market demand, with inventory levels expected to largely returning to normal by year-end through shipment and delivery. Benefiting from the above, the provision made for inventory decreased from RMB180.7 million in 2023, to RMB101.9 million in 2024, to RMB95.5 million in 2025, and turned into reversal of RMB0.3 million for the three months ended March 31, 2026, evidencing the success of our remedial measures.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best knowledge of our Directors, three of our five largest customers in each year/period during the Track Record Period were also our suppliers, and one of our five largest suppliers in each year/period during the Track Record Period was also our customers. The following table sets forth the overlapping major customers and suppliers during the Track Record Period.

Customer/Supplier	Year/Period	Revenue		Purchase Amount		Reasons For Overlapping
		(RMB in million)	*(% of total revenue)*	*(RMB in million)*	*(% of total purchase)*	
Customer A	2023	1,437.9	82.1	26.2	1.2	For details about our sales to and relationship with Customer A, see "— Our Customers — Our Relationship With Customer A." We procured verification services from Customer A in connection with our commercial arrangement with Customer A for the development of certain new smartphone displays, which only accounted for a minimal portion of our purchase amount. We procured property management services from Customer A primarily because Customer A's property management branch is the designated operator for our leased offices.
	2024	1,555.2	76.8	25.3	1.2	
	2025	1,569.8	64.6	5.3	0.2	
	Three months ended March 31, 2026	107.5	21.7	1.1	0.2	

Customer/Supplier	Year/Period	Revenue		Purchase Amount		Reasons For Overlapping
		(RMB in million)	*(% of total revenue)*	*(RMB in million)*	*(% of total purchase)*	
Customer B/ Supplier A	2023	72.7	4.1	266.4	12.4	We sold our multi-media processing TV SoC chip products to Customer B/Supplier A to leverage its established distribution network and reduce our customer acquisition costs. We purchased certain DDICs or DDIC components from Customer B/Supplier A in consideration of its product availability, supply reliability, product quality, pricing and delivery capability.
	2024	23.4	1.2	209.3	9.9	
	2025	1.7	0.1	76.2	2.9	
	Three months ended March 31, 2026	0.5	0.1	3.8	0.6	
Customer E	2023	24.5	1.4	–	–	We sold our multi-media processing Mini-LED chip products. We procured wafer foundry services for human-machine interaction DDI chip products from Customer E, a global leading group in the electronics industry, which only accounted for a minimal portion of our purchase amount.
	2024	30.7	1.5	–	–	
	2025	116.1	4.8	0.7	0.03	
	Three months ended March 31, 2026	4.7	0.9	0.1	0.02	

Negotiations of the terms of our sales to and purchases from overlapping customers and suppliers were conducted on a transaction-by-transaction basis using independent business teams. We entered into different agreements in sales to and purchases from overlapping customers and suppliers on an arm's-length basis in the ordinary course of business. Our sales to and purchases from overlapping customers and suppliers are priced consistently and are of similar nature with those to our other customers on normal commercial terms with no additional preferential conditions, and were neither interconnected nor conditional upon each other. During the Track Record Period and up to the Latest Practicable Date, we maintained a stable and mutual beneficial relationship with overlapping customers and suppliers. According to Frost & Sullivan, it is in line with the industry norm to have overlapping customers and suppliers as illustrated above.

Except for Customer A, Customer B/Supplier A, and Customer E, to the best knowledge of our Directors, none of our five largest customers in each year/period during the Track Record Period was also our suppliers, and none of our five largest suppliers was also our customers in each year/period during the Track Record Period. Our Directors have confirmed that none of our sales to and purchases from our overlapping customer and supplier during the Track Record Period and up to the Latest Practicable Date was inter-conditional, inter-related or otherwise considered as one transaction.

OUR FABLESS BUSINESS MODEL

We adopt the fabless model, focusing on the design and R&D of our products while outsourcing fabrication and packaging and testing of chip, chipsets and/or circuit boards to trusted manufacturers and packaging, testing and assembly service providers.

We believe the fabless model is beneficial to our performance. By concentrating our resources on chip, chipsets and/or circuit boards and product design and R&D processes, we can swiftly respond to evolving market demands and continuously innovate our offerings. During design and R&D phase, we utilized EDA tools primarily from leading global and domestic suppliers of EDA softwares to form the core of our design and verification workflows.

Upon the completion of the design phase, we outsourced the manufacturing of chip, chipsets and/or circuit boards used in our products to qualified manufacturers and engaged packaging, testing and assembly service providers to perform corresponding services based on our product design and testing plans to ensure that the products conform with the quality and condition required. Collaborating with established manufacturers and packaging, testing and assembly service providers grants us access to manufacturing technologies and economies of scale, ensuring our chip, chipsets and/or circuit boards are fabricated using most suitable processes and materials. This strategic partnership enhances product performance and reliability while maintaining a lean and agile operational structure and allocating our resources efficiently.

The following table sets forth the number and geographical locations of our partners during the Track Record Period.

	Number of partners as of December 31,			Number of partners as of March 31,	Major geographical regions
	2023	2024	2025	2026	
Manufacturers	7	7	8	7	PRC, Taiwan, Southeast Asia
Packaging, testing and assembly service providers	20	18	23	22	PRC, Taiwan and South Korea
EDA Suppliers	6	6	6	6	U.S., Europe and PRC

QUALITY CONTROL

We have established a comprehensive quality management system, which integrates development process, supply chain management process, and certification authority, realizing an end-to-end quality management process. Within this system, we follow thorough quality assurance procedures to monitor the quality and conformity of our products during the entire development, manufacturing, delivery and services processes. We have implemented rigorous quality control measures and established a comprehensive customer feedback and complaint handling process to promptly and effectively address customer concerns.

We have implemented comprehensive measures to ensure that our suppliers compliance with our product quality requirements. We select potential suppliers based on their alignment with our product roadmap, packaging forms, and technical requirements. Upon reaching a preliminary cooperation intention, we conduct pre-qualification due diligence. Subsequently, our quality, technical, and commercial teams carry out a formal review, including on-site documentation audits and commercial terms evaluation. Suppliers that pass the review process are included in our approved list, and may be removed from the list if they remain inactive over an extended period, experience major quality issues, or encounter other significant commercial problems.

During research and development phase, we build quality in from the start. We define clear objectives and parameters, collaborate with manufacturers to validate performance and production compatibility, and uphold rigorous requirements. After pilot developments, we conduct process validation, develop test programs, and complete reliability and functional verification. We then provide chip products to customers for validation.

In mass production, quality control focuses on consistency, process optimization, and adherence to defined standards. The testing team inspects each production batch and analyzes results to confirm compliance. Routine in-process checks and final outgoing inspections reinforce quality across the supply chain.

Quality control continues after production. We maintain close communication with customers to address issues and incorporate feedback into improvements. Post-production data and customer insights are analyzed to refine processes and enhance performance. This commitment to continuous improvement keeps us responsive to market needs and sustains our reputation for high-quality products.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material contract cancellation, postponement, supply chain shortage and unsuccessful product implementation. We stringently supervise the quality of materials or services provided by our third-party business partners at the time of delivery. Subsequently, we are also responsible if further safety claims arise from our customers of our own products. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material safety claims from our customers.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to any product safety issues, including accidents, injuries and fatalities involving end users, false advertising incidents or any material defects or malfunctioning of our chip products, and we had been in compliance with the relevant laws and regulations in China in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product defect and material incidence of product exchange and return.

DATA PRIVACY AND INFORMATION TECHNOLOGY SYSTEMS

We do not collect personal information from our customers or other third parties. The data we collected primarily include technological data, such as designs, production processes, research and development logs, experimental data, know-how, technological drawings, programmings and source codes, as well as operational data, such as basic information about our customers and suppliers, production and sales plan, management and financial data. From our customers and suppliers, we only collect limited categories of data, primarily consisting of: (i) publicly available basic corporate information, including entity name, registered address, unified social credit code, and date of establishment; and (ii) supplier contact details, including contact person name and business email address. These data are collected with the prior consent of the relevant data subjects. All such data are stored in our data center located in Beijing. Our processing of data does not involve any cross-border transmission of consumers' data. In the course of our research and development, we process data in compliance with the applicable legal requirements, desensitize data and anonymize personal information to ensure the data security. See "Risk Factors — Risks Related to Our Business and Industry — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer" for further detail describing the data privacy risks associated with our operations.

For technical information, we ensure data security and business continuity by adopting practices such as regular audits, transmission limit, development of data backup and recovery plans, while regularly identifying and addressing potential risks. We provide data security training to our employees and require them to report any information security breach. These systems, policies and procedures collectively form a solid framework that safeguards our data and upholds our stringent standards for information security.

We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See "Risk Factors — Risks Related to Our Business and Industry — Disruptions and unauthorized access such as cyberattacks on our IT systems or those of third-party service providers could have a material adverse effect on our business operations, results of operations, reputation and financial condition."

To ensure our third-party business partners' compliance with cybersecurity, data privacy and protection requirements, we have implemented a series of management policies. In the pre-engagement phase, we conduct compliance due diligence on third-party partners, and review their data protection and cybersecurity frameworks and technical capabilities, including certifications and past security records. In our agreements, we clearly define data protection and cybersecurity obligations, including data processing scope, storage security, and liability for breaches, and we require their compliance with relevant laws and our internal security policies. In the day-to-day operation, we set access requirements for our partners, such as mandatory security technologies and staff security training systems.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data breaches, loss or unauthorized use of data. Our PRC Legal Advisor is of the view that, the cybersecurity-related laws and regulations have no material impact on our business operation, and we had been in compliance with the relevant laws and regulations in the PRC in respect of cybersecurity, data privacy and protection in all material respects.

COMPETITION

The smart device and embodied intelligence chip product industries in which we operate are highly competitive and rapidly evolving with technological innovations, changes in customer demands and preferences, frequent introduction of new products and application fields. Our offerings primarily include human-machine interaction and multimedia processing chip products targeting smart device chip product industry, and interconnectivity and computing chip products targeting embodied intelligence chip products industry. We compete with other players in the industry whose businesses also include the design and development of software and hardware related to smart device chip products and embodied intelligence chip products. Our RISC-V architecture also faces challenges from traditional ARM and x86 structures. We face increasingly intense competition with other leading players in various aspects of our business, including product coverage, product design, processing capabilities as well as consumer experience.

Despite such intense competition, we differentiate ourselves and maintain strong competitiveness against our peers through several core advantages with proven commercialization, systematic R&D capabilities, and modular reusable technologies and resources. In the smart device human-machine interaction chip product industry, the top three domestic players had an aggregate of 14.6% of the market share in terms of revenue in 2025. We ranked first among all domestic providers of smart device human-machine interaction chip products in China, with a market share of 5.7% in smart device human-machine interaction chip product industry. In the RISC-V powered chip product industry, the top five domestic players had an aggregate of 10.1% of the market share in terms of revenue in 2025. We ranked third among all domestic providers of RISC-V powered chip products in China, with a market share of 1.2% in RISC-V powered chip product industry, the market share of which is expected to increase as our recently launched mass-produced products are entering into the market. For more information on the competitive landscape of our industry, see "Industry Overview."

EMPLOYEES

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we employed an aggregate of 1,939, 1,776, 1,548 and 1,518 full-time employees, respectively. The following table sets forth a breakdown of the number of our employees as of March 31, 2026 by work function.

Function	As of March 31, 2026
Research and Development	1,001
Sales and Marketing	225
Professional Support	292
Total	**1,518**

A majority of our employees are based in the PRC. We enter into confidentiality and intellectual property ownership agreements with all employees under our labor contracts, either as standalone contracts or as clauses contained in the labor contracts. These agreements stipulate that employees are subject to lifelong confidentiality obligation in respect of our trade secrets, and that intellectual property created by employees during their tenure belongs to us. We also enforce non-compete clause with employees with access to our core technologies and trade secrets according to our business need.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

As of March 31, 2026, social insurance for a few foreign employees were not paid in full in accordance with PRC laws as these employees have made contributions in their home country or are unwilling to make contributions in China. In addition, we engaged third-party human resource agencies to pay social insurance and housing provident fund for certain of our employees for the reason that such employees voluntarily made the decision not to make such contributions at the locations in which our subsidiaries are situated, because they have made such contributions in other cities or districts mainly due to personal or family reasons.

If any of the social insurance authorities is of the view that our contributions to social insurance do not satisfy the requirements under the relevant PRC laws and regulations, we may be ordered to pay the social insurance in arrears within a prescribed period and be subject to an overdue penalty on delinquent payment of social insurance contributions calculated at a daily rate of 0.05% onwards. If we fail to make such payments within the prescribed period, we may be liable to a penalty of one to three times penalties of the overdue amount as above-mentioned. Accordingly, the maximum penalty that may be imposed on us is RMB29.3 million, if we fail to make required payment within the prescribed period, being three times the shortfall of our social insurance contribution of approximately RMB9.8 million as of March 31, 2026. As of the Latest Practicable Date, we had not been subject to any material penalty for inadequate social insurance contributions or received any notice from the relevant governmental authorities requiring us to rectify the shortfall.

Furthermore, we may face the risk of paying additional contribution, late payment fee and/or penalties imposed by the relevant government authorities if the third-party human resource agencies failed to pay the social insurance or housing provident fund for the relevant employees in full amount and/or in a timely manner, or are subject to the challenge on the validity of such arrangements by relevant authorities. As of the Latest Practicable Date, our subsidiaries have obtained the written confirmation issued by the third-party human resource agencies confirming the full payment of social insurances and housing fund contributions with respect to such employees, and such employees have issued written undertaking to acknowledge that they are aware of the legal risks of requesting to entrust a third-party human resource agency to pay social insurances and housing fund contributions and bear all the liabilities arising therefrom by himself/herself.

For the insufficient payment of social insurance of certain foreign employees, we have been progressively rectifying the relevant arrangements. In doing so, we have taken into account the practical circumstances of the relevant employees who explicitly demand fewer contribution in light of their personal concerns and sought to implement the rectification process in a prudent and orderly manner so as to ensure compliance while maintaining stable employment relations and normal business operations. We plan to complete the rectification of such non-compliance within one year after the [**REDACTED**]. For newly hired foreign employees, we have strengthened our internal controls and require enrollment in social insurance from the date of on-boarding.

For third-party contribution, we plan to closely track and transfer to direct contributions to the extent possible. For newly hired employees, we have ceased new third-party agency arrangements and make direct contributions at their respective work locations. For existing employees under third-party arrangements, we are prioritizing cities with a concentration of such employees and feasible conditions for direct contributions, gradually transitioning them to direct payment by us. For a very limited number of employees who are temporarily unable to transfer due to special personal circumstances, we have established a dedicated ledger to continuously track their status and will communicate with them consistently for rectification. We plan to complete the rectification of such non-compliance within two years after the [**REDACTED**].

We have been conducting gradual rectification of the shortfall and the engagement of third-party human resource agencies for payment and will continue to complete relevant remediation measures as early as practicable. Nevertheless, should the social insurance authorities require us to rectify or make payments within a specified timeframe in the future, we will fully cooperate and settle all required payments promptly to avoid any administrative penalties by the competent authorities for such non-compliance. In addition, we have taken the following internal control measures to prevent future occurrences of non-compliance:

- *Human Resource Management Policies*. Enhance our human resources management policies, which explicitly require social insurance and housing provident fund contributions to be made in accordance with applicable local requirements;

- *Training*. Strengthen the training of our personnel, including training on various compliance-related topics for our employees;

- *Increasing Awareness of Developments in the Law*. Regularly keep abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds;

- *Internal Control Measures*. Continually monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and oversee the implementation of any necessary measures; and

- *Consultation*. Consult our legal counsels from time to time for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing provident fund.

During the Track Record Period and as of the Latest Practicable Date, we were not subject to any administrative action or penalty imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint filed by our employees regarding our social insurance and housing provident fund policy.

We also obtained written confirmations or credit report from or consulted with relevant authorities, which confirm that we had not been subject to any administrative penalties during the Track Record Period in those particular administrative divisions. As advised by our PRC Legal Adviser, based on public information on the relevant government websites or consultation with the relevant government authorities, the government authorities above-mentioned is responsible for the social insurance or housing fund in the respective regions, and are competent to be consulted for such matters.

Based on the foregoing and the confirmation letter, the credit report or the consultation result from the relevant competent governmental authorities, our PRC Legal Adviser is of the view that if (i) we make timely contributions to social insurance and housing provident fund contributions upon requested by relevant government authorities, and (ii) there is no material changes to current PRC laws and regulations, nor to the practices in policy implementation and local government inspections concerning social insurance and housing provident fund, in the absence of material complaints from our employees, the risk of our subsidiaries being subject to material administrative penalties for failure to make full social insurance or engaging third parties to pay social insurance and housing provident fund contributions is remote. As such, we had not made any provisions in relation to such non-compliance. Our Directors are of the view, and our PRC Legal Advisor concurs, that such non-compliance will not materially or adversely affect our business, financial condition and results of operations.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain key man life insurance, insurance policies covering damages to our network or information technology systems or any insurance policies for our properties. See the section headed "Risk Factors — Risks Related to Our Business and Industry — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise" in this Document. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claim in relation to our business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

Our [Board] takes the responsibility for approving and supervising the implementation of our ESG vision, objectives, strategies and management guidelines to ensure our operations are in compliance with ESG-related regulations. Our [Board] also reviews our annual reports on corporate and ESG governance and reviews the continuous professional development on ESG-related matters of our Directors and senior management. We are dedicated to promoting and enhancing the ESG awareness among all employees, including Directors and senior management. We provided sufficient guidance on ESG-related knowledge to our employees through regular training and corporate events. Meanwhile, our Directors and senior management have participated in the training on the rules and responsibilities of listed companies in Hong Kong. They are well-informed about the Stock Exchange's expectations for directors and senior management to possess the necessary skills and abilities to understand the impact of ESG risks and opportunities and to examine and supervise strategies formulated to address them.

In addition, we will establish a systematic mechanism for assessing important ESG issues, focusing on key ESG factors in product development and supply chain management. The assessment is led by our cross-department ESG Working Group, which identifies priority issues based on three dimensions, including strategic relevance, stakeholder concerns and social and environmental impact. We incorporate relevant key issues into our strategy and risk management system and continue to optimize the effectiveness of our ESG management. Our ESG Working Group is also tasked with the execution of our ESG-related vision, strategies and guideline by establishing and reviewing detailed rules and procedures, evaluating our ESG-related risks and internal control system, and coordinating with external ESG counsel on our ESG report to ensure accurate and timely disclosure. Our ESG Working Group is responsible for and reports to our Board regarding ESG matters on a timely basis.

Environment

Given the nature of our business, we do not generate any material emissions and wastes and cause severe pollution. Nonetheless, we monitor environmental and climate-related risks that may arise in or impact on our business, strategy and financial performance as part of our key agenda.

Strategies for Addressing ESG-related Risks

We are committed to continuously enhancing our ESG management framework and integrating ESG concepts into our overall development strategy, thereby fostering the synergistic growth of technological innovation and social contribution. Set forth below is a summary of our material ESG subject topics, strategies and measures.

Topic	Strategies	Measures
Climate change	Climate change has a profound impact on global ecosystems and our operations. Achieving a low-carbon transition aligns with regulatory requirements and enhances our market competitiveness and business sustainability.	Establish a systematic climate management framework, accelerate the green upgrade of business structures, and continuously enhance our climate resilience.

Topic	Strategies	Measures
Energy management	The implementation of energy-saving and consumption-reduction measures, and practices of green production concepts and sustainable development principles demonstrate our social responsibility and sustainable development philosophy.	Fully implement green operation concepts, establish an energy monitoring system, optimize energy management processes, and continuously improve energy usage efficiency.
Water management	Water scarcity issues are widely recognized to be a threat to the stability of business operations. Water-saving measures can reduce production costs and demonstrate our environmental responsibility.	Integrate water conservation principles into daily operations, track water usage, reduce water consumption at the source, and implement systematic water resource management measures.
Stakeholder communication	Establishing effective communication mechanisms can prevent public opinion risks, enhance corporate transparency, boost investor and public confidence in us, and promote closer communication among all parties.	We have established systematic communication mechanisms, such as setting up a feedback email address, holding seminars, and maintaining close contact with customers and suppliers, to enhance information disclosure.
Supply chain management	Supply chain risks directly impact a company's reputation and operations. Responsible supplier selection can reduce risks such as environmental violations and labor disputes, establish a stable supply chain, and enhance our overall sustainability performance.	Integrate sustainability principles throughout the entire supply chain process, establish a comprehensive supply chain management system, and conduct regular assessments of suppliers' qualifications and performance to build a more sustainable supply chain ecosystem.
Product and service quality	Exceptional product quality and service standards are the core of a company's sustainable development, directly linked to customer trust and brand value, and enhancing our market competitiveness.	Establish a quality management system covering the entire product lifecycle, build an industry-leading quality assurance framework, and conduct rigorous quality management and compliance reviews at every stage.
Employee rights	Protecting labor rights is crucial to a company's development. Compliant employment practices reduce legal risks, enhance employee satisfaction, and demonstrate our sense of social responsibility.	Establish a competitive compensation system and continuously optimize employee welfare programs to enhance employee belonging and achieve mutual growth between employees and the company.

Topic	Strategies	Measures
Employee development	A systematic employee training and development system enhances the quality of human capital, strengthening our long-term innovation capabilities and market competitiveness.	Establish a systematic employee training system, combining internal and external training, and online and offline training to support employees' personal and professional development.
Data security and privacy protection	A robust data security and privacy protection system can effectively prevent information leakage risks, protect user data and privacy security, enhance customer trust and satisfaction, and build a digital defense line for sustainable development.	Strictly adhere to the three principles of data collection minimization, de-identification storage, and permission grading, and fully implement security control measures through digital systems.
Social contribution	Actively fulfilling social responsibility not only enhances corporate brand value but also creates shared value and improves corporate image.	Establish in-depth industry-academia-research collaborations with universities, co-founded laboratories, and conducted joint research projects to identify and cultivate new-generation technical talent for the industry.
Shareholder rights	A sound shareholder rights protection mechanism can effectively safeguard shareholder rights, enhance the company's image in the eyes of investors, and attract more investment.	Maintain close communication with shareholders through multiple channels, such as regular performance briefings and shareholder meetings.
ESG governance	Establishing a scientific ESG governance system can systematically enhance the company's long-term value, strengthen investor confidence, and achieve sustainable development.	Integrate ESG principles into our corporate strategy and operations, and establish a standardized framework covering environmental management, social responsibility, and corporate governance to achieve sustainable ESG governance.
Anti-bribery and anti-corruption	A robust anti-bribery and anti-corruption mechanism is the cornerstone of compliant business operations. A strict internal control system and a culture of integrity can effectively mitigate legal risks and enhance corporate reputation.	Establish a comprehensive compliance framework, clearly stipulate integrity requirements, and strictly prohibit any form of corruption or bribery.

Metrics and Targets

Under the supervision of our Board, our ESG Working Group will set targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations [**REDACTED**]. The relevant targets on material KPIs will be reviewed and evaluated by our Board on an annual basis to ensure that they are appropriate to our needs and conditions.

[Our Board has overall responsibility for the supervision and determination of our environmental, social, and climate-related risks and opportunities impacting us, establishing and adopting the ESG policies and targets of us, and reviewing our performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified.] Leveraging our comprehensive internal control system, we plan to carry out a corporate risk assessment at least once a year which covers current and potential risks that we face, including but not limited to ESG risks and strategic risks from disruptive forces (such as climate change). We will further incorporate ESG-related issues, including the analysis on physical and transition risks, into our overall risk assessment process.

Indicators	**Unit**	**2023**	**2024**	**2025**
Power consumption	Total electricity consumption (MWh)	7,917.6	8,309.2	6,607.7
	Total electricity consumption per unit of revenue (MWh/RMB in million)	4.5	4.1	2.7
Water consumption	Total water consumption (tons)	26,144.4	25,959.7	15,411.5
	Total water consumption per unit of revenue (tons/RMB in million)	14.9	12.8	6.3
Data server usage	Total data server usage (MWh)	1,695.0	2,537.0	2,569.0
	Total data server usage per unit of revenue (MWh/RMB in million)	1.0	1.3	1.1
Waste paper	Amount of waste paper (tons)	2.4	2.4	2.4

Energy Management

We have always regarded the enhancement of energy efficiency as an important part of sustainable development and fully implemented the concept of green and efficient operation. In terms of office operations, we effectively reduce daily energy consumption by using energy-saving LED lamps and lanterns, optimizing air-conditioning temperature settings, and strengthening equipment standby management. At the same time, we have established our energy monitoring system to regularly analyze energy consumption data and continuously optimize our energy management strategies. Going forward, we will introduce more advanced energy-saving technologies and control equipment to achieve a continuous improvement in energy use efficiency. Based on the power consumption data in 2025, we plan to reduce power density per million revenue by approximately 5% by 2029.

Water Resource Management

We attach great importance to the efficiency of water usage and integrate the concept of water conservation into our daily operations. In terms of facilities, we fully install water-saving faucets, toilets and other appliances in our offices, and regularly check pipes and fixtures for leaks, repairing them in a timely manner to reduce water consumption at source. In terms of employee education and guidance, we cultivate good water conservation habits and environmental awareness among our employees through continuous water conservation publicity and campaigns. Based on the water consumption data in 2025, we plan to reduce water density per million revenue by approximately 5% by 2029.

Waste management

We strictly abide by the applicable environmental protection laws and regulations, keep records of solid waste management, and ensure that all of the hazardous waste is properly disposed of by third parties with appropriate qualifications to ensure environmental safety. For electronic waste, we require our employees to submit particular disposal list to track electronic waste generated, and hand to qualified third party disposal companies to ensure proper handling. We have taken a series of measures to reduce the generation of waste prioritizing the procurement of environmentally friendly office supplies and choosing reusable products with simple packaging. Meanwhile, we regularly organize our employees to study relevant laws and regulations, and enhance the awareness of environmental protection through training. Going forward, we will continue to optimize our waste management processes, further reduce our environmental footprint through technological innovation and management enhancement, fulfill our corporate environmental responsibility, and contribute to sustainable development. Based on the waste paper usage data in 2025, we plan to reduce usage amount of waste paper per million revenue by approximately 5% by 2029.

Data Server Usage

We use a self-deployed data server cluster to support two core business scenarios. It hosts various office application systems to ensure the digital office needs of daily administration, finance, and human resource management. It also runs a professional R&D platform to provide high-performance computing support for technological product innovation. In 2024, we conducted several projects demanding high intelligent computing power, resulting in a significant increase in data server usage compared with 2023. In 2025, growth in data server usage was modest as the projects undertaken by us did not require additional intelligent computing capacity. Over the next few years, our data server usage is expected to rise moderately amid gradually increasing industry demand for intelligent computing. We intend to continuously optimize server performance management and use a modular cooling system to improve data center operational efficiency while reducing carbon emissions, in line with our green operations policy.

RISC-V and ESG

We are adopting RISC-V computing architecture, innovating application-specific algorithms and IP modules, and constructing efficient and open software-hardware platforms. Our RISC-V cores excel in openness, efficiency, flexibility and low power consumption. This significantly improves the energy efficiency of our RISC-V powered chip products and reduces energy consumption, thereby supporting the broader agenda of green and sustainable development. As the RISC-V ecosystem grows, its role in promoting green and sustainable industries continues to expand.

Corporate Social Responsibility and Governance

Employment and Welfare

We have established a systematic hiring mechanism and hire employees based on their merits, following the principles of lawfulness, fairness, equality, voluntariness, consensus, honesty and credibility. We will also focus on embracing diversity within our organization through diversified hiring channels and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development.

We strive to offer competitive salaries to attract and retain our talented employees, and we provide attractive benefits and care to employees, including bonus and share incentive, festival care and community activities, as well as pleasant working conditions and equipment. We believe that a balanced lifestyle is crucial to achieving a positive and active mindset at work. Therefore, we encourage employees to maintain good mental and physical health by participating in sports and recreational activities.

We nurture a friendly and inspirational corporate culture that we believe is attractive to the talented staff who are critical to our success, and we invest heavily in training and retaining them. We provide adequate resources to help them succeed, including various training and our invaluable industry-related insights and opportunities. In addition, we have established a systematic employee training system to support the career development of employees and the realization of corporate strategic goals. We also regularly organize professional activities such as technical salons and intellectual property knowledge training, and continuously update our online learning resource library to provide employees with diversified learning paths.

Workplace Safety

As we do not operate any production bases, we are not subject to significant health, work safety, social or environmental risks. Nonetheless, we adopt and maintain a series of rules, operating standards and other supporting measures to maintain a healthy and safe environment for our employees to ensure our operations comply with applicable workplace safety regulations. We regularly monitor the health status of employees through our annual physical examination system, combined with special training on laboratory safety to comprehensively protect the health and safety of employees. We have established intelligent office security system through monitoring equipment in the office area and set up an access control system to protect the personal and property safety of employees. We ensure emergency medical responses are in place by equipping first aid kits and basic medical care to deal with sudden illnesses and accidental injuries. To ensure compliance with applicable laws and regulations, our human resources department would adjust our policies to accommodate any material changes to relevant labor and safety laws and regulations if necessary and after consultation with our legal advisers.

Anti-corruption and Anti-bribery

We have implemented a set of policies to ensure our operations comply with applicable anti-bribery and anti-corruption regulations in jurisdictions where we operate. With "integrity, standardization, transparency and accountability" as our basic operation and management principle, we have made professional ethics and anti-corruption an important cornerstone of corporate governance.

To ensure effective implementation, we have constructed a multi-dimensional anti-corruption enforcement system. We have set up dedicated reporting mailboxes and hotlines, publicized reporting channels through multiple platforms including our official website, internal electronic office system and publicity boards, and also established a protection mechanism to protect whistleblower from being subjected to retaliation. Our audit team is responsible for investigating the reported incidents and taking appropriate measures as necessary. We also provide trainings for employees regarding anti-bribery and anti-corruption policies to facilitate better implementation.

Supply Chain Management

ESG risks arising from supply chain primarily include high energy consumption, high water consumption, and pollutant emissions. To address these risks, our suppliers have implemented multiple measures, such as the deep purification of wastewater and exhaust gases through multi-stage treatment to meet emission or recycling standards, actively increasing the proportion of green electricity usage to reduce carbon emissions, and optimizing production processes to improve yield rates and reduce energy consumption from rework. Additionally, we actively convey environmental requirements to upstream suppliers to promote energy conservation and emissions reduction across the entire supply chain. These initiatives effectively mitigate environmental risks related to resource consumption and pollutant emissions in the supply chain, aligning with ESG sustainability requirements.

We promote supplier improvements in ESG performance through systematic management. First, in the supplier selection process, we strictly implement a green access mechanism, with a 100% review coverage rate of new suppliers' green product management capabilities, ensuring that their production processes, business philosophies, and products comply with environmental protection requirements. Additionally, we require all suppliers to pass EICC standard audits to ensure labor rights and workplace safety standards. We continuously optimize our supplier pool, prioritizing partners whose sustainability philosophies align closely with ours. Through value synergy, we reduce ESG risks in the supply chain and jointly promote the green transformation of the industrial chain.

PROPERTIES

As of the Latest Practicable Date, we do not own any properties. As of the Latest Practicable Date, we primarily leased 17 properties for our business operations, which are mainly used as our headquarters and office space, and three properties as our dormitories in China with an aggregate gross floor area of 74,822.26 sq.m.

We believe that there is sufficient supply of properties in mainland China and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

Lack of Lease Agreement Registration

According to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement.

As of the Latest Practicable Date, we had not registered the lease agreements for six of our leased properties for business operations with the relevant competent authorities in accordance with applicable PRC regulations. As certain of the lease terms were generally short, and the registration of a lease agreement requires the cooperation between the lessor and lessee, and lessors are typically unwilling to undertake the administrative burden, it is practically difficult to complete the registration of the remaining lease agreements.

As advised by our PRC Legal Adviser, the lack of registration does not affect the validity and enforceability of the lease agreements, and we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register and to rectify within the prescribed time period after receiving notices from the relevant PRC government authorities. As such, the potential maximum penalties in relation to the failure to register the lease agreements are RMB0.05 million and our PRC Legal Adviser is of the view that such non-compliances would not have any material adverse impact on the Company's business, financial condition or results of operations.

As of the Latest Practicable Date, we were in active communication with our lessors and will take all practicable and reasonable steps to register these lease agreements. Two of these lease agreements are expected to complete the lease registrations by the end of 2026. For the remaining four unregistered leases, the non-registration was primarily because the property ownership certificates provided by the lessors cover the entire buildings and have not been subdivided for the area we leased, rendering them ineligible for registration procedures. We will replace the above premises with new registrable properties after the current leases expire, and we expect to complete the registrations by the end of 2027. We plan to request the registration of the lease agreements concurrently with entering new lease arrangements with the lessors going forward.

During the Track Record Period and up to the Latest Practicable Date, we had not received any notification of rectification or been subject to any administrative penalties by the relevant competent authorities. Our Directors are of the view that such non-compliance will not materially or adversely affect our business, financial condition and results of operations.

Inconsistency with Permitted Usage

As of the Latest Practicable Date, the actual land use of one of our leased properties for business operations was office, which is inconsistent with its approved land use as specified in its land use right certificate of industrial land. This was primarily because the office building was constructed by the lessor on the property purchased as industrial land. Upon completion, the building passed the inspection and approval of relevant government authorities and has since been used for business offices.

As advised by our PRC Legal Adviser, under relevant PRC laws and regulations, it is the lessor (not the tenants) may be ordered to make rectification within a prescribed time limit, and if there are illegal gains, a fine of one to three times the illegal gains capped at RMB30,000 may be imposed on the lessor. The tenants may also be imposed a penalty in legal enforcement practice. As such, the potential maximum penalties in relation to the inconsistency with permitted usage of this lease property is RMB30,000. If the owner of this property is required by government authorities to rectify such land use, we may have to relocate and bear relocation costs and other additional expenses. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any such rectification request by government authorities and have not been subject to any administrative penalties for such inconsistency. In light of the absence of any penalties affecting the normal use of such property, and as a prudent contingency measure to maintain operational stability and workforce continuity, we have been proactively identifying suitable alternative premises in the surrounding area. We expect to complete the relevant rectification by 2027. Furthermore, if we are unable to continue using such leased properties, the potential relocation will not lead to business disruption or undue burdensome, since we believe we are able to seek alternative leased properties in other areas (if necessary) without material adverse effects on the business operations and the relocation costs are not expected to be significant. Based on the foregoing, our PRC Legal Adviser is of the view that such non-compliance would not have any material adverse impact on the Company's business, financial condition or results of operations.

LICENSES, APPROVALS AND PERMITS

The following table sets forth the details of the material licenses and permits necessary for the business operations in which we engaged in China.

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Trusted Information Security Assessment Exchange	Beijing ESWIN Computing Technology Co., Ltd.	2026.07.08	2029.04.24
Beijing Key Laboratory	Beijing ESWIN Computing Technology Co., Ltd.	2026.05.06	2029.05.05
High and New Technology Enterprises Certificate	Beijing ESWIN Computing Technology Co., Ltd.	2024.12.19	2027.12.18
High and New Technology Enterprises Certificate	Hefei ESWIN Computing Technology Co., Ltd.	2024.11.28	2027.11.27
Beijing Enterprise Technology Center	Beijing ESWIN Computing Technology Co., Ltd.	2022.4.19	2027.11.01
National IP Advantage Enterprise	Beijing ESWIN Computing Technology Co., Ltd.	2023.12.01	2026.12.01
National Specialized, Sophisticated, Distinctive and Innovative Little Giant SME	Beijing ESWIN Computing Technology Co., Ltd.	2024.07.01	2027.06.30
Specialized, Sophisticated, Distinctive and Innovative SME	Beijing ESWIN Computing Technology Co., Ltd.	2022.10.01	2028.12.01
Specialized, Sophisticated, Distinctive and Innovative SME	Hefei ESWIN Computing Technology Co., Ltd.	2023.11.01	2026.11.01
Information Security Management System Certification ISO/IEC 27001:2022	Beijing ESWIN Computing Technology Co., Ltd.	2026.06.02	2029.06.01
Quality management system certification: ISO 9001:2015	Beijing ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Quality management system certification: ISO 9001:2015	Beijing ESWIN System Technology Co., Ltd.	2023.08.04	2026.08.24
Quality management system certification: ISO 9001:2015	Haining ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Quality management system certification: ISO 9001:2015	Hefei ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Beijing ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Beijing ESWIN System Technology Co., Ltd.	2023.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Haining ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Hefei ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Occupational health and safety management system certification: ISO 45001:2018	Beijing ESWIN Computing Technology Co., Ltd.	2022.11.14	2026.08.03
Occupational health and safety management system certification: ISO 45001:2018	Beijing ESWIN System Technology Co., Ltd.	2023.08.04	2026.08.03
Occupational health and safety management system certification: ISO 45001:2018	Haining ESWIN Computing Technology Co., Ltd.	2022.11.14	2026.08.03
Occupational health and safety management system certification: ISO 45001:2018	Hefei ESWIN Computing Technology Co., Ltd.	2022.11.14	2026.08.03

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Functional Safety Standard for Modern Road Vehicles: ISO 26262:2017	Beijing ESWIN Computing Technology Co., Ltd.	2022.09.28	2028.09.28
Hazardous substance process management system certification: QC 080000:2017	Beijing ESWIN Computing Technology Co., Ltd.	2021.11.29	2027.11.28
Hazardous substance process management system certification: QC 080000:2017	Beijing ESWIN System Technology Co., Ltd.	2023.11.07	2027.11.28
Hazardous substance process management system certification: QC 080000:2017	Hefei ESWIN Computing Technology Co., Ltd.	2021.11.29	2027.11.28
CNAS	Beijing ESWIN Computing Technology Co., Ltd.	2023.08.03	2029.08.02
CMMI3	Beijing ESWIN System Technology Co., Ltd.	2023.09.22	2026.09.22

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits, approvals and certificates necessary to conduct our actual business operations from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect. We consider that no circumstances exist that would render revocation or cancellation of our licenses, approvals, permits, certificates and written confirmations or would render legal impediments to our business operations. Our PRC Legal Advisor is also of the view that there is no material legal impediment for us to extend such licenses as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements prescribed by the applicable PRC laws and regulations and as required by the relevant authorities.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period, we were involved in certain immaterial non-compliance incidents, including (i) insufficient contributions of social insurance for a few employees and engagement with third-party human resource agents for the full payment of social insurance and housing provident fund for certain employees, (ii) failure to register the lease agreements, and (iii) inconsistent usage of our certain leased properties. See "— Employees — Social Insurance and Housing Provident Funds," and "— Properties" for details.

Our Directors are of the view that (a) none of the above non-compliance incidents was material or systemic and (b) considering the immateriality of such non-compliance incidents, the adequacy and effectiveness of our enhanced internal control measures, and that none of our Directors were involved in such non-compliance incidents, such non-compliance incidents did not in totality reflect negatively on our Directors' suitability under Rules 3.08 and 3.09, or their ability to operate the Group's business in a compliant manner and the effectiveness of the Board's oversight on regulatory compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to enhance our internal control effectiveness and manage such risk. Our audit team is responsible for implementing a series of detailed approaches and policies with regard to operational risk management. Our human resources, finance, operations and legal departments closely coordinate to form and are collectively responsible for a comprehensive risk management system.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal, economic and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Our legal department is responsible for evaluating the relevant regulations of each department, participating in the evaluation of major compliance events and review the qualifications of our business partners. In addition, our legal department also participates in the internal investigation reported by our business and operations department, gradually improving the overall compliance framework of our Group.

Intellectual Property Risk Management

As a technology intensive company, we may continue to be subject to the risk of intellectual property infringement by other parties or claims alleging such infringement by us or otherwise asserting their rights and urging us to obtain licenses in the course of our operations. Our intellectual property management department is responsible for the management of our patents, including our layout design of chip, chipsets and/or circuit boards. Our legal department is also responsible for our trademark management and takes the lead in the management of technical secrets with the joint effort of each business department. We also engage external intellectual property consultants to assist with our application and maintenance of our intellectual properties.

Information Security and Data Privacy Risk Management

Sufficient maintenance, storage and protection of our data and other related information are critical to our success. We have implemented comprehensive internal policies on protecting data privacy and security and ensure that our operations are in compliance with requirements from relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we have not become aware of any material information leakage or loss of our data. Our IT systems had not experienced any material third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats during the Track Record Period and up to the Latest Practicable Date.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management to comprehensively cover the workflow and operations of our financial staff and ensure the compliance of our financial reporting, such as administrative expense management, fixed assets and intangible assets management, inventory management, invoice and taxation management, budget management and financial statements management. Our finance department participates in the daily performance of our contracts and other operations to ensure the implementation of such policies. We also enhance the compliance and professionalism of our financial and audit matters through annual audits and regular consulting as well as opinions from external accountants.

Human Resources Risk Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential noncompliance with our code of conduct, work ethics, and violation of our internal policies or illegal acts at all levels of our Group.

Anti-corruption Risk Management

Anti-corruption risk involves the potential for unethical behavior, such as bribery, which could harm our interests. We have implemented thorough anti-corruption policies and a whistleblower mechanism for reporting misconduct anonymously. We have generally included our anti-corruption policies as well as detailed provisions and requirements in agreements with our suppliers and customers. We also provide a special section in our employee handbook to clearly stipulates our anti-corruption policies. Our internal audit team takes responsibility for any potential violations of these policies and requirements.

AWARDS AND RECOGNITIONS

Award/Recognition	Award Authority	Award Year
Advanced Collective for Promoting High-quality Modern Development of Anhui Province	Leading Group for the Development of Modern Service Industries of Anhui Provincial People's Government	2026.07
Global Unicorn Index 2026	Hurun Research Institute	2026.06
2025 Excellent Enterprise in Industry and Information Technology of Xi'an	Xi'an Bureau of Industry and Information Technology	2026.04
2025 Beijing Top 100 Enterprises for Specialization, Excellence, and Innovation	Beijing Enterprise Confederation, Beijing Entrepreneurs Association	2025.12
2025 Beijing Top 100 Enterprises for High-grade, High-precision, and Advanced	Beijing Enterprise Confederation, Beijing Entrepreneurs Association	2025.12
Science and Technology Award of the China Institute of Communications	China Institute of Communications	2025.12

Award/Recognition	Award Authority	Award Year
2025 Global Top 500 Unicorn Enterprise — Disruptive Technology Award	The Global Top 500 Unicorn Enterprise Evaluation Committee	2025.12
The 20th "China Chip" Award for Outstanding Technological Innovative Products	China Center for Information Industry Development	2025.11
100 Innovative Party Building Brands Featuring "Strong Party Building, Sound Development" in Emerging Sectors of Beijing	Working Committee for New Economic Organizations and New Social Organizations of the CPC Beijing Municipal Committee	2025.10
2025 China RISC-V Ecosystem Conference Golden List Award-RISC-V Ecosystem Contribution Award	icrank	2025.09
2025 Beijing Top 100 Private Enterprises in Technological Innovation	Beijing Federation of Industry and Commerce	2025.09
2025 Beijing Top 100 Private Enterprises for Specialization, Excellence, and Innovation	Beijing Federation of Industry and Commerce	2025.09
2025 China Top 100 Unicorn Enterprises of New Economy	iiMedia Research	2025.09
CMMI China 2025 Top 10 Excellent Practice Cases Award	CMMI Institute China Center of Excellence, Zhongguancun Smart Alliance for Software Service Industry Quality Innovation	2025.07
Beijing International Open Source Community: First Open Source Pioneer Enterprises of 2025	OpenAtom Foundation	2025.07
2024 China Unicorn Enterprises	Great Wall Strategy Consultants	2025.07
Global Unicorn Index 2025	Hurun Research Institute	2025.06
2025 China Unicorn Enterprises	Zhongguancun Unicorn Enterprise Development Alliance	2025.03
2024 Top 100 New Economy Unicorn Enterprises	DBC	2024.11
2024 Top 100 New Economy Unicorn Enterprises	iiMedia Research	2024.10
2024 Top 100 Unicorn Enterprises	CCID Consulting	2024.10
2023 Beijing Top 100 Private Technology Innovation Enterprises	Beijing Municipal Federation of Industry and Commerce	2024.09
2023 China Unicorn Enterprises	Great-wall Enterprise Institute	2024.06
2024 Beijing Unicorn Enterprises	Zhongguancun Unicorn Enterprise Development Alliance	2024.04
2024 Global Unicorn Enterprises	Hurun Institute	2024.04
2023 Outstanding Contribution Enterprises Service Industry of Haining	Haining Municipal Committee and People's Government	2024.02
2023 IP Pioneer	China RISC-V Alliance	2024.01
2023 Silicon 100	EE Times	2023.08

BOARD OF DIRECTORS

Our Board comprises 12 Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets out key information about our Directors.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Mr. Wang Dongsheng (王東升)	69	Executive Director and the chairman of the Strategy and Investment Committee	September 24, 2019	October 21, 2019	Corporate strategy and major personnel matters
Mr. Wang Bo (王波)	64	Executive Director, vice chairman of the Board and vice chairman of the Strategy and Investment Committee	September 24, 2019	May 31, 2022	Securing major customers breakthroughs in overseas markets and assisting corporate strategy
Mr. Mi Peng (米鵬)	46	Executive Director, chairman of the Board and chief executive officer	September 24, 2019	April 17, 2020	Responsible for the overall management of our Company
Mr. Hu Weihao (胡巍浩)	43	Executive Director, president and chief operating officer	September 24, 2019	April 24, 2025	Responsible for the overall operation of our Company and directly responsible for embodied intelligence business group
Non-executive Directors					
Mr. Li Jiaqing (李家慶)	52	Non-executive Director	April 17, 2020	April 17, 2020	Participating in the formulation of our Company's corporate and business strategies
Dr. Yu Xinhua (俞信華)	51	Non-executive Director	October 21, 2019	October 21, 2019	Participating in the formulation of our Company's corporate and business strategies
Mr. Zhang Shuai (張帥)	41	Non-executive Director	July 31, 2023	July 31, 2023	Participating in the formulation of our Company's corporate and business strategies
Ms. Liu Feihong (劉飛虹)	41	Non-executive Director	August 26, 2025	August 26, 2025	Participating in the formulation of our Company's corporate and business strategies

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Independent Non-executive Directors					
Mr. Chu Howard Ho Hwa (朱賀華)	62	Independent non-executive Director	April 24, 2025	April 24, 2025	Responsible for providing independent opinion and judgment to the Board
Dr. Lyu Wendong (呂文棟)	58	Independent non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing independent opinion and judgment to the Board
Dr. Zhang Chun (張春)	54	Independent non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing independent opinion and judgment to the Board
Dr. Zhang Xiaojun (張曉君)	42	Independent non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing independent opinion and judgment to the Board

Executive Directors

Mr. Wang Dongsheng (王東升), aged 69, is an executive Director and the chairman of the Strategy and Investment Committee of our Company. Mr. Wang founded our Company in September 2019. From October 2019 to April 2025, Mr. Wang worked as our Director and chairman of the Board. Mr. Wang was re-designated as an executive Director and chairman of the Strategy and Investment Committee in April 2025.

Mr. Wang has more than 40 years of experience in the semiconductor industry. He is a distinguished systems engineering and financial expert, as well as a pioneering entrepreneur in the information and communications technology industry. In 1993, Mr. Wang led the founding of BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) ("**BOE**"), a leading IoT provider of intelligent interface products and professional services incorporated in China and listed on the Shenzhen Stock Exchange (stock code: 000725.sz). Mr. Wang served as chairman and chief executive officer from the founding of BOE until May 2016, then continued as chairman until the conclusion of his term in June 2019, when he ceased his positions in BOE. From the beginning of the Track Record Period to December 2023, Mr. Wang indirectly held less than 0.2% interests in BOE. Under his leadership, BOE resolved China's critical "display shortage" situation, growing to be a global leader in the semiconductor display industry and fundamentally reshaping the international competitive landscape. In 2019, he was granted the David Sarnoff Industrial Achievement Award by the Society for Information Display.

In addition, he has been serving as the chairman of ESWIN Group since November 2019, and a director taking non-executive role of Xi'an ESWIN Material Technology Co., Ltd. (西安奕斯偉材料科技股份有限公司), a subsidiary of ESWIN Group, since July 2019.

Mr. Wang graduated from Hangzhou Radio Industrial College (杭州無線電工業學校), currently known as Hangzhou Dianzi University (杭州電子科技大學), majoring in financial accounting in the PRC in July 1980. He then completed his undergraduate studies in industrial financial accounting at Renmin University of China (中國人民大學) in the PRC in June 1987. He further earned a master of engineering in June 1995 from University of Electronic Science and Technology of China (電子科技大學).

Mr. Wang Bo (王波), aged 64, is an executive Director and vice chairman of the Board of our Company. Mr. Wang Bo joined our Company in September 2019 as chief operating officer. Mr. Wang Bo served as our president from May 2022 and chief executive officer from May 2023. Also, he has been serving as our Director since May 2022 and vice chairman of the Board since December 2023. Mr. Wang Bo was re-designated as an executive Director and vice chairman of the Strategy and Investment Committee in April 2025.

Mr. Wang Bo has around 30 years of experience in integrated circuit industry. Prior to joining our Company, from October 1995 to August 2019, Mr. Wang Bo worked at Intel Corporation, a company listed on the NASDAQ (stock code: INTC), where he last served as a product director.

Mr. Wang Bo obtained his bachelor's degree in automation engineering through correspondence education from Northeast Electric Power University (東北電力大學), formerly known as Northeast China Institute of Electric Power Engineering (東北電力學院) in the PRC in July 1988. He further pursued his studies at the California State University, Chico where he earned a master's degree in electronic engineering in the United States in May 1995.

Mr. Mi Peng (米鵬), aged 46, is an executive Director, chairman of the Board and chief executive officer of our Company. Mr. Mi Peng joined our Company in September 2019 as chief financial officer. Mr. Mi Peng has been serving as our president since May 2023, and our chief executive officer since December 2024. Mr. Mi Peng has been serving as our Director since April 2020, and was re-designated as an executive Director, chairman of the Board and chief executive officer in April 2025. Mr. Mi Peng also serves as a director or management in certain subsidiaries of our Company.

Mr. Mi Peng has around 25 years of experience in finance and corporate management. Prior to joining our Company, Mr. Mi Peng worked at various departments and subsidiaries of BOE from July 2001 to October 2015, including management positions such as head of budget department, head of investment department and his last position being the head of planning center. From October 2015 to December 2017, Mr. Mi Peng worked at Beijing Singularity Power Investment Management Co., Ltd. (北京芯動能投資管理有限公司) as deputy general manager. From January 2018 to September 2019, Mr. Mi Peng has been serving as the general manager of the Predecessor Company.

In addition to his roles within our Company, Mr. Mi Peng also serves as a director taking non-executive role at ESWIN Group since November 2019.

Mr. Mi Peng obtained his bachelor's degree in management majoring in accounting from Shenyang Ligong University (瀋陽理工大學), formerly known as Shenyang Institute of Industry Technology (瀋陽工業學院) in the PRC in July 2001. He further earned a master's degree in economics from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in the PRC in June 2011.

Mr. Hu Weihao (胡巍浩), aged 43, is an executive Director, president and chief operating officer of our Company. Mr. Hu Weihao joined our Company in September 2019 as marketing director and then general manager of our display interactive business unit since August 2020. Mr. Hu Weihao has been serving as our chief marketing and sales officer since June 2022, our president and chief operating officer since December 2024. Mr. Hu Weihao was appointed as an executive Director in April 2025.

Mr. Hu Weihao has around 20 years of experience in the semiconductor industry. Prior to joining our Company, Mr. Hu Weihao worked for SANYO Technology Center (Shenzhen) Co., Ltd. (三洋科技中心(深圳)有限公司), formerly known as Shenzhen Huaqiang-SANYO Technology Design Co., Ltd. (深圳華強三洋技術設計有限公司), a subsidiary of Panasonic Holdings Corporation, which is listed on the Tokyo Stock Exchange (stock code: 6752.tyo) from July 2005 to June 2009. From June 2009 to September 2017, Mr. Hu Weihao worked in BOE with his last position as head of department of interactive commercial display development. From October 2017 to September 2019, Mr. Hu Weihao served as a marketing director of the Predecessor Company. Since May 2026, Mr. Hu served as a director at Wuhan Yuanshi Intelligent Computing Technology Co., Ltd. (武漢元石智算科技有限公司), a close associate of ESWIN Group.

Mr. Hu Weihao obtained his bachelor's degree in electronic science and technology from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 2005. He further pursued his studies at the Tsinghua University (清華大學), and obtained a degree of executive master of business administration in the PRC in June 2025.

Non-executive Directors

Mr. Li Jiaqing (李家慶), aged 52, joined our Company as a Director in April 2020. Mr. Li Jiaqing was re-designated as a non-executive Director in April 2025.

Mr. Li Jiaqing has over 20 years of experience in corporate strategy and governance. Since 2001, he has been serving at Legend Capital Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**") and is currently the president of the company, formerly known as Beijing Legend Management Co., Ltd. (北京君聯資本管理有限公司) and Beijing Legend Capital Investment Consultant Co., Ltd. (北京聯想投資顧問有限公司).

In addition, Mr. Li Jiaqing has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
May 2016 to November 2025	Hichain Logistics Co., Ltd. (江蘇海晨物流股份有限公司)	Shenzhen Stock Exchange, stock code: 300873.sz	Director
November 2012 to September 2024	How Buy Wealth Management Co., Ltd. (好買財富管理股份有限公司)	National Equities Exchange and Quotations, stock code: 834418.neeq	Director
October 2016 to June 2026	Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司)	Shenzhen Stock Exchange, stock code: 300759.sz Stock Exchange, stock code: 3759.hk	Non-executive director
July 2017 to April 2024	Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司)	Shanghai Stock Exchange, stock code: 601156.sh	Director
June 2020 to September 2024	UCloud Technology Co., Ltd. (優刻得科技股份有限公司)	Shanghai Stock Exchange, stock code: 688158.sh	Director
February 2023 to present	Z.AI Co., Ltd. (北京智譜華章科技股份有限公司)	Stock Exchange, stock code: 2513.hk	Non-executive director
May 2021 to present	Beijing Haizhi Technology Group Co., Ltd. (北京海致科技集團股份有限公司)	Stock Exchange, stock code: 2706.hk	Non-executive director

Mr. Li Jiaqing obtained his dual bachelor's degree in mechanical engineering and enterprise management and a master's degree in management from Tsinghua University (清華大學) in the PRC in July 1996 and July 1999, respectively. He further pursued his studies at the Collège des Ingénieurs, where he earned a master's degree in business administration in France in June 2001.

Dr. Yu Xinhua (俞信華), aged 51, joined our Company as a Director in October 2019. Dr. Yu Xinhua was re-designated as a non-executive Director in April 2025.

Dr. Yu Xinhua has over 20 years of experience in investment. Since 2005, Dr. Yu Xinhua worked at IDG Capital (IDG資本) and currently serves as a partner.

Dr. Yu Xinhua obtained his bachelor's degree in materials science from Zhejiang University (浙江大學) in the PRC in June 1997. He further obtained a master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC, and a doctorate degree in business administration from Singapore Management University in Singapore in June 2024.

In addition, Dr. Yu Xinhua has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
December 2019 to September 2022 . .	Shanghai Aiko Solar Co., Ltd. (上海愛旭新能源股份有限公司)	Shanghai Stock Exchange, stock code: 600732.sh	Director
April 2016 to August 2023	BOE HC SemiTek Corp (京東方華燦光電股份有限公司)	Shenzhen Stock Exchange, stock code: 300323.sz	Director, vice chairman of board of directors
January 2023 to August 2024	Jiangsu Aisen Semiconductor Material Co., Ltd. (江蘇艾森半導體材料股份有限公司)	Shanghai Stock Exchange, stock code: 688720.sh	Director
August 2022 to June 2025	REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司)	Stock Exchange, stock code: 0666.hk	Non-executive Director
August 2023 to September 2025 .	BOE HC SemiTek Corp (京東方華燦光電股份有限公司)	Shenzhen Stock Exchange, stock code: 300323.sz	Supervisor, chairman of the Supervisory Committee

Also, Dr. Yu Xinhua currently serves as a director of multiple corporations, including: Gokin Solar Co., Ltd. (高景太陽能股份有限公司), Newnagy Holdings, Inc., Sunwoda Mobility Energy Technology Co., Ltd. (欣旺達動力科技股份有限公司), Zhuhai Dianna Investment Co., Ltd. (珠海迪安娜投資有限公司), Xi'an JD Energy Co., Ltd. (西安奇點能源股份有限公司), Shanghai Techsense Co., Ltd. (上海世禹精密設備股份有限公司), Suzhou TSUN Technology Co., Ltd. (蘇州騰聖技術有限公司), Icleague Technology Co., Ltd. (芯盟科技有限公司), Nanjing Jiuzhou Xingji New Materials Co., Ltd. (南京九州星際新材料有限公司), Beijing Jianyuan Technology Co., Ltd. (北京箭元科技有限責任公司), Jiangsu Reliance Energy Tech Co., Ltd. (江蘇睿恩新能源科技有限公司), Wisewave Technology Co., Ltd. (芯潮流(珠海)科技有限公司), Shanghai Shuyuan Management Consulting Co., Ltd. (上海述遠管理諮詢有限公司), Shandong Qifu New Materials Co., Ltd. (山東齊氟新材料有限公司) and Shanghai Xinguangjie Intelligent Technology Co., Ltd. (上海芯光界智能科技有限公司).

Mr. Zhang Shuai (張帥), aged 41, joined our Company as a Director in July 2023. Mr. Zhang Shuai was re-designated as a non-executive Director in April 2025.

Mr. Zhang Shuai has extensive experience in financial sector. From November 2008 to July 2020, Mr. Zhang Shuai served at China Development Bank (國家開發銀行). Mr. Zhang Shuai worked for Sino-IC Capital Ltd. (華芯投資管理有限責任公司) since August 2020 and he currently serves as a department manager.

In addition, Mr. Zhang Shuai has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
January 2021 to June 2022	China Wafer Level CSP Co., Ltd. (蘇州晶方半導體科技股份有限公司)	Shanghai Stock Exchange, stock code: 603005.sh	Director
January 2021 to December 2023 . .	Telink Semiconductor (Shanghai) Co., Ltd. (泰凌微電子(上海)股份有限公司)	Shanghai Stock Exchange, stock code: 688591.sh	Director
June 2021 to August 2024	Suzhou Centec Communications Co., Ltd. (蘇州盛科通信股份有限公司)	Shanghai Stock Exchange, stock code: 688702.sh	Director
July 2021 to April 2023	Rockchip Electronics Co., Ltd. (瑞芯微電子股份有限公司)	Shanghai Stock Exchange, stock code: 603893.sh	Director

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
June 2021 to June 2023	GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司)	Shanghai Stock Exchange, stock code: 603986.sh and the Stock Exchange, stock code: 3986.hk	Director
August 2021 to September 2025	Biwin Storage Technology Co., Ltd. (深圳佰維存儲科技股份有限公司)	Shanghai Stock Exchange, stock code: 688525.sh	Director
August 2021 to Present	Sai MicroElectronics Inc. (北京賽微電子股份有限公司)	Shenzhen Stock Exchange, stock code: 300456.sz	Director
September 2021 to August 2024	Smarter Microelectronic (Guangzhou) Co., Ltd. (廣州慧智微電子股份有限公司)	Shanghai Stock Exchange, stock code: 688512.sh	Director
December 2023 to Present	Empyrean Technology Co., Ltd. (北京華大九天科技股份有限公司)	Shenzhen Stock Exchange, stock code: 301269.sz	Director

Mr. Zhang Shuai obtained his bachelor's degree in electronics and information engineering from Beihang University (北京航空航天大學) in the PRC in July 2006. He further pursued his studies at the University of Southampton, where he earned a master's degree in microelectronic systems design in the United Kingdom in November 2007.

Ms. Liu Feihong (劉飛虹), aged 41, joined our company as a non-executive Director in August 2025.

Ms. Liu Feihong has about 20 years of experience in financing and investment management. From November 2007 to February 2010, Ms. Liu Feihong worked at the high-end customer service department of BOCI Securities Limited (中銀國際證券有限公司). From February 2010 to January 2011, Ms. Liu worked for CapitalEdge Investment Management Co., Ltd. (上海國富投資管理有限公司). From January 2013 to August 2014, Ms. Liu Feihong worked for Highland Asset Management Corporation (漢鑫資產管理股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 831796.neeq). From 2014 to 2016, Ms. Liu Feihong worked for Tianjin Huachuang Ronghui Investment Management Co., Ltd. (天津鏵創融匯投資管理有限公司) with her last position as the vice general manager of investment business department. Since February 2016, Ms. Liu Feihong worked for Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000532.sz), as the chief investment officer. Since March 2024, Ms. Liu worked for Zhuhai Huajin Innovation Investment Management Co., Ltd. (珠海華金創新投資有限公司) as the chairperson of the board and general manager. Since June 2024, Ms. Liu Feihong worked for Zhuhai Huafa Science and Technology Industry Group Co., Ltd. (珠海華發科技產業集團有限公司) as the chief investment officer. Ms. Liu Feihong also holds directorship of Zhuhai Yiyuan Technology Co., Ltd. (珠海奕源科技有限公司), a close associate of ESWIN Group.

In addition, from May 2021 to August 2023, Ms. Liu Feihong was an independent director of BOE HC SemiTek Corp (京東方華燦光電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300323.sz).

Ms. Liu Feihong obtained her bachelor's degree in financial engineering from Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 2007. She graduated from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2011 with a major in quantitative economics. Also, in December 2016, Ms. Liu Feihong obtained her master's degree in accounting from Nankai University (南開大學) in the PRC.

Independent Non-executive Directors

Mr. Chu Howard Ho Hwa (朱賀華), aged 62, has been appointed as an independent non-executive Director in April 2025.

Mr. Chu Howard Ho Hwa has over 30 years of experience in corporate governance. From September 1992 to August 1999, Mr. Chu Howard Ho Hwa worked at ABN AMRO Asia Corporate Finance Limited with his last position as the head of Hong Kong Origination. Subsequently, he served as the co-CEO and co-founder of Hong Kong MyRice.com. From February 2001 to February 2006, he was employed by the HSBC Group with his last position as the corporate finance director of HSBC Markets (Asia) Limited. He worked as a consultant of Shanghai Century Acquisition Corporation from June 2006 to April 2008. He also served as the assistant to the chairman of the United Energy Group Limited (0467.hk) from September 2008 to June 2009. From September 2012 to February 2018, he served as the chief executive officer of mReferral Corporation (HK) Limited. Since January 2014, he has served as a partner at Go Capital Limited, where he is responsible for leading the fund's overseas investment projects. Prior to joining our Company, he worked at the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
August 2009 to October 2011 . . .	Trony Solar Holdings Company Limited (創益太陽能控股有限公司)	Previously listed on the Stock Exchange, stock code: 2468.hk, and was delisted in August 2018	Chief financial officer
September 2010 to May 2012	China Kingstone Mining Holdings Limited (中國金石礦業控股有限公司)	Stock Exchange, stock code: 1380.hk	Independent non-executive Director
May 2010 to June 2016	Directel Holdings Limited (直通電訊控股有限公司)	Stock Exchange, stock code: 8337.hk	Independent non-executive Director
June 2012 to June 2015	Weichai Power Co., Ltd. (濰柴動力股份有限公司)	Stock Exchange, stock code: 2338.hk	Independent non-executive Director
June 2016 to present	BOE Varitronix Limited (京東方精電有限公司)	Stock Exchange, stock code: 0710.hk	Independent non-executive Director
June 2019 to August 2025	Guolian Minsheng Securities Co., Ltd. (國聯民生證券股份有限公司)	Stock Exchange, stock code: 1456.hk	Independent non-executive Director
September 2022 to May 2026	Crypto Flow Technology Limited (加冪科技有限公司)	Stock Exchange, stock code: 8198.hk	Independent non-executive Director

Mr. Chu Howard Ho Hwa obtained his bachelor's degree in electrical engineering from University of Rochester in the United States in May 1986. He further pursued his studies at the Columbia University in the City of New York, where he earned a master's degree in business administration in the United States in May 1990.

Dr. Lyu Wendong (呂文棟), aged 58, has been appointed as an independent Director of the Company in July 2023, and was re-designated as an independent non-executive Director in April 2025.

Dr. Lyu Wendong has about 20 years of experience in science and technology policy research. Dr. Lyu Wendong served for Taiyuan Science and Technology Committee (太原市科學技術委員會). From October 2004 to June 2006, Dr. Lyu Wendong worked for his postdoctoral fellowship in Guanghua School of Management, Peking University (北京大學光華管理學院). Dr. Lyu Wendong serve as a professor of Business School of University of International Business and Economics (對外經濟貿易大學) since December 2006.

Dr. Lyu Wendong has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
May 2018 to May 2024	Henan Yuguang Gold and Lead Co., Ltd. (河南豫光金鉛股份有限公司)	Shanghai Stock Exchange, stock code: 600531.sh	Independent Director
September 2020 to December 2024	Hua Xia Bank Co., Limited (華夏銀行股份有限公司)	Shanghai Stock Exchange, stock code: 600015.sh	Independent Director
September 2020 to present	Henan Pinggao Electric Company Limited (河南平高電氣股份有限公司)	Shanghai Stock Exchange, stock code: 600312.sh	Independent Director
November 2024 to present	Integritytech Corp (永信至誠科技集團股份有限公司)	Shanghai Stock Exchange, stock code: 688244.sh	Independent Director

Dr. Lyu Wendong obtained his bachelor's degree in economic management from Shanxi University (山西大學) in the PRC in August 1990. He further pursued his studies at Renmin University of China (中國人民大學), where he earned a master's degree in business administration in the PRC in July 1999. He then received a doctorate degree in theory and methods in political science from Peking University in the PRC in June 2004.

Dr. Zhang Chun (張春) (former name: Zhang Xiaochun (張曉春)), aged 54, was appointed as an independent Director of the Company in July 2023 and was re-designated as an independent non-executive Director in April 2025.

Dr. Zhang Chun has about 25 years of experience in electronic information research. Dr. Zhang Chun joined Tsinghua University (清華大學) in July 2000, and serves as the director of a research institute of Tsinghua University.

Dr. Zhang Chun obtained his bachelor's degree in radio technology and information system and doctorate degree in circuit system from Tsinghua University (清華大學) in the PRC in July 1995 and June 2000, respectively. Dr. Zhang Chun is a senior member of Institute of Electrical and Electronics Engineers.

Dr. Zhang Xiaojun (張曉君), aged 42, has been appointed as an independent Director of the Company in July 2023 and was re-designated as an independent non-executive Director in April 2025.

Dr. Zhang Xiaojun has about 10 years of experience in accounting. Dr. Zhang Xiaojun joined Peking University (北京大學) in 2015 and currently serves as an associate professor in accounting department of Guanghua School of Management of Peking University (北京大學光華管理學院會計系) and a deputy director of the Research Center for International Accounting and Finance of Peking University (北京大學國際會計與財務研究中心). In June 2025, Dr. Zhang Xiaojun was appointed as an independent director of Richinfo Technology Co., Ltd. (彩訊科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300634.sz).

Dr. Zhang Xiaojun obtained her bachelor's degree in accounting and statistics and a master's degree in statistics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2007 and June 2009, respectively. She then received a doctorate degree from Nanyang Technological University in Singapore in September 2015.

SUPERVISORY COMMITTEE

The Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include supervising the performance of duty of the Board and the senior management of our Company and overseeing the financial conditions of our Company.

The following table sets out key information about our Supervisors:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Supervisor	Responsibilities
Mr. Sun Dafei (孫達飛)	47	Supervisor, chairman of the Supervisory Committee	October 21, 2019	May 31, 2022	Responsible for monitoring the performance of the Directors and senior management
Mr. Liu Shuai (劉帥)	30	Supervisor	February 18, 2021	May 31, 2022	Responsible for monitoring the performance of the Directors and senior management
Mr. Wang Qi (王琪)	34	Employee representative Supervisor	September 24, 2019	May 10, 2022	Responsible for monitoring the performance of the Directors and senior management

Mr. Sun Dafei (孫達飛), aged 47, has been the chairman of our Supervisory Committee since May 31, 2022.

Mr. Sun Dafei has over 20 years of experience in investment and financing. From May 2003 to May 2007, Mr. Sun Dafei worked for China Development Bank (國家開發銀行) as an assessment specialist. From July 2007 to September 2011, Mr. Sun Dafei worked for Royal Bank of Scotland & ABN AMRO Beijing Branch as a director and deputy general manager. From 2011 to 2015, Mr. Sun Dafei worked for Hony Capital (弘毅投資) as an investment director. Mr. Sun Dafei is the founder of Beijing Triniti Capital Management Co., Ltd (北京三行資本管理有限責任公司) and has served as the chief executive officer since March 2015.

Mr. Sun Dafei obtained his bachelor's degree in communication engineering and master's degree in communication and information system from Beijing Institute of Technology (北京理工大學) in the PRC in July 2000 and March 2003, respectively. He further pursued his studies at the Tsinghua University (清華大學) in the PRC, and obtained a master's degree in business administration in July 2018.

Mr. Liu Shuai (劉帥), aged 30, has served as our Supervisor since May 31, 2022.

Mr. Liu Shuai has about nine years of experience in accounting and financing. From October 2017 to May 2019, Mr. Liu Shuai worked as an auditor at PricewaterhouseCoopers Zhong Tian LLP Beijing Branch (普華永道中天會計師事務所(特殊普通合夥)北京分所). From June 2019 to February 2021, Mr. Liu Shuai worked as a financial analysis specialist at Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司). Besides, Mr. Liu Shuai was a finance business partner of our Company from February 2021 to May 2022. Since June 2022, Mr. Liu Shuai has joined ESWIN Group as the head of investment management department and is responsible for post-investment management.

Mr. Liu Shuai obtained his bachelor's degree in business administration from Nankai University (南開大學) in the PRC in June 2017.

Mr. Wang Qi (王琪), aged 34, has served as our Supervisor since May 10, 2022. Mr. Wang Qi joined our Company in September 2019 as a legal business partner. Further, he has been designated as our chief legal officer since October 2024.

Mr. Wang Qi has over 10 years of experience in legal practice. Mr. Wang Qi was an associate lawyer of Beijing Dentons Law Office, LLP (Chongqing) (北京大成(重慶)律師事務所) from August 2014 to June 2017. From June 2017 to June 2019, Mr. Wang Qi worked at China Mobile IoT Company Limited (中移物聯網有限公司), a subsidiary of China Mobile Limited (中國移動有限公司), which is listed on the Stock Exchange (stock code: 0941.hk) and Shanghai Stock Exchange (stock code: 600941.sh).

Mr. Wang Qi obtained his bachelor's degree in law from Chongqing University (重慶大學) in the PRC in June 2014. Mr. Wang Qi obtained the Legal Profession Qualification from the Ministry of Justice of the PRC to practice law in the PRC in March 2015.

SENIOR MANAGEMENT

The following table sets out key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Mr. Mi Peng (米鵬)	46	Executive Director, chairman of the Board and chief executive officer	September 24, 2019	September 24, 2019	Responsible for the overall management of our Company
Mr. Hu Weihao (胡巍浩)	43	Executive Director, president and chief operating officer	September 24, 2019	December 10, 2023	Responsible for the overall operation of our Company and directly responsible for embodied intelligence business group
Dr. He Ning (何寧)	49	Senior vice president and chief technology officer	November 3, 2020	July 12, 2023	Responsible for technological innovation and management, technology ecosystem development, and technology-related business operations of our Company
Ms. Li Yang (李洋)	34	Chief financial officer	September 24, 2019	December 10, 2023	Responsible for corporate accounting, budgeting and capital management, as well as financial risk control of our Company

Mr. Mi Peng (米鵬), aged 46, is an executive Director, chairman of the Board and chief executive officer of our Company. See "— Board of Directors — Executive Directors" above for details of his biography.

Mr. Hu Weihao (胡巍浩), aged 43, is an executive Director, president and chief operating officer of our Company. See "— Board of Directors — Executive Directors" above for details of his biography.

Dr. He Ning (**何寧**), aged 49, is a senior vice president and the chief technology officer of our Company. Dr. He Ning joined our Company in November 2020 as director of the system strategy office. Dr. He Ning has been serving as head of our Central Research Institute since February 2021 and our chief technology officer since July 2023.

Dr. He Ning has about 20 years of experience in research and development of integrated circuit and system solution. Prior to joining our Company, from October 2006 to August 2015, Dr. He Ning served at Qualcomm Technologies, Inc., a company listed on the NASDAQ (stock code: QCOM) with his last position being senior staff engineer. Later, from August 2015 to July 2017, Dr. He Ning worked as a principal architect of integrated circuit at ZTE (TX) Inc., a subsidiary of ZTE Corporation (中興通訊股份有限公司), which is listed on the Stock Exchange (stock code: 0763.hk) and Shenzhen Stock Exchange (stock code: 000063.sz). From July 2017 to November 2020, Dr. He Ning worked for Shenzhen Genvict Technology Co., Ltd. (深圳市金溢科技股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 002869.sz). as vice president and chief technology officer.

Dr. He Ning is currently a member of RISC-V International's board of directors, rotating chairman of RISC-V Ecosystem & Industry of China Electronics Standardization Association (中國電子工業標準化技術協會RISC-V工作委員會) and vice chairman of Zhongguancun Standardization Association (中關村標準化協會).

Dr. He Ning obtained his bachelor's degree in image transmission and processing and master's degree in signal and information processing from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 1999 and March 2002, respectively. He further pursued his studies at the Arizona State University in the United States and obtained his Ph.D in electrical engineering in December 2006.

Ms. Li Yang (**李洋**), aged 34, is the chief financial officer of our Company. Ms. Li Yang joined our Company in September 2019 as an accountant. Ms. Li Yang has been serving as our person-in-charge of finance since December 2023 and chief financial officer since April 2025.

Ms. Li Yang has extensive experience in financing management. Prior to joining our Company, from July 2017 to April 2018, Ms. Li Yang worked as financial accountant in Cartera Commerce, Inc. Later, Ms. Li Yang worked at Ningbo FOTILE Kitchen Ware Co., Ltd. (寧波方太廚具有限公司) as internal auditor during August 2018 to April 2019.

Ms. Li Yang obtained her bachelor's degree in economics from Dalian Minzu University (大連民族大學) (formerly known as Dalian Minzu Institute (大連民族學院)) in the PRC and bachelor's degree in business administration from Valparaiso University in the United States in July 2014 and May 2015, respectively. She further pursued her studies at the Purdue University and obtained a master's degree of science in May 2017.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors, Supervisors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management of our Company.

To the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors or Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Bu Tian (卜天), aged 35, has served as our Board secretary and joint company secretary since May 31, 2022 and April 2, 2025, respectively.

Ms. Bu Tian has nearly 10 years of experience in securities, investment, and financing. Prior to joining our company, she held positions related to investor relations in BOE from October 2016 to April 2019. In April 2019, she joined our Predecessor Company as an investment and financing manager. Since September 2019, she has held various positions within our Company, including director of the securities department, head of the investment and financing center, Board secretary.

Ms. Bu Tian obtained her master's degree in management from University College London in the United Kingdom in November 2015.

Ms. Chan Hei (陳曦) has been conditionally appointed as our joint company secretary in May 2026 to be taken effect from the [**REDACTED**]. Ms. Chan Hei is currently a senior manager of Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services, and has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance and The Chartered Governance Institute in the United Kingdom. Ms. Chan holds a bachelor's degree in business administration in Accountancy from Hong Kong Polytechnic University.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Strategy and Investment Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee.

Strategy and Investment Committee

The Strategy and Investment Committee of our Company consists of eight Directors, namely Mr. Wang, Mr. Li Jiaqing, Dr. Yu Xinhua, Mr. Zhang Shuai, Ms. Liu Feihong, Mr. Wang Bo, Mr. Mi Peng and Mr. Hu Weihao. Mr. Wang and Mr. Wang Bo serve as the chairman and vice chairman of the Strategy and Investment Committee, respectively. The primary duties of the Strategy and Investment Committee are, among others, to (i) conduct regular reviews and make recommendations on the Company's development strategies; (ii) review and recommend major investment, financing, and transaction plans; (iii) review matters materially affecting the Company's development; (iv) handle other matters authorized by the Board.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Chu Howard Ho Hwa, Dr. Lyu Wendong and Dr. Zhang Xiaojun. Mr. Chu Howard Ho Hwa, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee are, among others, to (i) propose the appointment or change of external auditors to the Board; (ii) examine the Company's financial information and review financial reports and statements; (iii) examine the Company's financial reporting system, risk management, and internal control system; (iv) handle other matters authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Chu Howard Ho Hwa, Mr. Wang and Dr. Zhang Xiaojun. Mr. Chu Howard Ho Hwa serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are, among others, to (i) provide suitable candidates for directors, chief executive officer, and senior management to the Board; (ii) review the structure, size, and composition of the Board; (iii) conduct the Company's regular evaluation of the Board's performance; (iv) handle other matters authorized by the Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Lyu Wendong, Mr. Wang and Dr. Zhang Chun. Dr. Lyu Wendong serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, among others, to (i) make recommendations to the Board on the Company's policy and structure for directors' and senior management remuneration; (ii) monitor the implementation of the Company's remuneration system; and (iii) handle other matters authorized by the Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 24, 2025 or September 1, 2025, 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 or her appointment.

COMPENSATION OF DIRECTORS AND SUPERVISORS

Our Directors and Supervisors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For information on remuneration of Directors, Supervisors and the five highest paid individuals of the Group during the Track Record Period, see notes 8, 8 and 9 to the Accountants' Report.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors for the year ending December 31, 2026 to be approximately RMB98.1 million.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Mi Peng currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have four independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. 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.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [**REDACTED**] of its [**REDACTED**] securities 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 Adviser 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 Adviser 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 the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR SINGLE LARGEST SHAREHOLDERS

Upon the [**REDACTED**], the group of our Single Largest Shareholders will include ESWIN Group, Yili Technology, Yixiang Technology, Yiming Technology, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan (楊新元) and Mr. Liu Huanping (劉還平). Save for their interests in ESWIN Group, each of Mr. Yang Xinyuan and Mr. Liu Huanping is an Independent Third Party. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and upon the [**REDACTED**], they will collectively control [**REDACTED**]% of our total issued share capital.

ESWIN Group, a technology platform-oriented company focusing on the development of the semiconductor industry and the construction of the ecological chain, directly holds 17.74% of our total issued share capital as of the date of this Document. ESWIN Group also manages, as the sole general partner thereof, Yili Technology and Yixiang Technology, being our employee shareholding platforms with shareholdings of 12.72% and 1.09% of our total issued share capital as of the Latest Practicable Date, respectively.

ESWIN Group is held by Yiming Technology, Mr. Mi Peng, Mr. Yang Xinyuan and Mr. Liu Huanping as to 52.4003%, 7.2057%, 4.3234% and 3.9908%, respectively. Yiming Technology is held by Mr. Wang as to 63% as its sole general partner and other nine individuals as its limited partners including: (1) Mr. Wang Bo and Mr. Hu Weihao, being our executive Directors; (2) Dr. He Ning, our senior vice president and chief technology officer; and (3) six other individuals who are current or former employees of the Company or current employee of the Company's affiliates. None of the limited partners of Yiming Technology holds 10% or more partnership interests and all of these nine individuals have never and are not expected to exercise control over the daily operation and management of the Company. Mr. Mi Peng is our executive Director, chairman of the Board and chief executive officer. Pursuant to an agreement entered into between Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping in May 2025, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping are acting in concert with respect to all matters in the board meeting and general meeting of ESWIN Group, and such agreement shall remain in full force and effect. Each of Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan and Mr. Liu Huanping undertakes that, for so long as they hold any equity interest in ESWIN Group, they shall not terminate the acting in concert arrangement. Therefore, ESWIN Group controls the voting rights of Yili Technology and Yixiang Technology in our Company and Mr. Wang controls the voting rights of Yiming Technology in ESWIN Group.

The remaining shares of ESWIN Group is held by Ningbo Yingtaihong Investment Partnership (L.P.) (寧波盈泰泓投資合夥企業(有限合夥)) ("**Ningbo Yingtaihong**"), Tianjin Haotian Zhongjia Equity Investment Partnership (L.P.) (天津皓天中佳股權投資合夥企業(有限合夥)) ("**Tianjin Haotian**") and Mr. Fang Xiangming (方向明) as to 21.6068%, 6.5929% and 3.88%, respectively. All of Ningbo Yingtaihong, Tianjin Haotian and Mr. Fang Xiangming are passive financial investors. Ningbo Yingtaihong is managed by Ningbo Xuanyue as its general partner and held by Guohua Life Insurance Co., Ltd. and Ningbo Xuanyue as to 85.7143% and 14.2857%, respectively. Ningbo Xuanyue is the general partner of Ningbo Zhuangxuan, one of our [**REDACTED**] Investors. Each of Ningbo Yingtaihong and Tianjin Haotian is ultimate beneficially owned by Independent Third Parties. For further details of Ningbo Xuanyue and Guohua Life Insurance Co., Ltd., please refer to the section headed "History, Development and Corporate Structure — [**REDACTED**] Investments — Information of the [**REDACTED**] investors — Ningbo Zhuangxuan and Shanghai Qianyou". Tianjin Haotian is managed by Yiwu Ruiteng Investment Management Company Limited (義烏睿騰投資管理有限公司) as its general partner, which is ultimately controlled by Mr. Li Jianguang, Mr. Niu Kuiguang and Mr. Wang Jingbo. Tianjin Haotian is under the control of IDG Capital, whose controlled entities are also our [**REDACTED**] Investors. For details, please refer to "History, Development and Corporate Structure — [**REDACTED**] Investments — Information of the [**REDACTED**] Investors — Boxin Chuangcheng, Bosi Zongheng and Boming Weiye". Mr. Fang Xiangming (方向明) is an Independent Third Party. The nine individuals who are limited partners of Yiming Technology and the aforementioned remaining shareholders of ESWIN Group have never and are not expected to exercise control of the daily operation and management of our Company and are therefore not considered as part of the Single Largest Shareholders.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Single Largest Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Single Largest Shareholders and their respective close associates upon and after the [**REDACTED**].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Single Largest Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Single Largest Shareholders for sources of suppliers, customers and business partners. Based on the above, our Directors believe that we are operationally independent from our Single Largest Shareholders and their respective close associates.

We entered into certain continuing connected transactions with ESWIN Group and its close associates. See section headed "Connected Transactions" for more details. Considering these transactions are of complementary nature to our businesses, our long-term relationship with ESWIN Group and our cooperation with our business partners, our Directors believe that such transactions will not have any material impact on the operational independence of our Group. Save as disclosed in (i) the sections headed "Connected Transactions" in the Document as to the trademark licensing and property management services; (ii) the sections headed "Directors, Supervisors and Senior Management" in the Document as to the overlapping of Mr. Wang, Mr. Mi Peng, Mr. Liu Shuai, Ms. Liu Feihong and Mr. Hu Weihao; and (iii) Note 36 of the Accountants' Report set out in Appendix I to this Document as to related party transactions, there is no sharing of resources, overlapping or transfer of employees or key management personnel or other business transactions and funding arrangements between the Company and other businesses under ESWIN Group during the Track Record Period and up to the Latest Practicable Date.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises 12 Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. As of the Latest Practicable Date, Mr. Hu Weihao served as a director at Wuhan Yuanshi Intelligent Computing Technology Co., Ltd. (武漢元石智算科技有限公司) ("**Wuhan Yuanshi**"), a close associate of ESWIN Group. Mr. Hu Weihao did not engage in the day-to-day management of Wuhan Yuanshi. Despite the aforesaid overlapping Director, we believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Shareholders and their respective close associates for the following reasons:

(a) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(b) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(c) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Single Largest Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Single Largest Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have a finance organization independent from our Single Largest Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the [**REDACTED**] Investments from third party investors independently. For details of the [**REDACTED**] Investments, see "History, Development and Corporate Structure" of this Document. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Single Largest Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Single Largest Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholders and our Company and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholders or any of their respective close associates has a material interest, our Single Largest Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if any transaction is proposed between our Company and our Single Largest Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing at least one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Company and our Single Largest Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Single Largest Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

OVERVIEW

We have entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Listing Rules). Following the [**REDACTED**], the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

SUMMARY OF OUR CONNECTED PERSON

Upon the [**REDACTED**], the following party, which has entered into certain written agreements with our Company, will be connected person of our Company:

Name of Connected Person	Connected Relationships
ESWIN Group	One of our Single Largest Shareholders

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

No.	Transactions	Applicable Listing Rules	Waiver(s) sought	Proposed annual cap for the year ending December 31, 2026	2027	2028
				(RMB in million)		
Fully-exempt continuing connected transaction						
1. . . .	Trademark Licensing Agreements	14A.52 and 14A.76(1)(a)	N/A	N/A	N/A	N/A
Partially-exempt continuing connected transaction						
2. . . .	Property Management Service Framework Agreements	14A.76(2) and 14A.105	Announcement requirement	8.0	8.4	8.8

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Trademark Licensing Agreements

Parties: our Company (as the licensee); and

ESWIN Group (as the licensor).

Principal terms

Our Company entered into two trademark licensing agreements with ESWIN Group on April 24, 2025 and April 28, 2025 with effect from the dates thereof (the "**Trademark Licensing Agreements**"). Pursuant to the Trademark Licensing Agreements ESWIN Group agreed to grant a non-exclusive right to our Company to use a number of registered trademarks owned by ESWIN Group (the "**Licensed Trademarks**") on a royalty-free basis for a term of ten years (the **"Licensing Period"**). We are entitled to use the Licensed Trademarks within their respective validity period (including the renewal of validity period of the Licensed Trademarks, provided that such period shall not exceed ten years from the execution date of the Trademark Licensing Agreements) within the scope stipulated in the Trademark Licensing Agreements. For details of the Licensed Trademarks, which we consider to be or may be material to our business, please refer to the section headed "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights — Trademarks".

The Licensed Trademarks are part of the trademarks used in our Company's daily operations and are of complementary nature to our businesses. The Company is of the view that considering its long-term relationship with ESWIN Group and the convenience of administration process, there are no legal impediments to the renewal of the Licensed Trademarks. Upon the renewal or extension of the Trademark License Agreements after the Licensing Period, the Company will review the expected annual caps and comply with relevant requirements under Chapter 14A of the Listing Rules.

Historical Amount

During the Track Record Period, we used the Licensed Trademarks on a royalty-free basis. Therefore, the transaction amount in relation to the Licensed Trademarks granted by ESWIN Group to our Company was nil, nil, nil and nil for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively.

Reasons for and benefits of the Transaction

ESWIN Group is one of our Single Largest Shareholders, and our Company has been using the Licensed Trademarks for our business operations during the Track Record Period. We believe that to continue to use the Licensed Trademarks after the completion of the [**REDACTED**] is in the best interests of our Company and the Shareholders as a whole.

Listing Rules Implication

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where nature of the transaction requires the agreement to be of a duration longer than three years. The Directors are of the view that the Trademark License Agreements were entered into on normal commercial terms and a longer duration of the agreement will avoid any unnecessary business interruption and help ensure the long-term stable business development and continuity of our market recognition, and it is normal business practice for trademark license agreement of similar type to be entered into for such duration. The Joint Sponsors are of the view that entering into such agreement with a term of over three years is in line with normal business practice.

As the right to use the Licensed Trademarks is granted to us on a royalty-free basis, the transaction under the Trademark License Agreements will be within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Property Management Service Framework Agreements

Parties: our Company and our subsidiaries (as the client); and

ESWIN Group and the subsidiaries (as the service provider).

Principal Terms

Our Company entered into a property management service framework agreement in [●] 2026 with ESWIN Group ("**Property Management Service Framework Agreement**") for a term commencing from the [**REDACTED**] and ending on December 31, 2028. Pursuant to the Property Management Service Framework Agreement, several subsidiaries of ESWIN Group shall provide general property management service for common area for the Beijing office, certain property management services to our subsidiaries, including but not limited to routine management of office building and residential areas, water and electricity supply, garbage collection and air-conditioning services.

Historical Amounts, Annual Caps and Basis for Annual Caps

The historical transaction amounts incurred by our Company and our subsidiaries for the property management service provided by the subsidiaries of ESWIN Group is approximately RMB4.3 million, RMB6.6 million, RMB6.1 million and RMB1.6 million for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively.

The proposed annual caps of the transaction fees contemplated under the Property Management Service Framework Agreement are approximately RMB8.0 million, RMB8.4 million and RMB8.8 million for the year ending December 31, 2026, 2027 and 2028.

The proposed annual caps of the transaction fees above are determined with reference to (i) the pre-determined fee rates as stipulated in the existing contracts based on the different service types, (ii) the historical transaction amounts, (iii) the expected leased area, (iv) the expected water and electricity rates and consumption levels. The annual caps have increased as compared to the historical transaction amounts, primarily due to the anticipated expansion of the scope of services under the Property Management Service Framework Agreement and the commencement of property management services for the Beijing office from August 2025, such service was previously procured from independent third party service provider and had since been switched to being provided by a subsidiary of ESWIN Group. Although such change in property management service provider will increase the connected transaction amount, we expect such transaction would lower the property management service fee by unit area by approximately 10%, allowing our Group to reduce and control costs and enhance service quality.

Reason for and benefits of the Transactions

In 2022, we leased certain properties in an industrial area operated by a subsidiary of ESWIN Group mainly engaged in property management services for industrial areas, in order to operate certain of our businesses in Xi'an, as one of the lessees of this industrial area. The properties leasing agreements were entered into before the [**REDACTED**] and the leased properties are accounted as right-of-use assets under IFRS 16, therefore, such properties leasing agreements are considered as one-off connected transactions of the Company under Chapter 14A of the Listing Rules. All of the property management services for this industrial area are provided by a subsidiary of ESWIN Group. Therefore, we engaged a subsidiary of ESWIN Group as the property management service provider as a result of relevant leasing policy of ESWIN Group adopted to all lessees with terms substantially the same as the other lessees, including Independent Third Parties. Besides, ESWIN Group and the Company lease office space from an Independent Third Party office park in Beijing, where property management services are provided by a subsidiary of ESWIN Group. The service fees are determined with reference to market rates for comparable services provided by Independent Third Parties. Taken into account (i) the qualification of the service providers, (ii) the quotation of the charges, which are in no less favorable terms to our Group than those available from the Independent Third Parties, (iii) the quality of relevant services provided, and (iv) a comprehensive understanding of business and operational requirements from ESWIN Group and its subsidiaries based on our long-term business relationship, we believe it is in the best interests of the Company and our Shareholders as a whole to continue such property management service after the [**REDACTED**].

Pricing Basis

The fees charged for the property management service are determined on an arm's length negotiation basis between our Company and ESWIN Group and its subsidiaries with reference to factors including (i) costs incurred by ESWIN Group for the property management service, including but not limited to direct labor costs, costs and expenses associated with property management, and (ii) the fees charged by Independent Third Parties for similar property management service in the market. Our Directors, including the independent non-Executive Directors, are of the view that the terms, including the fees charged, under the Property Management Service Framework Agreement and related contracts are fair and reasonable, and on normal commercial terms no less favorable to our Company than terms offered to Independent Third Parties.

Our Group implements various internal approval and monitoring procedures, including obtaining quotations on an as-needed basis from other independent suppliers of similar services and consider various assessment criteria (including location of the suppliers, price, quality, suitability, payment terms and others) and comparing such quotes obtained with the offer from ESWIN Group and its subsidiaries.

Listing Rules Implications

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis for continuing connected transactions under the Property Management Service Framework Agreement. Accordingly, the continuing connected transactions under the Property Management Service Framework Agreement are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Property Management Service Framework Agreement, we have applied for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the three years ending December 31, 2028 shall not exceed relevant annual amounts stated above.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions as contemplated under the Property Management Service Framework Agreement described above have been and shall be entered into: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better, and (iii) that the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on the documentation, information and data provided by the Company and participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that: (i) the continuing connected transactions as contemplated under the Property Management Service Framework Agreement for which waivers have been sought have been and will be entered into in the ordinary and usual course of business of the Company on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transactions under the Property Management Service Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB2,042,143,304 comprising 2,042,143,304 Unlisted Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of certain Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

RANKING

Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Unlisted Shares and H Shares 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 the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be [**REDACTED**] and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, [**REDACTED**] and trading of such converted Shares have been completed. Additionally, such conversion, trading and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this Document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior [**REDACTED**] for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any [**REDACTED**] for [**REDACTED**] of the converted shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on the [**REDACTED**] of our Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of [**REDACTED**]; and (ii) the admission of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the [**REDACTED**] of our Company, such Shares would not be [**REDACTED**] as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization" in this Document.

RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association" in this Document.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of our Unlisted Shares to H Shares assuming the [**REDACTED**] is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the [REDACTED] and Share Subdivision (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares**	**Approximate percentage of shareholding in the Unlisted Shares/ H Shares**	**Approximate percentage of shareholding in our total share capital**
ESWIN Group[(1)]	Beneficial owner and interests in controlled corporations	644,249,424	31.55%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Yiming Technology[(1)]	Interest in controlled corporations	644,249,424	31.55%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Mr. Wang[(1)]	Interest in controlled corporations	644,249,424	31.55%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Yili Technology[(1)]	Beneficial owner	259,734,636	12.72%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Boxin Chuangcheng[(2)]	Beneficial owner	93,113,680	4.56%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Bosi Zongheng[(3)]	Beneficial owner	59,297,746	2.90%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Zhuhai Hexie Zhiyuan Management Consulting Co., Ltd. (珠海和諧致遠管理諮詢有限公司) ("**Hexie Zhiyuan**")[(2)(3)]	Interest in controlled corporations	152,411,426	7.46%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Li Jianguang (李建光)[(2)(3)]	Interest in controlled corporations	152,411,426	7.46%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Beijing Singularity Power[(4)]	Beneficial owner	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) ("**BOE**")[(4)]	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司) ("**China IC**")[(4)]	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Beijing Yichen Qidian Investment Center (L.P.) (北京益辰奇點投資中心(有限合夥)) ("**Yichen Qidian**")[(4)]	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%

SUBSTANTIAL SHAREHOLDERS

		As of the Latest Practicable Date		Immediately following the [REDACTED] and Share Subdivision (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares**	**Approximate percentage of shareholding in the Unlisted Shares/ H Shares**	**Approximate percentage of shareholding in our total share capital**
Beijing Singularity Power Investment Management Co., Ltd. (北京芯動能投資管理有限公司) ("**Singularity Power Investment**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Beijing Yichen Investment Center (L.P.) (北京益辰投資中心(有限合夥)) ("**Yichen Center**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Ningbo Meishan Bonded Area Yijia Investment Management Partnership Enterprise (L.P.) (寧波梅山保税港區益嘉投資管理合夥企業(有限合夥)) ("**Yijia**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Beijing Yixin Venture Capital Management Co., Ltd. (北京益新創業投資管理有限公司) ("**Beijing Yixin**")(4)(5)	Interest in controlled corporations	125,122,417	6.13%	**[REDACTED]** H Shares (L) **[REDACTED]** Unlisted Shares (L)	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%
Wang Jiaheng (王家恒)(4)(5)	Interest in controlled corporations	125,122,417	6.13%	**[REDACTED]** H Shares (L) **[REDACTED]** Unlisted Shares (L)	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%
Ningbo Meishan Bonded Area Yiqi Investment management Co., Ltd. (寧波梅山保税港區益啟投資管理有限公司) ("**Yiqi**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
China IC Fund II	Beneficial owner	105,280,938	5.16%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Sanxing Zhiying(6)	Beneficial owner	55,335,600	2.71%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Beijing Triniti Capital Management Co., Ltd. (北京三行資本管理有限責任公司)(6)	Interest in controlled corporations	63,748,040	3.12%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Sun Dafei (孫達飛)(6)	Interest in controlled corporations	63,748,040	3.12%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Lu Hai (陸海)(6)	Interest in controlled corporations	63,748,040	3.12%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Ningbo Zhuangxuan	Beneficial owner	113,727,540	5.57%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%

		As of the Latest Practicable Date		Immediately following the [REDACTED] and Share Subdivision (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Approximate percentage of shareholding in the Unlisted Shares/ H Shares	Approximate percentage of shareholding in our total share capital
City Renewal Equity Investment (Qingdao Jimo) Partnership Enterprise (L.P.) (城市更新股權投資(青島即墨)合夥企業(有限合夥))(7) . . .	Interest in controlled corporations	113,727,540	5.57%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司)(7)(8)	Interest in controlled corporations	136,861,788	6.70%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司)(7)(8)	Interest in controlled corporations	136,861,788	6.70%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Ningbo Xuanyue Equity Investment Co., Ltd. 寧波宣岳股權投資有限公司(7)(8)	Interest in controlled corporations	136,861,788	6.70%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Xu Xuanbin 徐宣斌(7)(8) . .	Interest in controlled corporations	136,861,788	6.70%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司)(9)	Interest in controlled corporations	109,007,864	5.34%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%
Mr. Chen Hao (陳浩)(9) . . .	Interest in controlled corporations	109,007,864	5.34%	**[REDACTED]** H Shares (L)	**[REDACTED]**%	**[REDACTED]**%

Notes:

(1) As of the Latest Practicable Date, ESWIN Group directly holds 17.74% of our total issued share capital, and also manages, as a general partner thereof, Yili Technology and Yixiang Technology, being our employee shareholding platforms with shareholdings of 12.72% and 1.09% of our total issued share capital, respectively. ESWIN Group is held by Yiming Technology as to 52.4003%, where Mr. Wang acts as its sole general partner with a partnership interest of 63%. Therefore, Mr. Wang and Yiming Technology are interested in the Shares held by ESWIN Group under the SFO. In addition, Mr. Wang, Yiming Technology and ESWIN Group are interested in the Shares held by Yili Technology and Yixiang Technology under the SFO.

(2) Boxin Chuangcheng is held by Shenzhen Jingchuang Zhizao Enterprise Management Partnership Enterprise (L.P.) (深圳精創智造企業管理合夥企業(有限合夥)) ("**Shenzhen Jingchuang Zhizao**") as its general partner. Shenzhen Jingchuang Zhizao is held as to approximately: (1) 99.9% by Shenzhen Baocheng Chuangke Enterprise Management Co., Ltd. (深圳寶成創科企業管理有限公司), a wholly-owned subsidiary of Xizang Hexie Enterprise Management Co., Ltd. (西藏和諧企業管理有限公司) ("**Xizang Hexie**"), as the limited partner; and (2) 0.1% by Xizang Zhizao Enterprise Management Co., Ltd. (西藏智造企業管理有限公司), a wholly-owned subsidiary of Hexie Aiqi Investment Management (Beijing) Co., Ltd. (和諧愛奇投資管理(北京)有限公司) ("**Beijing Aiqi**"), as the general partner. Xizang Hexie is held as to approximately 93.6% by Hexie Zhiyuan, which is held as to 40% by Li Jianguang (李建光). Beijing Aiqi is held as to approximately 73.8% by Xizang Hexie. Therefore, Hexie Zhiyuan and Li Jianguang (李建光) are deemed to be interested in the Shares held by Boxin Chuangcheng in our Company under the SFO.

(3) Bosi Zongheng is held as to approximately: (1) 0.7% by Beijing Hexie Xinrong as the general partner; and (2) 79.5% by Hexie Chengzhang Phase II (Yiwu) Investment Center (L.P.) (和諧成長二期(義烏)投資中心(有限合夥)) ("**Hexie Chengzhang**") as the limited partner. Beijing Hexie Xinrong is held as to approximately: (1) 0.1% by Hexie Tianming Investment Management (Beijing) Co., Ltd. (和諧天明投資管理(北京)有限公司), which is held as to 92.5% by Hexie Zhiyuan, as the general partner; and (2) 99.9% by Xizang Aiqi Huide Venture Capital Investment Management Co., Ltd. (西藏愛奇惠德創業投資管理有限公司), which is held as to 92.3% by Hexie Zhiyuan, as the limited partner. Hexie Chengzhang is held by Beijing Hexie Xinrong as its general partner. Therefore, Hexie Zhiyuan and Li Jianguang (李建光) are deemed to be interested in the Shares held by Bosi Zongheng in our Company under the SFO.

(4) Beijing Singularity Power is held as to approximately: (1) 0.4% by Yichen Qidian as the general partner; (2) 37.3% by BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) (stock code: 000725.sz), as the limited partner; (3) 37.3% by China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司) as the limited partner. Yichen Qidian is held as to approximately: (1) 39.4% by Yichen Center as the general partner; and (2) 60.6% by Singularity Power Investment as the limited partner. Singularity Power Investment is held as to 45% by Yichen Center. Yichen Center is held as to approximately: (1) 45.5% by Beijing Yixin, which is held as to 70% by Wang Jiaheng (王家恒); and (2) 54.5% by Yijia. Yijia is held as to approximately: (1) 18.6% by Beijing Yixin, which is held as to 70% by Wang Jiaheng (王家恒), as the general partner; and (2) 44.9% by Wang Jiaheng (王家恒) as the limited partner. Therefore, BOE, China IC, Yichen Qidian, Singularity Power Investment, Yichen Center, Yijia, Beijing Yixin and Wang Jiaheng (王家恒) are deemed to be interested in the Shares held by Beijing Singularity Power in our Company under the SFO.

(5) Gongqingcheng Singularity Power Computing Venture Investment Partnership Enterprise (L.P.) (共青城芯動能計算創業投資合夥企業(有限合夥)) ("**Gongqingcheng Singularity Power**") is held as to approximately: (1) as to 1.4% by Zhangjiagang Yichen Investment Partnership Enterprise (L.P.) (張家港益辰投資合夥企業(有限合夥)) ("**Zhangjiagang Yichen**") as the general partner; (2) 61.6% by Ying Beilei (應蓓蕾) as the limited partner. Zhangjiagang Yichen is held as to approximately: (1) 10% by Beijing Yixin as the general partner; and (2) 38% by Wang Jiaheng (王家恒). Therefore, Zhangjiagang Yichen, Beijing Yixin and Wang Jiaheng (王家恒) are deemed to be interested in the Shares held by Gongqingcheng Singularity Power in our Company under the SFO.

(6) Sanxing Zhiying is held as to approximately 0.3% by Beijing Triniti Capital Management Co., Ltd. (北京三行資本管理有限責任公司) as the general partner, and none of its other limited partners ultimately holds more than one-third partnership interest. Beijing Triniti Capital Management Co., Ltd. (北京三行資本管理有限責任公司), also the general partner of Xuzhou Yixing, is held as to 65% by Sun Dafei and 35% by Lu Hai. Therefore, Beijing Triniti Capital Management Co., Ltd. (北京三行資本管理有限責任公司), Sun Dafei and Lu Hai are deemed to be interested in the Shares held by Sanxing Zhiying and Xuzhou Yixing.

(7) City Renewal Equity Investment (Qingdao Jimo) Partnership Enterprise (L.P.) (城市更新股權投資(青島即墨)合夥企業(有限合夥)) ("**Qingdao Renewal**") holds approximately 99.01% partnership interest in Ningbo Zhuangxuan. Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) holds 90.9% partnership interest of Qingdao Renewal as the limited partner. Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司) holds 51% equity interest of Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司). Therefore, Qingdao Renewal, Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) and Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司) are deemed to be interested in the Shares held by Ningbo Zhuangxuan.

(8) The general partner of Ningbo Zhuangxuan and Qingdao Renewal is Ningbo Xuanyue Equity Investment Co., Ltd. (寧波宣岳股權投資有限公司) ("**Ningbo Xuanyue**"). Mr. Xu Xuanbin (徐宣斌) holds 70% equity interest in Ningbo Xuanyue. Also, Shanghai Qianyou Electronics Co., Ltd. (上海乾優電子有限公司) is owned approximately 99% by Ningbo Yingtaihong Investment Partnership Enterprise (L.P.) (寧波盈泰泓投資合夥企業(有限合夥)) whose general partner, Ningbo Xuanyue, holds 14.3% interest and the limited partner, Guohua Life Insurance Co., Ltd., holds 85.7% interest. Therefore, Ningbo Xuanyue, Mr. Xu Xuanbin, Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) and Tianmao Industrial Group Co., Ltd. (天茂實業集團股份有限公司) are deemed to be interested in the shares held by Ningbo Zhuangxuan and Shanghai Qianyou.

(9) The general partner of each of Legend Capital Shengyuan and Legend Capital Jiayun is Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is a wholly-owned subsidiary of Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"). The general partner of Legend Capital Yongyi is Beijing Legend Capital Tongdao Private Equity Fund Management Partnership Enterprise (L.P.) (北京君聯同道私募基金管理合夥企業(有限合夥)), whose general partner is Shenzhen Legend Capital Qisheng Management Consulting Co., Ltd. (深圳君聯祺盛管理諮詢有限公司), a wholly-owned subsidiary of Legend Capital. Legend Capital is controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which is in turn held as to 40% by Mr. Chen Hao (陳浩). Therefore, Legend Capital Management Co., Ltd. and Mr. Chen Hao are deemed to be interested in the shares held by Legend Capital Shengyuan, Legend Capital Yongyi and Legend Capital Jiayun.

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a RISC-V oriented chip product provider in China. Leveraging RISC-V as our foundational architecture, we focus on researching and designing products consisting of chip, chipsets and/or circuit boards accompanied with essential software and outsource the integrated circuit manufacturing, packaging and testing to third-party service providers. As of March 31, 2026, we have successfully commercialized over 150 hardware-software co-engineered products. During the Track Record Period, we served 220 customers worldwide, including many leading global companies.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information and estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. 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 included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

Our business and results of operations can be affected by general factors concerning the development of the industry in which we operate, which include: (i) economic growth and per capital disposable income; (ii) the rapid development and overall demand of our products; (iii) the flourishing ecosystem of the RISC-V architecture; (iv) price of raw materials; (v) relevant laws and regulations, governmental policies and initiatives; and (vi) occurrence of force majeure events, outbreak of pandemic or epidemics, acts of war, social and economic chaos and natural disasters.

Company-Specific Factors

Ability to Launch Advanced and Customized Products and Technologies

Our success depends on continuously upgrading our chip products, particularly through our RISC-V architecture and hardware-software co-engineering, to remain competitive. We offer human-machine interaction and multimedia processing targeting smart device chip product industry, and interconnectivity and computing chip products targeting embodied intelligence chip product industry for our customers. We provide one-stop customization from conception to mass production, and our ability to deliver value through innovative, cost-effective technologies directly influences customer acquisition and financial performance.

Ability to Attract New Customers and Deepen Relations with Our Existing Customers

Growing our customer base requires significant investment but is essential for expanding our business scale. Equally critical is deepening collaborations with existing customers, which enables cross-selling, upselling, and gaining valuable industry insights. Our ability to retain these partnerships and deliver customized products based on these insights directly impacts our results of operations.

Our Business Mix

Revenue mix from different types of revenue sources affects our profitability. Our smart device chip products have historically yielded higher margins than interconnectivity and computing chip products, largely due to a one-off inventory write-down affecting the latter. Consequently, improving margins on lower-performing offerings and successfully developing products are critical to our financial performance.

Ability to Optimize Cost Structure and Improve Operational Efficiency

Achieving profitability partially depends on controlling material costs through supplier collaborations and managing operating expenses. As research and development expenses was our largest operating expense during the Track Record Period, maintaining R&D efficiency alongside controls on administrative and selling expenses is vital. We expect to further improve operational efficiency through economies of scale as revenue increases.

Ability to Manage Supply Chain and Strategic Partnership

We have established long-term partnerships with leading global suppliers, enabling us to secure stable and high-quality materials and components, driving upstream innovation through in-depth co-development. These collaborative initiatives enhance our product delivery capacity, cost structure, and ability to adapt to market changes.

Seasonality

Our results fluctuate due to consumer electronics trends, typically peaking in the second and fourth quarters as downstream demand for consumer electronics is seasonal. Ahead of major promotional events, such as the mid-year and year-end shopping festivals leading up to the Spring Festival, our customers typically bring forward and increase their procurement of our chip products to build up inventory, driving up demand during the second and fourth quarters, which, according to Frost & Sullivan, is not uncommon across our industry. These fluctuations are seasonal, and interim results should not be relied upon as indicators of full-year performance.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates as well as complex judgments related to accounting items, which have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments 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. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. 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.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We had achieved business growth but were loss-making during the Track Record Period. In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, we incurred losses for the year/period of RMB1,837.5 million, RMB1,547.4 million, RMB1,515.8 million, RMB399.3 million and RMB374.9 million, respectively, and adjusted net loss (Non-IFRS measure) of RMB1,704.7 million, RMB1,440.0 million, RMB1,160.8 million, RMB358.8 million and RMB287.2 million, respectively. For details, see "— Discussion of Results of Operations" as well as "Industry Overview — Analysis of Smart Device Chip Product — Market Size of Smart Device Chip Product Market."

Reasons for Historical Loss

We incurred net losses during the Track Record Period, primarily attributable to the following reasons:

- *Substantial upfront investment in research and development required.* During the Track Record Period, we heavily invested in developing RISC-V cores tailored for our product offerings as well as advanced hardware and software design capabilities, purchasing cutting-edge equipment, and building a highly skilled workforce to meet the stringent requirements of our customers. In particular, we invested heavily in, among other things, RISC-V core design, end-to-end SoC design, AI accelerator and parallel computing design, and full-stack software and toolchain development. These investments were essential to ensure that we could deliver high-performance products that align with the latest technological standards. Our research and development expenses amounted to 82.5%, 66.0%, 42.8%, 65.9% and 51.0% of our revenue during the same years/periods.

- *Economies of scale are still materializing.* Our operating expenses, defined as the sum of research and development expenses, administrative expenses and selling and distribution expenses, as a percentage of total revenue decreased from approximately 123.5% in 2023 to 97.9% in 2024 and further decreased to 77.3% in 2025. It further decreased from approximately 104.8% for the three months ended March 31, 2025 to 91.0% for the same period in 2026. Despite such positive movements, technology development and market penetration in the smart device and embodied intelligence chip product industries can take time. While economies of scale can offer significant cost advantages, realizing such benefit is a gradual process, particularly for us who incur substantial upfront investment and operate in a dynamic and rapidly evolving industry.

- *Ramp-up Cycle for Market Cultivation and Customer Development.* An important factor contributing to our loss positions during the Track Record Period was the inherent ramp-up cycle required for market cultivation and customer development. This process often involves a gradual adoption, as it necessitates building awareness, establishing trust, and demonstrating value through pilot projects and technical integrations. In particular, our RISC-V-related products currently maintain a relatively low market penetration rate, primarily due to the longstanding dominance of established architectures such as x86 and ARM. According to Frost & Sullivan, chips, chipsets and/or circuit boards typically require a one- to two-year ramp-up period after mass production, during which adoption usually starts with multiple projects from the same customer before expanding to a broader customer base and reaching scaled shipments. This is consistent with our recent ramp-up trajectory: for example, revenue from our computing chip products for smart retailing launched in early 2024 increased from RMB66.0 million in 2024 to RMB257.5 million in 2025, and we expect chip products launched and mass-produced in 2024 and 2025 to complete ramp-up in 2026 to 2027 and enter scaled growth.

- *Prudent Impairment.* During the Track Record Period, we adopted a particularly prudent provisioning policy, making full provision for all inventories aged over one year in light of macroeconomic fluctuations in 2023. In particular, from 2022 onwards, market demand fell significantly as the industry entered a destocking cycle and certain product specifications relating to interconnectivity chip products were superseded by newer iterations, which necessitated significant inventory write-downs. Consequently, this conservative approach resulted in relatively low gross profit margins during the Track Record Period. As of December 31, 2023, 2024 and 2025 and March 31, 2026, the balance of write down of inventories amounted to RMB207.1 million, RMB283.0 million, RMB279.0 million and RMB256.9 million, respectively. Nonetheless, the provision made for inventory decreased from RMB180.7 million in 2023, to RMB101.9 million in 2024 and to RMB95.5 million in 2025, and to a reversal of RMB0.3 million for the three months ended March 31, 2026, evidencing the success of our inventory management measures.

- *Changes in cost of sales and operating expenses.* In 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, our cost of sales amounted to RMB1,482.0 million, RMB1,667.8 million, RMB1,978.3 million, RMB383.5 million and RMB420.9 million, respectively. The rising cost of sales was in part, due to the expansion of our business scale that leads to a corresponding increase in procurement. In addition, the change in cost of sales was also due to changes in impairment provision made for inventories. Concurrently, we also witnessed changes in operating expenses, including expenses related to selling, administrative and research and development activities.

Path to Profitability

We are strategically navigating the path to profitability by leveraging a comprehensive approach aimed at expanding revenue scale, improving margin profiles, and optimizing operational efficiency. Our ultimate goal is to create a scalable business model that supports sustainable growth and profitability while reinforcing our leadership position in the smart device and embodied intelligence chip product industry. Below, we outline the specific measures we have implemented and plan to pursue.

Expanding Our Revenue Scale

During the Track Record Period, our revenue amounted to RMB1,752.2 million, RMB2,025.4 million, RMB2,431.2 million, RMB417.5 million and RMB494.2 million in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively. We expect that our revenue will grow further due to the following factors:

Further Diversify Product Offerings and Increase Penetration of Existing Products

Diversify Our Product Offerings

We are committed to drive volume growths through advancing research and development to enhance the capabilities of our system level products to provide more diverse product portfolio. As of March 31, 2026, we had over 150 products in mass production and over 80 products under development. All of our products under development are scheduled to launch within the next three years.

We are progressing from early-stage market development and customer acquisition to a healthy growth phase focused on higher value-added products in high-margin, high-value scenarios. Going forward, we will continue to scale up our presence in high-margin, high-value scenarios:

Automotive Scenario

As of March 31, 2026, automotive scenarios included one in mass production stage, seven in development stage and an order backlog of approximately RMB45.8 million. During the Track Record period, our order backlog for automotive scenarios were mainly order from trial productions and generally turned into revenue within three months. We are in the process of launching automotive MCUs which monitors operational status of the vehicle in connection with various sensors and provides controls of various components such as electric motors, water pumps and wipers. As of the Latest Practicable Date, these MCUs, with expected gross profit margin over 30%, have completed validation on select vehicle models and entered small-batch production to two major Chinese OEMs, positioning them as a key earnings driver over the forecast period. We expect our penetration in the automotive scenario to increase in the coming years, capitalizing on the sector's core requirements for exceptional safety, high customization capabilities, and robust supply chain security. This is evidenced by 20 prospective customers in automotive fields as of May 31, 2026, including many well-known Stock Exchange listed and state-owned OEMs.

Our products are well-positioned to address these demands: many chip products applied in automotive environment are AEC-Q100 certified and have passed ISO 26262 ASIL B functional safety standards. Furthermore, our computing chip products tailored for automotive scenario is on track to achieve ASIL-D certification, one of the highest safety levels in automotive electronics. Complementing this, benefiting from RISC-V's openness as well as our technology reserves, we can enable precise adaptation to diverse customer needs. Additionally, our unique domestically developed production processes and China-based supply chain provide unparalleled security and resilience against global supply chain disruptions. We believe these attributes collectively position us to effectively penetrate and capture meaningful share in the automotive scenario, driving long-term growth.

Robotics Scenario

As of March 31, 2026, our interconnectivity and computing chip products applicable to robotics scenarios included six in mass production stage, eight in development stage and an order backlog of over RMB12.8 million. During the Track Record period, our order backlog for robotics scenarios mainly turned into revenue within six months. These products were primarily delivered in the various form of Wi-Fi chips/circuit boards. We are also in the process of launching robotics MCUs and AI SoCs that monitor motors of robots and powers decision-making process, respectively. We anticipate expanding our penetration in the robotics scenario in the coming years, leveraging the sector's fundamental requirements for high energy efficiency and robust computational power as well as comprehensive support for various potential applications. This is evidenced by 19 prospective customers in robotics fields as of May 31, 2026, including leading manufacturer of commercial unmanned aerial vehicles (drones) for aerial photography and videography and leading Japanese manufacturer and distributor of electric motors.

Our computing chip products can deliver computing capabilities alongside energy-efficient controllers designed for real-time operations. Furthermore, our interconnectivity and computing chip products contain foundational building blocks that can power a wide variety of applications in a robot, from micro controlling units (such as joint motors of robots through MCUs) to intelligent decision-making cores (such as brains of robots through AI SoCs). We believe these strengths position us to effectively penetrate the robotics scenario, capturing new opportunities and contributing to sustained revenue growth.

Industrial Scenario

As of March 31, 2026, our interconnectivity and computing chip products applicable to industrial scenarios included 21 in mass production stage, nine in development stage and an order backlog of approximately RMB362.9 million. During the Track Record period, our order backlog for industrial scenarios generally turned into revenue within six months. These products were primarily delivered in the various form of RF chips/circuit boards for signal transmission, ESL MCUs delivering consistent performance with low-power consumption and AI SoCs used in computing servers. We expect significant revenue contribution from industrial scenario in the coming years, leveraging our extensive technical expertise in driving automation and intelligent transformation across diverse industrial sectors. This is evidenced by over 30 prospective customers in industrial fields as of May 31, 2026, including leading state-owned Chinese telecommunication service providers and a French based IoT and data solution provider for physical commerce.

For instance, in smart retail, we have already established a strong foundation with our first-generation ESL MCUs, renowned for their low power consumption, which is adopted by leading global customers soon after mass production. Building on this success, we are introducing second-generation ESL MCUs, targeted to mass produce in 2026 with expected gross profit margin approximately 30%, designed to perform seamlessly in noisy and more complex environments, further deepening our presence in smart retail applications. Moreover, various AI SoC products were validated by customers in 2025 with indicative orders doubling the amount of revenue from AI SoC in 2025 as of the Latest Practicable Date. Specifically, certain AI SoC products (with average selling price over RMB20,000 and expected gross profit margin above 50%) has been validated on the boards by a leading Chinese telecommunication company. With the mass production anticipated in 2026, increased shipment volume from such products is expected to significant drive our growth. We believe these technology reserves collectively position us to effectively penetrate the industrial scenario, unlocking new revenue streams and contributing to long-term growth.

Expected Volume Increase for Existing Products

According to Frost & Sullivan, chip, chipsets and/or circuit boards undergo a typical life cycle that includes an initial ramp-up phase after mass production, during which it generally takes two to three years to achieve meaningful volumes and reach peak sales. This ramp-up period is primarily the result of continuous fine-tuning of supporting software for optimal performance and integration and validation processes required by end clients, typically taking approximately one to two years. As a result, recently mass-produced products are expected to generate significant revenue contribution after completing ramp-up phase.

We have launched the mass production of over 60, 110, 140, and 150 types of chip products as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. We anticipate these products, especially those mass produced in 2024 and 2025, will exit their ramp-up phases and scale up significantly in 2026 and 2027, driving substantial revenue growth. For instance, our interconnectivity and computing chip products generally require a ramp-up phase of two to three years, which is in line with industry norm. This pattern is evidenced by our computing chip products for smart retail launched in early 2024. Such product generated revenue of RMB66 million in 2024, which increased to RMB257 million in 2025. As of March 31, 2026, our order backlog of such product reaches over RMB320 million. Similarly, many of our interconnectivity and computing chip products were launched in 2024 and 2025, and are currently under the ramp-up phase. These products are expected to scale up significantly from 2026 and 2027, thereby contributing to long-term revenue growth.

Deepening Relationship With Existing Customers and Further Expanding Customer Base

Deepening Relationship with Existing Customers

Strengthening our relationships with existing customers is a cornerstone of our revenue growth strategy. These leading global companies present stable revenue stream that lays solid foundation for our revenue growth. For instance, our revenue derived from Customer A remained relatively stable at RMB1,437.9 million, RMB1,555.2 million, RMB1,569.8 million, and RMB107.5 million in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively. Strong support and expanded collaborations from Customer A form strong foundation for our future profit expansion. During the Track Record Period, the average revenue per customer amounted to RMB23.4 million, RMB17.9 million, RMB18.1 million, and RMB6.3 million in 2023, 2024, 2025 and for the three months ended March 31, 2026. The decrease in average revenue per customer was primarily attributable to diversification of our customer base and the on-boarding of a number of customers with relatively smaller purchase amounts during the early on-boarding and ramp-up phase.

During the Track Record Period, our customer retention rates, defined as total customers at the end of the year/period minus new customers acquired during the year/period divided by the total number of customers at the beginning of the year/period, amounted to 57.3%, 68.0%, 61.9% and 47.8% in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively. Most customers lost during the Track Record Period came from the industrial sectors, where project-based partnerships naturally end after project completion. The fluctuation in customer retention rate during the Track Record Period was mainly attributable to the rapid increase in new customers in 2024. While the absolute number of retained customers continued to rise and our core customer stickiness remained strong, many newly acquired customers were still at an early-stage on-boarding phase and required time to mature, which led to a lower retention rate in 2025 as a natural result from a fast expansion stage. Going forward, we intend to further increase customer retention rate through enhanced cross-selling efforts and more customized projects.

Cross-Selling

We intend to enhance our cross-selling activities among existing customers by introducing different or new products to our loyal customer base and extending our offerings to new scenarios leveraging our comprehensive product portfolio. Additionally, as these products are implemented across multiple product lines of the same customer, our customers benefit from increased standardization and improved implementation efficiency, which streamlines production, reduces development costs, and improves operational efficiency. This approach not only strengthens customer loyalty but also creates a scalable business model that maximizes resources and drives long-term profitability. In 2023, 2024, 2025 and for the three months ended March 31, 2026, the number of customers adopted two or more products amounted to 24, 35, 51 and 31, demonstrating growing customer stickiness and cross-selling potentials that underpin our product offerings.

Customization

We will also deepen relationships with key customers by initiating more customized programs, including programs that have joint research and development components. We will work closely with customers to jointly define product specifications based on their application needs, align development milestones and performance targets, and accelerate the path from product definition to mass production. Customizing products tailored for customers' specific use cases fosters deeper trust, increases transparency, and embeds our know-hows within customers' workflows, enabling better product-market fit and increasing switching costs. During the Track Record Period, our customer retention rates for customized projects, defined as total customers of customized projects at the end of the year/period minus new customers acquired of customized projects during the year/period divided by the total number of customers of customized projects at the beginning of the year/period, amounted to 61.5%, 73.3%, 77.8% and 80.0% in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively, significantly outpacing our overall customer retention rates. As of March 31, 2026, there were 40 customized R&D programs in progress, and we expect to further expand our customized programs to further increase customer loyalty.

Going forward, we plan to prioritize fully customized projects, particularly in the areas of human-machine interaction and computing, while increasingly leveraging reusable technology platforms and IP accumulated from prior projects to improve development efficiency and reduce marginal research and development costs. Such initiative is expected to increase our revenue by enabling us to secure indicative orders, shorten commercialization cycles and strengthen customer stickiness. We believe customized R&D programs can also translate into longer-term mass production orders and more stable margins.

Further Expanding Customer Base

Simultaneously, we are expanding our customer base by penetrating emerging markets and industries, including customers in automotive, robotics and industrial scenarios. For details on strategy to penetrate into these emerging markets, see "— Further Diversify Product Offerings and Increase Penetration of Existing Products — Diversify Our Product Offerings." This involves targeted marketing campaigns and strategic partnerships to reach more targeted customer segments and establish a broader market presence. In 2023, 2024, 2025 and for the three months ended March 31, 2026, we have served 75, 113, 134 and 78 customers, respectively, among which 32, 62, 64 and 14 are our new customers, respectively. Additionally, we will expand into high-growth sectors by attracting more OEMs for automotive interconnectivity and computing chip products and collaborating with robotics and industrial customers on RISC-V powered hardware-software co-engineered products. These approaches will boost profitability while ensuring strong revenue growth.

Benefiting from such efforts, customer concentration continued to decrease with revenue derived from Customer A amounted to 82.1%, 76.8%, 64.6% and 21.7% of total revenue in 2023, 2024, 2025 and for the three months ended March 31, 2026. Meanwhile, we on boarded a number of industry leaders, including a globally leading ESL manufacturer, a globally leading monitor manufacturer, a globally leading consumer electronic conglomerate and a Chinese telecommunication service provider, resulting in a much more diversified customer base.

Leverage Industry Tailwind and Ecosystem Synergies

The rapid growth of the smart devices and embodied intelligence, combined with the flourishing RISC-V ecosystem and increasing demand of downstream applications, provides strong industry tailwinds. The penetration of RISC-V powered products in the smart device chip product market increased from 0.3% in 2021 to 3.7% in 2025 and is expected to further increase to 15.7% in 2030, and the penetration in the embodied intelligence chip product market increased from 1.4% in 2021 to 9.4% in 2025, and is expected to reach 23.8% in 2030, positioning RISC-V as one of the three major computing architectures on the global scale. For details, see "Industry Overview — Analysis of Smart Device Chip Product Industry — Market Size of Smart Device Chip Product Market" and "Industry Overview — Analysis of Embodied Intelligence Chip Product Industry — Market Size of Embodied Intelligence Chip Product Market". All these positive developments present substantial opportunities for RISC-V market penetration and revenue growth despite low RISC-V penetration in 2024. We are well positioned to address this through our comprehensive product portfolio tailored to diverse application scenarios, customization capabilities that align computing architecture with specific applications, and ecosystem partnerships that support broader implementation.

We believe our products can capture the market shares currently dominated by ARM and x86, leveraging RISC-V's unique characteristics, in particular its technology capabilities and open architecture.

- ***More lightweight and Efficient***. RISC-V was designed with simplicity and efficiency in mind. The RISC-V architecture eliminates the need to support outdated or redundant instructions, which reduces design complexity, power consumption, and cost.

- ***Open and Modular Design***. The open and modular of RISC-V architecture allows developers to tailor product designs to meet the specific performance, energy efficiency, and functional requirements of various applications. This level of flexibility enables efficient support for a wide spectrum of use cases, from ultra-low-power end devices to high-performance data center devices, which is difficult to achieve with traditional architectures.

- ***High Customization Capabilities***. Users can develop bespoke instruction extensions that address domain-specific requirements. As a result, we can develop highly customized RISC-V cores to deliver performance improvements, energy efficiency, and functionality that are optimized for the target application.

Complementing these technical merits, RISC-V's open-source and open ecosystem delivers substantial value.

- ***Cost Advantage***. Compared to the open-source and royalty-free RISC-V architecture, ARM or x86 IP architectures are only licensed to developers with royalties. For RISC-V, developers can access the RISC-V architecture freely, avoiding the high licensing fees associated with ARM or x86 IP architectures.

- ***Enhanced Collaboration***. The open-source model fosters global collaboration, attracting developers worldwide to contribute to the RISC-V ecosystem. This has led to rapid innovation and a growing pool of tools, software, and resources available for RISC-V development.

- ***Supply Chain Stability***. ARM and x86 typically require periodic license renewals, often on an annual basis. Amidst geopolitical uncertainties, this model creates a significant supply chain vulnerability, as dominant global vendors can potentially suspend or refuse to renew these licenses at any time. RISC-V's open architecture directly addresses this vulnerability.

We believe we are also well positioned to outperform peers within the RISC-V ecosystem. Our strategy is grounded in the following pillars:

- ***Early Mover Advantage***. We adopt RISC-V based architecture in our offerings at an early stage, which enables us to have deeper understanding and experience in applying RISC-V based technologies in different scenarios.

- ***Scalable Reserve***. We have amasses a substantial portfolio of RISC-V based offerings: we have developed over 20 serial RISC-V cores, the most in China. This allows for faster and lower-cost responses to new demands, application scenarios and opportunities compared to peers.

- ***Leadership Role***. We lead the RISC-V based ecosystem. As a board member of RISC-V International and Rotating Chair of RISC-V Ecosystem & Industry of China Electronics Standardization Association, we help shape the evolving specification, aligning new rules with our architectural vision and supporting long-term growth of our RISC-V based offerings.

Improving Our Gross Margin Profile

Our future profitability depends on our ability to increase the current level of margin profile and introduce new products with high margin profile. We expect to increase our gross margin profile by implementing the following:

Optimizing Cost of Sales and Realizing Economies of Scale

Business Mix Optimization

During the Track Record Period, many of our higher-value human-machine interaction chip products and higher-margin computing chip products such as small- and medium-sized DDICs and Touch Controllers powering phone screens and watch screens and AI SoC products powering computing servers in industrial scenario, remained in the research and development phase or early ramp-up period. Consequently, their contribution to overall revenue was limited and they incurred relatively high upfront-costs, resulting in relatively low gross profit margins. Increasing the proportion of high-margin, high-value-added products in our product portfolio will enhance our gross margin.

The business mix optimization strategy is underpinned by concrete plans to adjust chip products offerings. For instance, certain of our high-value human-machine interaction chip products, namely small- to medium-sized DDICs and Touch Controllers powering phone screens and watch screens, remained in ramp-up phase with revenue contributed from 1% to 27% of our total revenue from human-machine interaction chip products and negative gross profit margin ranging from 10% to 60% during the Track Record Period. As such products were validated by leading phone manufacturers in 2025, we expect their revenue contribution to increase significantly in the future, driving up our revenue as well as gross profit margins. Furthermore, many AI SoC products with high-value and high gross profit margin were in initial validation stage during the Track Record Period and only contributed 8% to 87% of our total revenue from computing products during the Track Record Period with gross profit margin ranging from 13% to 39%. These AI SoC chip products were validated by customers in 2025 with shipment value expected to increase significantly in 2026, further optimizing the gross profit margins of our computing chip products. We plan to focus more on such high-margin, high-value-added products especially in high-growth scenarios to further optimize our business mix. As we continue to expand our portfolio of high-margin products, we expect this trend to further support our long-term financial performance.

Our business mix optimization strategy toward higher-margin, higher-value chip products is commercially viable because demand is already supported by our order visibility. As of the Latest Practicable Date, our confirmed orders and indicative orders had exceeded our revenue projection for 2026, among which approximately a quarter of the confirmed and indicative orders were related to our higher-margin, higher-value chip products relating to small- to medium-sized DDICs and Touch Controllers as well as AI SoCs. Going forward, we will only use price-for-volume market strategy in limited circumstances, such as for strategically important customers with large procurement and/or with strategic importance or in highly competitive, standardized market. Looking ahead, we will prioritize value creation over price competition, which is consistent with our overall strategy to optimize our business mix towards higher-margin and higher-value chip products.

Technology Enhancement

We intend to further reduce our cost of sales by leveraging our technological capabilities. As of March 31, 2026, we have accumulated over 620 IP modules, significantly reducing licensing costs from outsourced IP modules. In 2023, 2024, 2025 and for the three months ended March 31, 2026, the utilization rate of in-house developed IP modules amounted to 68%, 89%, 78% and 69%, respectively. The utilization rate of licensed IP modules were 100% in each year/period during the Track Record Period. All such self-developed IP modules may, subject to compliance with applicable terms and requirements, be repurposed or reused. Such reuse may take place across different product lines or between successive generations within the same product line, although the extent of such repurposing or reuse may vary depending on the relevant product requirements and application scenarios. We estimated that the amount of cost of sales saved when reusing existing IP, calculated by multiplying the number of IP modules reused by the costs associated with developing such IP modules initially, amounted to approximately RMB218 million as of March 31, 2026. We also plan to enhance manufacturing processes and operational efficiency by innovation with manufacturers. For instance, in the packaging and testing stage, we achieved about 5% reduction in our bill-of-material cost by replacing precious metals with alloys, while maintaining original product performance and quality. Meanwhile, in manufacturing, packaging and/or testing, we continue to optimize testing methodologies to increase throughput and reduce equipment time, thereby lowering costs.

Moreover, repurposing internally developed IP modules reduce our reliance on external IP modules, further saving licensing costs. The key advantages of in-house IP development lie in mastering core technologies to achieve product differentiation, reducing long-term costs, and improving both design iteration speed and problem-solving efficiency. Unlike external IP, which incurs ongoing per-unit royalties, in-house IP requires only a one-time R&D investment, resulting in significant cost savings over time. For high-volume production, the total royalties paid to external vendors can far exceed the initial cost of internal development. As such, we will sharpen our R&D focus on IP that have potentials for be reused and applied in wide different use cases.

Supply Chain Optimization:

To rationalize cost of sales and improve cost efficiency, we have implemented a series of strategic supply chain optimization measures by collaborating closely with suppliers to secure cost-effective raw materials without compromising quality, leveraging bulk purchasing agreements and long-term partnerships to stabilize pricing. As we scale up and bargaining power increases, we will continue actively negotiating for better discounts leveraging existing supplier relationship, bulk purchasing and competitive bidding. Moreover, long-term supplier partnerships also help our suppliers to fully familiarize with our manufacturing process and technologies, enhancing yield rates. According to Frost & Sullivan, typically, a 1% increase in yield lowers bill-of-material costs by approximately 0.5% to 1%. These measures collectively enable us to better manage cost of sales, maintain competitive pricing, and enhance overall profitability.

In 2023, 2024, 2025 and for the three months ended March 31, 2026, 37.7%, 30.3%, 40.1% and 51.5% of total purchases were made pursuant to bulk purchasing agreements where we procured over 1,000 units of semiconductor raw materials or an amount of over RMB10 million. The fluctuations in bulk purchasing agreement from 2023 to 2025 was primarily because we made a number of strategic purchases in prior years when the macroeconomic position is booming and the demand for our products were high. In 2023 and 2024, in response to the deteriorating macroeconomic conditions, we decreased the bulk purchasing agreements to better manage our inventory. In 2025, we increased our utilization of bulk purchasing arrangements to achieve better cost control over our cost of sales.

As of the Latest Practicable Date, we had entered into over 290 bulk purchasing agreements. For instance, with respect to our smart device chip products, a bulk purchase agreement entered into in 2025 with a manufacturer of raw materials and components used in chip, chipsets and/or circuit boards for certain human-machine interaction chip products for LCD screens reduced the unit purchase price by approximately 10% compared with our standard supply agreements.

Taking into above, our Directors believe, long-term supplier partnerships and bulk purchasing strategies will enhance our bargaining power, resulting in reduced raw material costs, particularly for critical inventories.

Optimizing Operating Expenses

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, administrative expenses and selling and distribution expenses, to develop, manage and promote our system level products. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth.

- *Research and development expenses.* During the Track Record Period, we allocated significant resources on research and development, focusing on building comprehensive research and development capabilities to support the development of technology foundations underlying our chip products.

  Our early-stage research and development focused on foundational innovation. Leveraging accumulated IP modules and hardware and software know-hows, we now operate three delivery models to efficiently translate research and development into revenue: (i) fully customized models tailored for customer specification with high revenue certainty; (ii) semi-customized model that balance faster time-to-market and lower development costs; and (iii) industry-customized model which defines the industry standard and are highly reusable. This approach ensures our research and development is targeted, scalable, and monetizable.

  We are transitioning from a phase of heavy upfront investment to scalable application and optimization. As we have already established a robust portfolio of core IP modules, our future R&D activities will focus more on enriching and adapting these assets for diverse customer needs. This allows us to expand our product portfolio will lower investments of personnel or resources. To optimize our research and development expenses, we plan to (i) reuse existing technologies across multiple products, which minimizes additional research and development expenses, improves R&D efficiency and accelerate our time to market for new products, (ii) optimize staff costs by improving workforce structures and enhancing workforce efficiency, and (iii) focus on repurposing internally developed IP modules, software, hardware and platform across multiple applications. In particular, technology reusing will significantly stabilize our R&D expenses, despite rapid iteration of technologies. Leveraging RISC-V's standard ISA with high extensibility, we are able to adapt and diversify use cases of our IP modules to fit different use cases. Our core IP blocks use standardized designs that can be flexibly tuned for different process nodes and performance targets without rebuilding the underlying logic, and we will also focus on common market needs and shared customer requirements, enabling cross-scenario reuse, rapid customer validation, and significantly faster commercialization.

  Furthermore, we will sharpen our R&D focus by prioritizing R&D projects with high commercialization potentials, optimizing research and development expenses. For instance, launching joint research and development programs enables us to mitigate the risks associated with our R&D investments, thereby enhancing the commercial viability of our new products. Nonetheless, as an R&D-driven company and recognizing the important of R&D in entrenching our competitive position in the industry, we will continue to invest in R&D and our research and development expenses will remain a substantial portion of our operating expenses to support our business expansion in the future. For details on our R&D focus going forward, see "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

- *Administrative expenses.* During the Track Record Period, the fluctuations in our administrative expenses were primarily attributable to optimization of our employment structure to streamline our operations as well as professional fees in connection with this [**REDACTED**]. To optimize administrative expenses, we plan to consolidate regional office resources and reduce inefficient office spaces, decreasing lease, utility, and energy costs in connection with our administrative functions. We will continue to actively monitor our administrative expenses and promote operational efficiency.

- *Selling and distribution expenses.* During the Track Record Period, the fluctuations in our selling and distribution expenses were primarily attributable to the decrease in staff costs due to optimization incentive payments in accordance with our compensation policies. We plan to reduce customer acquisition costs by leveraging existing customer relationships, strategically focus on expanding collaborations with key customers and optimizing our business travel and related expenses. Our ability to cross-sell and reuse customer resources will help us optimize selling and distribution expenses as a percentage of revenue. Going forward, we will further leverage our established strong direct relationships and strong channels of communication with our customers in order to win additional contracts.

Based on the foregoing, our Directors believe that our business is sustainable.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated, derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants' Report included in Appendix I to this Document. Our historical results presented below 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 in thousands)		
				(unaudited)	
Revenue	**1,752,185**	**2,025,379**	**2,431,237**	**417,480**	**494,213**
Cost of sales	(1,481,957)	(1,667,839)	(1,978,325)	(383,517)	(420,852)
Gross profit	**270,228**	**357,540**	**452,912**	**33,963**	**73,361**
Selling and distribution expenses	(166,952)	(143,956)	(234,830)	(38,977)	(59,242)
Administrative expenses	(552,903)	(501,551)	(603,940)	(123,315)	(138,912)
Research and development expenses	(1,444,738)	(1,336,952)	(1,041,639)	(275,307)	(251,824)
Other net income	147,156	178,022	54,080	16,682	4,931
Impairment loss under expected credit loss model, net of reversal	(804)	(2,455)	(1,986)	2,846	4,762
Impairment loss on intangible assets and goodwill	(72,089)	(56,571)	(90,861)	–	(85)
Impairment loss on property, plant and equipment	(3,578)	(21,977)	(35,093)	(9,759)	(728)
Loss from operations	**(1,823,680)**	**(1,527,900)**	**(1,501,357)**	**(393,867)**	**(367,737)**

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
				(unaudited)	
Finance costs	(22,596)	(19,508)	(14,801)	(4,800)	(5,950)
Share of profits less losses of associates	5,572	(415)	517	(509)	(1,161)
Loss before taxation	**(1,840,704)**	**(1,547,823)**	**(1,515,641)**	**(399,176)**	**(374,848)**
Income tax credit/(expenses)	3,240	468	(203)	(100)	(75)
Loss for the year/period	**(1,837,464)**	**(1,547,355)**	**(1,515,844)**	**(399,276)**	**(374,923)**

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS Accounting Standards, we use adjusted net loss (Non-IFRS measure) as an additional financial measure, which are not required by, or presented in accordance with, IFRS Accounting Standards.

We define adjusted net loss (Non-IFRS measure) as loss for the years adjusted by adding back (i) equity-settled share-based payment expenses, which are non-cash in nature, and (ii) [**REDACTED**] expenses, which relate to the [**REDACTED**]. We believe that this Non-IFRS measure facilitates 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 this Non-IFRS measure for the years/periods may not be comparable to similarly titled measures presented by other companies. The use of this Non-IFRS measure 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 tables reconcile the Non-IFRS measure for the years 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 in thousands)		
				(unaudited)	
Loss for the year/period	(1,837,464)	(1,547,355)	(1,515,844)	(399,276)	(374,923)
Add back:					
Equity-settled share-based payment expenses[1]	132,781	107,362	321,581	31,177	84,989
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (Non-IFRS measure)	**(1,704,683)**	**(1,439,993)**	**(1,160,782)**	**(358,795)**	**(287,176)**

Note:

(1) Equity-settled share-based payment expenses relate to share awards we offered to our employees and directors.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by Type

We have an open and flexible business model whereby we either (i) sell high-quality chip products to customers or (ii) license our technologies, know-hows and provision of certain services. The following table sets forth a breakdown of our revenue by type during the years/periods indicated, both in absolute 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)*			
Sale of products										
Smart device chip products	1,635,553	93.3	1,791,636	88.5	2,006,335	82.5	345,126	82.7	241,844	48.9
Human-machine interaction chip products	1,519,445	86.7	1,690,930	83.5	1,855,718	76.3	331,873	79.5	227,625	46.0
Multimedia processing chip products	116,108	6.6	100,706	5.0	150,617	6.2	13,253	3.2	14,219	2.9
Interconnectivity and computing chip products	65,858	3.8	188,698	9.3	383,155	15.8	66,840	16.0	234,123	47.4
Interconnectivity chip products	42,459	2.5	103,134	5.0	60,298	2.5	21,421	5.1	11,127	2.3
Computing chip products	375	0.0	72,262	3.6	319,779	13.2	44,740	10.7	222,984	45.1
Other miscellaneous products	23,024	1.3	13,302	0.7	3,078	0.1	679	0.2	12	0.0
Sub-total	1,701,411	97.1	1,980,334	97.8	2,389,490	98.3	411,966	98.7	475,967	96.3
License and services	50,774	2.9	45,045	2.2	41,747	1.7	5,514	1.3	18,246	3.7
Total Revenue	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

Sale of Products

Our revenue from sales of products increased during the Track Record Period, primarily attributable to our price-for-volume market strategy to gain market share in light of enhanced market competition and the development and launch of various newly mass-produced products. The price-for-volume market strategy was implemented as a measure to address the overall weakness in the consumer electronics industry in 2023. In the recovering market of 2024 and 2025, this strategy has already delivered visible financial benefits. Additionally, we are leveraging the price-for-volume market strategy to promote the adoption of RISC-V within the industry. For details, see "— Discussion of Results of Operations."

Among our smart device chip product offering, the increase of our revenue from smart device chip products from 2023 to 2025 were primarily attributable to our price-for-volume market strategy to gain more market share driven by macroeconomic factors and dynamic market conditions, and our enhanced ability to enrich our product portfolio to cater to our customer's need in more diversified application scenarios. The increase of our revenue from interconnectivity and computing chip products were primarily attributable to the adjustments of our product portfolio and the changes in downstream demand driven by macroeconomic factors.

We will apply our price-for-volume market strategy prudently under specific circumstances going forward. For example, for customers or markets of strategic importance, we may also offer more competitive initial pricing to drive early adoption and cultivate demand during the ramp-up phase. In highly competitive, standardized segments, we may use price-for-volume market strategy to maintain market share. In parallel, we will continue to develop differentiated offerings to create value and avoid destructive price competition.

Looking ahead, our core strategy will shift from price competition to value creation. As a design-focused fabless company, our competitive strength lies in R&D innovation and product differentiation. We will: (i) invest in research and development to deliver products with distinctive advantages in performance, power efficiency, and customization for targeted domains; (ii) embed customer needs deeply into our offerings to enhance retention and build durable competitive moats; and (iii) establish our brand as synonymous with reliability and high performance.

License and Services

We generate revenue from (i) licensing proprietary IP modules, including but not limited to RISC-V cores, to customers for licensing fee, enabling them to develop their own chip, chipsets and/or circuit boards tailored for their own products or (ii) providing technical services relating to, among other things, development services, software services and technical support, to our customers for a fee, helping our customers achieve specific functions relating to their own products.

Revenue by Sales Channel

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Direct sales	1,597,654	91.2	1,854,843	91.6	2,163,421	89.0	371,423	89.0	397,578	80.4
Distribution	154,531	8.8	170,536	8.4	267,816	11.0	46,057	11.0	96,635	19.6
Total	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

For details on material fluctuations of revenue by sales channel, see "Business — Sales and Marketing — Our Sales Channel."

Revenue by Geographic Location

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)						*(unaudited)*			
Chinese Mainland	192,003	11.0	389,699	19.2	651,966	26.8	109,642	26.3	338,078	68.4
Hong Kong, China	1,464,118	83.6	1,592,076	78.6	1,663,626	68.4	306,481	73.4	153,169	31.0
Taiwan, China	72,668	4.1	23,364	1.2	1,728	0.1	148	0.0	471	0.1
Japan	23,396	1.3	15,303	0.8	11,381	0.5	1,080	0.3	1,178	0.2
United States	–	–	4,934	0.2	171	0.0	129	0.0	45	0.0
Others[1]	–	–	3	0.0	102,365	4.2	–	–	1,272	0.3
Total	**1,752,185**	**100.0**	**2,025,379**	**100.0**	**2,431,237**	**100.0**	**417,480**	**100.0**	**494,213**	**100.0**

Note:

(1) "Others" primarily represent South Korea, Singapore and the United Kingdom.

For details on material fluctuations of revenue by geographic location, see "Business — Our Offerings — Sale of Products — Key Operating Metrics."

Cost of Sales

The following table sets forth a breakdown of our cost of sales, both in absolute amounts and as percentages of total cost of sales by type during 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)			
Sale of products										
Smart device chip products	1,306,956	88.2	1,467,850	88.1	1,627,804	82.3	296,359	77.3	220,239	52.3
Interconnectivity and computing chip products	168,051	11.3	185,956	11.1	334,967	16.9	84,159	21.9	200,613	47.7
Sub-total	1,475,007	99.5	1,653,806	99.2	1,962,771	99.2	380,518	99.2	420,852	100.0
License and services	6,950	0.5	14,033	0.8	15,554	0.8	2,999	0.8	–	–
Total Cost of Sales	**1,481,957**	**100.0**	**1,667,839**	**100.0**	**1,978,325**	**100.0**	**383,517**	**100.0**	**420,852**	**100.0**

The following table sets forth a breakdown of our cost of sales, both in absolute amounts and as percentages of total cost of sales by nature during 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)			
Material costs	1,132,671	76.4	1,292,537	77.5	1,369,875	69.2	266,898	69.6	352,287	83.7
Packaging and testing costs	134,919	9.1	229,068	13.7	412,314	20.8	71,077	18.5	66,857	15.9
Write-down of inventories	180,719	12.2	101,866	6.1	95,520	4.8	36,361	9.5	(284)	(0.1)
Others	33,648	2.3	44,368	2.7	100,616	5.2	9,181	2.4	1,992	0.5
Total Cost of Sales	**1,481,957**	**100.0**	**1,667,839**	**100.0**	**1,978,325**	**100.0**	**383,517**	**100.0**	**420,852**	**100.0**

In terms of cost of sales by nature, material costs were our largest cost component. The materials we purchased during the Track Record Period primarily included underlying materials, mostly semiconductor material, required to manufacture chip, chipsets and/or circuit boards equipped in our products. We also recorded significant write-down of inventories during the Track Record Period, primary because the changing market dynamics during the Track Record Period led to write-down of certain inventories of interconnectivity and computing chip product related to certain earlier generation of interconnectivity function due to its accumulation and extended turnover days. Consequently, we prudently made write-down of inventories in accordance with applicable accounting policies though we have witnessed and reasonably believe such inventories have resell value post the Track Record Period.

Gross Profit and Gross Profit Margin

Gross profit is equal to our revenue less cost of sales. During the Track Record Period, the increase in our gross profit and gross profit margin were primarily attributable to (i) our price-for-volume market strategy to gain more market share in light of fluctuating market conditions in 2023, 2024 and 2025; (ii) the market rebound and evolving macroeconomic conditions in 2024 and 2025; and (iii) the optimization of our product portfolio.

Gross Profit and Gross Profit Margin by Business Nature

The following table sets forth our gross profit and gross profit margin by type 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 Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Sale of products										
Smart device chip products	328,597	20.1	323,786	18.1	378,531	18.9	48,767	14.1	21,604	8.9
Human-machine interaction chip products	285,534	18.8	290,341	17.2	300,127	16.2	42,007	12.7	16,669	7.3
Multimedia processing chip products	43,063	37.1	33,445	33.2	78,404	52.1	6,760	51.0	4,935	34.7
Interconnectivity and computing chip products	(102,193)	(155.2)	2,742	1.5	48,188	12.6	(17,319)	(25.9)	33,511	14.3
Interconnectivity chip products	(110,014)	(259.1)	(11,173)	(10.8)	(30,247)	(50.2)	(23,698)	(110.6)	3,618	32.5
Computing chip products	(211)	(56.2)	12,112	16.8	83,724	26.2	6,142	13.7	29,828	13.4
Other miscellaneous products	8,032	34.9	1,803	13.6	(5,289)	(171.8)	237	34.9	65	543.3
Sub-total	226,404	13.3	326,528	16.5	426,719	17.9	31,448	7.6	55,115	11.6
License and Services	43,824	86.3	31,012	68.8	26,193	62.7	2,515	45.6	18,246	100.0
Total	**270,228**	**15.4**	**357,540**	**17.7**	**452,912**	**18.6**	**33,963**	**8.1**	**73,361**	**14.8**

The relatively low margin profile for interconnectivity and computing chip products was primarily attributable to write-down provided for certain earlier generation of interconnectivity chip products in the amount of RMB102.5 million, RMB3.8 million, RMB22.6 million, RMB22.1 million and RMB0.03 million in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively, which has a disproportional impact on the margin profile of our interconnectivity and computing chip products, especially in 2023.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses during the years/periods indicated, both in absolute amounts and as percentages of total research and development expenses.

	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)*			
Research and development expenses										
Staff costs	890,769	61.7	798,643	59.7	703,257	67.5	182,590	66.3	178,346	70.8
Consumables and materials used	117,668	8.1	140,342	10.5	60,696	5.8	12,384	4.5	13,923	5.5
Amortization and depreciation	400,242	27.7	362,999	27.2	252,613	24.3	76,362	27.7	52,292	20.8
Others	36,059	2.5	34,968	2.6	25,073	2.4	3,971	1.5	7,263	2.9
Total research and development expenses	**1,444,738**	**100.0**	**1,336,952**	**100.0**	**1,041,639**	**100.0**	**275,307**	**100.0**	**251,824**	**100.0**

We believe that continuous investment in research and development is crucial to our future growth. We will continue to invest in research and development, including recruiting more technology talents, acquiring necessary licenses, facilities and equipment, extending application scenarios of our powerful products, and developing new products with better performance in line with our customers' evolving needs and higher energy efficiency to support our future development. However, as we continue to increase our revenue scale and optimize our management and efficiency of expense utilization to achieve profitability, we expect our research and development expenses as a percentage of our total revenue to decrease in the following few years.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of total 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)*			
Administrative expenses										
Staff costs	400,205	72.4	366,313	73.1	438,001	72.5	87,221	70.7	94,089	67.7
Professional service fees	24,686	4.5	11,706	2.3	46,238	7.7	11,444	9.3	2,609	1.9
Amortization and depreciation	61,340	11.1	60,559	12.1	63,541	10.5	13,079	10.6	30,026	21.6
Business travel and office expenses	49,758	9.0	41,537	8.3	35,130	5.8	7,787	6.3	8,128	5.9
Tax and surcharges	3,571	0.6	4,680	0.9	7,233	1.2	1,306	1.1	1,545	1.1
Others	13,343	2.4	16,756	3.3	13,797	2.3	2,478	2.0	2,515	1.8
Total administrative expenses	**552,903**	**100.0**	**501,551**	**100.0**	**603,940**	**100.0**	**123,315**	**100.0**	**138,912**	**100.0**

As our revenue continues to grow and we are seeking to adjust and optimize our compensation plan for our employees as well as enhance our management of expenses to achieve profitability, we expect that our administrative expenses as a percentage of total revenue to decrease in the long term as we improve our operational efficiency and benefit from economies of scale.

Selling and Distribution Expenses

The following table sets forth a breakdown of our selling and distribution expenses for the years/periods indicated, both in absolute amounts and as percentages of total selling and distribution expenses.

	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)*			
Selling and distribution expenses										
Staff costs	132,030	79.1	116,509	80.9	202,459	86.2	32,850	84.3	51,004	86.1
Professional service fees	5,826	3.5	4,267	3.0	1,664	0.7	268	0.7	310	0.5
Amortization and depreciation	2,694	1.6	2,426	1.7	3,367	1.4	799	2.0	771	1.3
Business travel expenses	11,525	6.9	12,438	8.6	10,786	4.6	2,339	6.0	2,043	3.4
Others	14,877	8.9	8,316	5.8	16,554	7.1	2,721	7.0	5,114	8.7
Total selling and distribution expenses	**166,952**	**100.0**	**143,956**	**100.0**	**234,830**	**100.0**	**38,977**	**100.0**	**59,242**	**100.0**

We plan to continue to spend on selling and distribution to promote our brand, maintain and deepen our relationships with our existing customers as well as attract new customers. We expect that our selling and distribution expenses as a percentage of total revenue to decrease in the long term as we benefit from our enhanced brand awareness, established customer base and economies of scale.

Other Net Income

The following table sets forth a breakdown of our other income 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)*			
Government grants	53,554	36.4	99,285	55.8	38,352	71.0	5,625	33.7	8,775	178.0
Interest income	28,261	19.2	34,470	19.4	38,670	71.5	11,310	67.8	1,913	38.8
Investment income from time deposits with banks	22,660	15.4	13,854	7.8	1,451	2.7	775	4.7	–	–
Investment income from financial assets at FVTPL	18,027	12.3	10,541	5.9	320	0.6	–	–	2,232	45.2
Exchange gain/(loss)	17,102	11.6	20,878	11.7	(27,071)	(50.1)	(899)	(5.4)	(13,917)	(282.2)
Gain/(loss) on disposal of property, plant and equipment and right of use assets	5,590	3.8	(491)	(0.3)	1,916	3.5	(113)	(0.7)	6,179	125.3
Others	1,962	1.3	(515)	(0.3)	442	0.8	(16)	(0.1)	(251)	(5.1)
Total	**147,156**	**100.0**	**178,022**	**100.0**	**54,080**	**100.0**	**16,682**	**100.0**	**4,931**	**100.0**

Impairment Loss Under Expected Credit Loss Model, Net of Reversal

We make provision for impairment loss on trade and other receivables based on the expected credit loss of our trade and other receivables in accordance with relevant accounting policies. During the Track Record Period, we recognized net impairment loss on financial assets of RMB0.8 million, RMB2.5 million and RMB2.0 million in 2023, 2024 and 2025 and reversal of RMB2.8 million and RMB4.8 million for the three months ended March 31, 2025 and 2026, respectively.

Impairment Loss on Intangible Assets and Goodwill

During the Track Record Period, we recognized impairment loss on intangible assets and goodwill of RMB72.1 million, RMB56.6 million, RMB90.9 million, nil and RMB85 thousand in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively, primarily because certain historical acquisitions would not generate the benefits as originally expected after evaluation of the business performance. As a result, we recorded impairment loss to reflect the reduced value. For details, see Note 6 of the Accountants' Report included in Appendix I to this Document.

Impairment Loss on Property, Plant and Equipment

During the Track Record Period, we recognized impairment loss on property, plant and equipment of RMB3.6 million, RMB22.0 million, RMB35.1 million, RMB9.8 million and RMB0.7 million in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively, primarily because a number of machines and equipment within certain business units had become obsolete and ceased to be operational. At each year end, we assessed the recoverable amounts of those assets were nil and as a result the carrying amount of the machines was written down to their recoverable amount. For details, see Note 6 of the Accountants' Report included in Appendix I to this Document.

Finance Costs

Our finance costs consist of interest for lease liabilities and bank loans. We recorded finance costs of RMB22.6 million, RMB19.5 million, RMB14.8 million, RMB4.8 million and RMB6.0 million in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively. See Note 6(a) of the Accountants' Report included in Appendix I to this Document.

Share of Profits Less Losses of Associates

We recorded share of net losses of associates of RMB0.4 million, RMB0.5 million and RMB1.2 million in 2024 and for the three months ended March 31, 2025 and 2026, and share of net profits of associates of RMB5.6 million and RMB0.5 million in 2023 and 2025, respectively. The fluctuations were primarily driven by profit and loss of our investees.

Income Tax Credit/Expense

We recorded RMB3.2 million and RMB0.5 million income tax credit in 2023 and 2024 respectively, and RMB0.2 million, RMB0.1 million and RMB0.1 million income tax expense in 2025 and for the three months ended March 31, 2025 and 2026.

Loss for the Year/Period

As a result of foregoing, we recorded RMB1,837.5 million, RMB1,547.4 million, RMB1,515.8 million, RMB399.3 million and RMB374.9 million in loss in 2023, 2024, 2025 and for the three months ended March 31, 2025 and 2026, respectively.

TAXATION

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of our qualifying subsidiaries are taxed at a rate of 8.25%, and profits above HK$2 million are taxed at a rate of 16.5%. The profits of our subsidiaries that are not adopted for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

PRC

Our subsidiaries established and operated in Mainland China are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law (the "EIT Law"). Pursuant to the EIT Law, our subsidiaries established in Mainland China are generally subject to EIT at the statutory rate of 25% or 15% for the subsidiaries with the certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.

Other Countries

Our subsidiary incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 9% to 24% of annual taxable profits. Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries.

DISCUSSION OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenue

Our revenue increased by 18.4% from RMB417.5 million for the three months ended March 31, 2025 to RMB494.2 million for the three months ended March 31, 2026, primarily attributable to the sale of our computing chip products.

- ***Sale of products.*** Our revenue from sales of products increased by 15.5% from RMB412.0 million for the three months ended March 31, 2025 to RMB476.0 million for the same period in 2026, attributable to the revenue growth of interconnectivity and computing chip products.

  Our revenue from smart device chip products decreased from RMB345.1 million for the three months ended March 31, 2025 to RMB241.8 million for the same period in 2026, primarily due to the decrease in our human-machine interaction chip products. Among our smart device chip products, our revenue from human-machine interaction chip products decreased from RMB331.9 million for the three months ended March 31, 2025 to RMB227.6 million for the same period in 2026, primarily because (i) one of our packaging and testing supplier was affected by a fire incident, which, in turn, resulted in an one-off shipment shortfall equivalent to 20.7% of our planned shipments of our human-machine interaction chip products for the period. Although the incident caused minor delays in fulfilling certain customer orders, it did not materially affect our performance capability. Subsequent to the fire incident, we progressively transferred production to alternative facilities. Our shipments and related revenue notably recovered in the second quarter of 2026, during which we completed customer deliveries. As of the Latest Practicable Date, the affected supplier had restored the relevant production lines and progressively resumed production following customer validation, with identified losses amounting to approximately RMB2.5 million, primarily comprising transfer-related validation expenses and potential inventory scrapping. Such losses were not covered by insurance as our policy did not extend to assets stored at suppliers' premises, and the supplier has agreed to bear these losses; and (ii) strong demand for HBM, DDR and other memory products (a) intensified competition for shared wafer fabrication and packaging and testing capacity, as well as certain upstream materials, constraining our product supply and extending delivery cycles, and (b) drove up the BOM costs and retail prices of consumer electronics, weakening end-market demand and putting downward pressure on the sales volume and average selling price of our human-machine interaction chip products. Our revenue from multimedia processing chip products slightly increased from RMB13.3 million for the three months ended March 31, 2025 to RMB14.2 million for the same period in 2026, primarily due to the commencement of mass production and the gradual ramp-up in sales of our two new MNT scaler chip products. These products had slightly higher unit selling prices than our Mini-LED control chip products, which had previously accounted for a large proportion of our multimedia processing chip sales. Accordingly, the increasing revenue contribution of the two new products slightly increased the overall average selling price and revenue of our multimedia processing chip products.

Moreover, we witnessed a significant increase in our revenue from sales of interconnectivity and computing chip products from RMB66.8 million for the three months ended March 31, 2025 to RMB234.1 million for the same period in 2026, primarily attributable to the sales of our certain computing chip products. Among our interconnectivity and computing chip products, our revenue from interconnectivity chip products decreased from RMB21.4 million for the three months ended March 31, 2025 to RMB11.1 million for the same period in 2026, primarily due to a decline in shipment volumes of certain interconnectivity chip product approaching the end of its product life cycle. Our revenue from computing chip products increased from RMB44.7 million for the three months ended March 31, 2025 to RMB223.0 million for the same period in 2026, primarily attributable to the delivery of a large-scale intelligent computing center solution, under which we provided our AI SoCs together with the supporting hardware and software as an integrated computing offering.

- ***License and services.*** Our revenue generated from license and services increased from RMB5.5 million for the three months ended March 31, 2025 to RMB18.2 million for the same period in 2026, primarily attributable to increases in our IP module licensing business.

Cost of Sales

Our cost of sales increased by RMB37.3 million, or 9.7%, from RMB383.5 million for the three months ended March 31, 2025 to RMB420.9 million for the same period in 2026.

- ***Sale of products.*** Our cost of sales from sales of products increased by 10.6% from RMB380.5 million for the three months ended March 31, 2025 to RMB420.9 million for the same period in 2026, in line with our revenue growth.

- ***License and services.*** Our cost of sales generated from license and services decreased from RMB3.0 million for the three months ended March 31, 2025 to nil for the same period in 2026, primarily because the revenue was generated solely from the licensing of our existing IP modules, the costs of which had been expensed as research and development costs in prior periods.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by RMB39.4 million, or 116.0%, from RMB34.0 million for the three months ended March 31, 2025 to RMB73.4 million for the same period in 2026. Our gross profit margin increased from 8.1% for the three months ended March 31, 2025 to 14.8% for the same period in 2026, attributable to the improvement of gross profit margins of both sale of products and license and services.

- ***Sale of products.*** Our gross profit margin from sale of products increased from 7.6% for the three months ended March 31, 2025 to 11.6% for the same period in 2026, primarily attributable to the following:

  - The gross profit margin for smart device chip products decreased from 14.1% for the three months ended March 31, 2025 to 8.9% for the same period in 2026. Among our smart device chip products, the gross profit margin for our human-machine interaction chip products decreased from 12.7% for the three months ended March 31, 2025 to 7.3% for the same period in 2026, due to both demand- and cost-side factors. On the demand side, driven by growing AI demand, prices of DDR products used in TVs, monitors and notebook computers increased by over 300% year-on-year in the first quarter of 2026, according to Frost & Sullivan. The resulting increase in the BOM costs and retail prices of these products weakened end-market demand, while downstream manufacturers exerted greater pricing pressure on other components to offset higher memory costs. Consequently, market prices of certain medium- to large-sized DDICs decreased year-on-year, according to Frost & Sullivan. On the cost side, wafer fabrication prices increased year-on-year, while packaging and testing and certain raw material costs also increased. Given the weak downstream demand and pricing pressure, we were unable to fully pass such cost increases on to customers, resulting in the decrease in gross profit margin. The gross profit margin for our multimedia processing chip products decreased from 51.0% for the three months ended March 31, 2025 to 34.7% for the same period in 2026, primarily due to the commencement of mass production and the gradual ramp-up in sales of our two new MNT scaler chip products. These products had lower gross profit margins than our Mini-LED control chip products, which had previously accounted for a large proportion of our multimedia processing chip sales. Accordingly, the increasing revenue contribution of the two new products reduced the overall gross profit margin of our multimedia processing chip products.

  - The gross loss margin for interconnectivity and computing chip products of 25.9% for the three months ended March 31, 2025 changed into gross profit margin of 14.3% for the same period in 2026, primarily due to the improvement of gross margin for our interconnectivity chip products. Among our interconnectivity and computing chip products, the gross loss margin for our interconnectivity chip products of 110.6% for the three months ended March 31, 2025 changed into gross profit of 32.5% for the same period in 2026, primarily attributable to lower write-down of inventories recorded in 2026. The gross profit margin of our computing chip products remained relatively stable at 13.7% and 13.4% for the three months ended March 31, 2025 and 2026, respectively.

- ***License and services.*** Our gross profit margin from license and services increased from 45.6% for the three months ended March 31, 2025 to 100.0% for the same period in 2026, primarily because the costs of IP modules we licensed had been expensed as research and development costs in prior periods.

Research and Development Expenses

Our research and development expenses decreased by 8.5% from RMB275.3 million for the three months ended March 31, 2025 to RMB251.8 million for the same period in 2026, which was primarily because certain assets was fully depreciated and amortized by the end of 2025. Accordingly, our research and development expenses as a percentage of total revenue decreased from 65.9% for the three months ended March 31, 2025 to 51.0% for the same period in 2026.

Administrative Expenses

Our administrative expenses increased by 12.6% from RMB123.3 million for the three months ended March 31, 2025 to RMB138.9 million for the same period in 2026, which was primarily due to the increase in staff costs and amortization and depreciation, in line with our business expansion. Our administrative expenses as a percentage of total revenue slightly decreased from 29.5% for the three months ended March 31, 2025 to 28.1% for the same period in 2026.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 52.0% from RMB39.0 million for the three months ended March 31, 2025 to RMB59.2 million for the same period in 2026, which was primarily due to the increase of share-based compensation, leading to higher staff costs. Our selling and distribution expenses as a percentage of total revenue increased from 9.3% for the three months ended March 31, 2025 to 12.0% for the same period in 2026, which was also attributable to the increase in share-based payments.

Other Net Income

Our other net income decreased by 70.4% from RMB16.7 million for the three months ended March 31, 2025 to RMB4.9 million for the same period in 2026, primarily due to (i) a decrease in interest income as we utilized more internal resources in research and development and business operations, and (ii) an increase in exchange loss in relation to fluctuations in exchange rates.

Loss for the Period

As a result of the foregoing, our loss for the period decreased by 6.1% from RMB399.3 million for the three months ended March 31, 2025 to RMB374.9 million for the same period in 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 20.0% from RMB2,025.4 million in 2024 to RMB2,431.2 million in 2025, primarily due to the recovery of downstream market demand as well as the increased acceptance and adoption of our new products.

- ***Sale of products.*** Our revenue from sales of products increased by 20.7% from RMB1,980.3 million in 2024 to RMB2,389.5 million in 2025, attributable to the revenue growth of both smart device chip products and interconnectivity and computing chip products.

  Our revenue from smart device chip products increased from RMB1,791.6 million in 2024 to RMB2,006.3 million in 2025, primarily because more product types entered mass production stage and expanded our revenue source along with the recovery of downstream market demand in consumer electronics sector. Among our smart device chip products, our revenue from human-machine interaction chip products increased from RMB1,690.9 million in 2024 to RMB1,855.7 million in 2025, primarily due to our price-for-volume strategy, and our revenue from multimedia processing chip products increased from RMB100.7 million in 2024 to RMB150.6 million in 2025, primarily due to certain high value products we provided in early 2025.

Moreover, we witnessed a significant increase in our revenue from sales of interconnectivity and computing chip products from RMB188.7 million in 2024 to RMB383.2 million in 2025, driven by the increased demand of certain newly mass produced products, such as our computing chip products for smart retailing. Among our interconnectivity and computing chip products, our revenue from interconnectivity chip products decreased from RMB103.1 million in 2024 to RMB60.3 million in 2025, primarily due to the fluctuations in market demands, and our revenue from computing chip products increased from RMB72.3 million in 2024 to RMB319.8 million in 2025, primarily due to the increase in sales volume of our computing chip products for smart retailing.

- ***License and services.*** Our revenue generated from license and services decreased by 7.3% from RMB45.0 million in 2024 to RMB41.7 million in 2025, primarily driven by fluctuations in the customized demands for our services among our customers.

Cost of Sales

Our cost of sales increased by RMB310.5 million, or 18.6%, from RMB1,667.8 million in 2024 to RMB1,978.3 million in 2025, in line with our revenue growth.

- ***Sale of products.*** Our cost of sales from sales of products increased by 18.7% from RMB1,653.8 million in 2024 to RMB1,962.8 million in 2025, primarily due to the increased consumption of resources as our sales volume grew.

- ***License and services.*** Our cost of sales generated from license and services increased from RMB14.0 million in 2024 to RMB15.6 million in 2025, primarily due to the exploration of new technologies which requires additional investments.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by RMB95.4 million, or 26.7%, from RMB357.5 million in 2024 to RMB452.9 million in 2025.

Our gross profit margin increased from 17.7% in 2024 to 18.6% in 2025, primarily due to the improvement in the profit margin of sale of products, which accounted for a majority of our revenue.

- ***Sale of products.*** Our gross profit margin from sale of products increased from 16.5% in 2024 to 17.9% in 2025, primarily attributable to the following:

  - The gross profit margin for smart device chip products increased from 18.1% in 2024 to 18.9% in 2025, primarily due to the relatively high margin of certain highly customized multimedia processing chip product in 2025. Among our smart device chip products, the gross profit margin for our human-machine interaction chip products slightly decreased from 17.2% in 2024 to 16.2% in 2025, primarily due to the combined effect of (i) the general market price decrease of certain medium- to large-sized DDICs and (ii) our price-for-volume market strategy, and the gross profit margin for our multimedia processing chip products increased from 33.2% in 2024 to 52.1% in 2025, primarily due to certain high value, high margin customized products we provided in early 2025.

- ○ The gross profit margin for interconnectivity and computing chip products of 1.5% in 2024 increased to 12.6% in 2025, primarily due to the decrease in costs of raw materials and package, assembly and testing services in early 2025 for our computing chip products for smart retailing and the continuous mass production of computing chip products for smart retailing. Among our interconnectivity and computing chip products, the gross loss margin for our interconnectivity chip products increased from 10.8% in 2024 to 50.2% in 2025, primarily attributable to the write-down of inventories for certain earlier-generation products and disposal of our earlier-generation products at competitive prices to maintain a healthy inventory level, and the gross profit margin for our computing chip products increased from 16.8% in 2024 to 26.2% in 2025, primarily due to the decrease in costs of raw materials and packaging, assembly and testing services for our computing chip products.

- ***License and services.*** Our gross profit margin from license and services decreased from 68.8% in 2024 to 62.7% in 2025, primarily due to the increase in costs as we explore and invest in new technologies.

Research and Development Expenses

Our research and development expenses decreased by 22.1% from RMB1,337.0 million in 2024 to RMB1,041.6 million in 2025, which was primarily due to the decrease in staff costs and consumables and materials used, as we optimized our research and development staff and activities to enhance research efficiency. Our research and development expenses as a percentage of total revenue decreased from 66.0% in 2024 to 42.8% in 2025, primarily because, as our technology capabilities mature, we are able to reuse existing technologies across multiple products, thereby minimizing additional research and development expenses, improving R&D efficiency and accelerating our time to market for new products. During the same period, we also optimized our research and development team and projects as our research efforts evolved in a more targeted direction.

Administrative Expenses

Our administrative expenses increased by 20.4% from RMB501.6 million in 2024 to RMB603.9 million in 2025, which was primarily due to the increase of share-based compensation, leading to higher staff costs, as well as the [**REDACTED**] expenses incurred in early 2025. Our administrative expenses as a percentage of total revenue remained stable at 24.8% in 2024 and 2025.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 63.1% from RMB144.0 million in 2024 to RMB234.8 million in 2025, which was primarily due to the increase of share-based compensation, leading to higher staff costs. Our selling and distribution expenses as a percentage of total revenue increased from 7.1% in 2024 to 9.7% in 2025, which was also attributable to the increase in share-based payments.

Other Net Income

Our other net income decreased by 69.6% from RMB178.0 million in 2024 to RMB54.1 million in 2025, primarily due to a decrease in government grants relating to an one-off incentive policy in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 2.0% from RMB1,547.4 million in 2024 to RMB1,515.8 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 15.6% from RMB1,752.2 million in 2023 to RMB2,025.4 million in 2024, primarily due to the increased market demand benefiting from improved market environment in 2024 and launch of new application areas of our product offerings.

- ***Sale of products.*** Our revenue from sales of products increased by 16.4% from RMB1,701.4 million in 2023 to RMB1,980.3 million in 2024, primarily due to (i) an increase in sales volume to our major customers as a result of an improved market sentiment and (ii) the launch and enrichment of our products for mass production in our customers' offerings.

  As the smart device and interconnectivity and computing chip product industries continue to expand and market sentiments recovered in 2024, the downstream need for more efficient products continues to grow. As a result, our revenue from smart device chip products increased from RMB1,635.6 million in 2023 to RMB1,791.6 million in 2024. In particular, our revenue from human-machine interaction chip products increased from RMB1,519.4 million in 2023 to RMB1,690.9 million in 2024, primarily attributed to the growth in sales volume benefiting from our price-for-volume strategy, which outpaced the decline in our prices. During the same period, our revenue from multimedia processing chip products decreased from RMB116.1 million to RMB100.7 million, resulted from our price-for-volume market strategy to combat fluctuation macroeconomic condition in prior year.

  Moreover, we witnessed a significant increase in our revenue from sales of interconnectivity and computing chip products from RMB65.9 million in 2023 to RMB188.7 million in 2024, driven by recovered market sentiments in 2024 and provision of more products to further accommodate our customers' needs. In particular, our revenue from interconnectivity chip products increased from RMB42.5 million in 2023 to RMB103.1 million in 2024, primarily attributable to the expansion of our higher-value projects that request higher level of customization as our brand gained more recognition in the industry. During the same period, our revenue from computing chip products increased from RMB0.4 million to RMB72.3 million, primarily attributable to the mass production of our computing chip products for smart retailing.

- ***License and services.*** Our revenue generated from license and services decreased by 11.3% from RMB50.8 million in 2023 to RMB45.0 million in 2024, primarily driven by changes in the demands for our services among our customers.

Cost of Sales

Our total cost of sales increased by 12.5% from RMB1,482.0 million in 2023 to RMB1,667.8 million in 2024, which was in line with our revenue growth.

- ***Sale of products.*** Our cost of sales from sales of products increased by 12.1% from RMB1,475.0 million in 2023 to RMB1,653.8 million in 2024, primarily due to an increase in sales volume that leads to a corresponding increase on material costs used to produce our products.

- ***License and services.*** Our cost of sales generated from license and services significantly increased from RMB7.0 million in 2023 to RMB14.0 million in 2024, primarily driven by an increase in staff costs driven by higher percentage revenue contribution from services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB270.2 million in 2023 to RMB357.5 million in 2024.

Our gross profit margin increased from 15.4% in 2023 to 17.7% in 2024, resulting from changes in our revenue mix as well as their respective gross profit margin.

- ***Sale of products.*** Our gross profit margin from sale of products increased from 13.3% in 2023 to 16.5% in 2024, primarily attributable to the following:

    - The gross profit margin for smart device chip products slightly decreased from 20.1% in 2023 to 18.1% in 2024, and our gross profit margin for both human-machine interaction chip products and multimedia processing chip products decreased during the same period, primarily attributable to the combined effect of (i) the general market price decrease of certain medium- to large-sized DDICs and (ii) our price-for-volume market strategy to gain more market share in light of market conditions.

    - The gross loss margin for interconnectivity and computing chip products changed from 155.2% in 2023 to gross profit margin of 1.5% in 2024. Our gross loss margin for interconnectivity chip products improve from a gross loss of 259.1% to a gross loss of 10.8%, primarily attributable to the expansion of our higher-value projects that request higher level of customization as our brand gained more recognition in the industry, as well as lower provision provided for inventory used in certain earlier generation of in the amount of RMB3.8 million in 2024 as compared to RMB102.5 million in 2023 in accordance with applicable accounting policies as overall market demands recovered in 2024. Our gross loss for computing chip products in 2023 changed into gross profit in 2024, primarily attributable to the mass production of our computing chip products for smart retailing.

- ***License and services.*** Our gross profit margin from license and services decreased from 86.3% in 2023 to 68.8% in 2024, primarily attributable to higher revenue contribution of services as compared to licenses, which incurred relatively higher staff costs.

Research and Development Expenses

Our research and development expenses decreased by 7.5% from RMB1,444.7 million in 2023 to RMB1,337.0 million in 2024, which was primarily due to a decrease in staff costs resulting from our optimization of employment structure. Our research and development expenses as a percentage of total revenue decreased from 82.5% in 2023 to 66.0% in 2024 primarily because of our adjustments on personnel and R&D project resulting from our more targeted research and development initiatives in 2024.

Administrative Expenses

Our administrative expenses decreased by 9.3% from RMB552.9 million in 2023 to RMB501.6 million in 2024, primarily due to (i) a decrease in staff costs resulting from our optimization of employment structure and adjustments in incentive payments in accordance with our compensation policies and (ii) a decrease in professional service fees paid. As we continue to increase our revenue and promote administrative efficiency, our administrative expenses as a percentage of total revenue decreased from 31.6% in 2023 to 24.8% in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 13.8% from RMB167.0 million in 2023 to RMB144.0 million in 2024, which was primarily due to a decrease in staff costs primarily attributable to adjustments in incentive payments in accordance with our compensation policies. As we continue to increase our revenue and promote selling and distribution efficiency, our administrative expenses as a percentage of total revenue decreased from 9.5% in 2023 to 7.1% in 2024.

Other Net Income

Our other net income increased by 21.0% from RMB147.2 million in 2023 to RMB178.0 million in 2024, primarily due to an increase in government grants as a result of a one-off subsidy program from local government.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 15.8% from RMB1,837.5 million in 2023 to RMB1,547.4 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Total non-current assets	2,346,753	1,766,347	1,210,514	983,280
Total current assets	4,005,674	3,098,046	2,767,585	3,178,139
Total current liabilities	869,718	841,458	947,529	1,262,278
Total non-current liabilities	413,543	395,706	344,819	504,487
Net assets	**5,069,166**	**3,627,229**	**2,685,751**	**2,394,654**

Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
					(unaudited)
	(RMB in thousands)				
Current assets					
Inventories	328,646	367,638	618,814	780,096	817,292
Trade receivables	766,665	755,805	1,112,155	752,941	864,166
Prepayments and other receivables	136,206	353,543	410,574	319,171	429,400
Financial assets measured at FVPL	963,273	–	400,114	–	70,093
Restricted cash	21,482	33,321	37,654	19,980	19,348

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
					(unaudited)
			(RMB in thousands)		
Time deposits with banks	981,342	–	–	–	–
Cash and cash equivalents	808,060	1,587,739	188,274	1,305,951	845,817
Total current assets	**4,005,674**	**3,098,046**	**2,767,585**	**3,178,139**	**3,046,116**
Current liabilities					
Trade payables	298,987	339,742	321,720	291,183	279,576
Accruals and other payables	499,960	396,260	354,008	288,607	304,862
Contract liabilities	17,574	69,251	36,485	37,678	39,465
Bank loans	–	–	190,250	606,241	612,356
Lease liabilities	53,184	36,177	44,953	38,476	40,069
Current taxation	13	28	113	93	74
Total current liabilities	**869,718**	**841,458**	**947,529**	**1,262,278**	**1,276,402**
Net current assets	**3,135,956**	**2,256,588**	**1,820,056**	**1,915,861**	**1,769,714**

Our net current assets decreased from RMB3,136.0 million as of December 31, 2023 to RMB2,256.6 million as of December 31, 2024, primarily due to the decrease in current assets. The decrease in current assets was primarily attributable to a decrease in time deposits with banks from RMB981.3 million as of December 31, 2023 to nil as of December 31, 2024 and a decrease in financial assets measured at FVPL from RMB963.3 million as of December 31, 2023 to nil as of December 31, 2024, primarily attributable to disposal of wealth management products and time deposits for cash and cash equivalents to support ordinary business operations. This is partially offset by the decrease in current liabilities, primarily attributable to a decrease of accruals and other payables from RMB500.0 million as of December 31, 2023 to RMB396.3 million as of December 31, 2024, resulting from a decrease in payables for purchase of equipment and services, and a decrease in lease liabilities from RMB53.2 million as of December 31, 2023 to RMB36.2 million as of December 31, 2024.

Our net current assets decreased from RMB2,256.6 million as of December 31, 2024 to RMB1,820.1 million as of December 31, 2025, primarily due to the combined effect of a decrease in current assets and an increase in current liabilities. The decrease in current assets was primarily attributable to a decrease in cash and cash equivalents from RMB1,587.7 million as of December 31, 2024 to RMB188.3 million as of December 31, 2025 resulting from use of cash to support our operations, partially offset by an increase in trade receivables from RMB755.8 million as of December 31, 2024 to RMB1,112.2 million as of December 31, 2025 resulting from the settlement process of certain large amount of receivables which was subsequently settled as of February 28, 2026. The increase in current liabilities was primarily attributable to an increase in bank loans of RMB190.3 million to support our operations.

Our net current assets increased from RMB1,820.1 million as of December 31, 2025 to RMB1,915.9 million as of March 31, 2026, primarily because the increase in current assets outweighed the increase in current liabilities. The increase in current assets was primarily attributable to an increase in cash and cash equivalents from RMB188.3 million as of December 31, 2025 to RMB1,306.0 million as of March 31, 2026 resulting from temporary changes in our wealth management activities and increases in proceeds from bank loans, partially offset by a decrease in trade receivables from RMB1,112.2 million as of December 31, 2025 to RMB752.9 million as of March 31, 2026 resulting from the successful settlement of certain large amounts of receivables, and a decrease in financial assets measured at fair value through profit or loss from RMB400.1 million as of December 31, 2025 to nil as of March 31, 2026 in relation to changes in our wealth management activities. The increase in current liabilities was primarily attributable to an increase in bank loans from RMB190.3 million as of December 31, 2025 to RMB606.2 million as of March 31, 2026 to support our operations.

Our net current assets decreased from RMB1,915.9 million as of March 31, 2026 to RMB1,769.7 million as of May 31, 2026, primarily due to the decrease in current assets and the increase in current liabilities. The decrease in current assets was primarily attributable to a decrease in cash and cash equivalents from RMB1,306.0 million as of March 31, 2026 to RMB845.8 million as of May 31, 2026, partially offset by an increase in trade receivables from RMB752.9 million as of March 31, 2026 to RMB864.2 million as of May 31, 2026 and an increase of prepayments and other receivables from RMB319.2 million as of March 31, 2026 to RMB429.4 million as of May 31, 2026. The increase in current liabilities was primarily attributable to an increase of accruals and other payables from RMB288.6 million as of March 31, 2026 to RMB304.9 million as of May 31, 2026 and an increase of bank loans from RMB606.2 million as of March 31, 2026 to RMB612.4 million as of May 31, 2026 resulting from our new bank borrowings to support business operations.

Assets

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Property, plant and equipment				
Machinery equipment	236,070	237,589	154,004	144,816
Office equipment	23,681	15,014	11,160	10,642
Leasehold improvements	163,149	141,819	121,615	117,882
Construction in Progress	28,812	22,058	10,841	13,109
Total	**451,712**	**416,480**	**297,620**	**286,449**

Our property, plant and equipment decreased from RMB451.7 million as of December 31, 2023 to RMB416.5 million as of December 31, 2024, primarily due to disposal of relevant leasehold improvements and office equipment. Our property, plant and equipment further decreased to RMB297.6 million as of December 31, 2025, primarily due to the disposal of machinery equipment at the end of useful life, combined with the decrease in leasehold improvements as we continue to optimize our operational efficiency. Our property, plant and equipment further decreased to RMB286.4 million as of March 31, 2026, primarily due to depreciation of our equipment and leasehold improvements. For the impairment test applied to our property, plant and equipment, see Note 2 of the Appendix I to this Document.

Right-of-use Assets

Our right-of-use assets mainly represent our lease of office premises and employee dormitory. Our right-of-use assets decreased from RMB425.3 million as of December 31, 2023 to RMB370.2 million as of December 31, 2024 as a result of depreciation provision and early termination of certain leases. Our right-of-use assets subsequently decreased to RMB335.3 million as of December 31, 2025 and RMB266.7 million as of March 31, 2026 subsequently. For the impairment test applied to our right-of-use assets, see Note 2 of the Appendix I to this Document.

Intangible Assets

Our intangible assets consist of non-proprietary technology, software and licensing rights acquired from third parties. Our intangible assets decreased from RMB475.1 million as of December 31, 2023 to RMB362.1 million as of December 31, 2024 and further to RMB229.7 million as of December 31, 2025 and RMB208.4 million as of March 31, 2026, primarily attributable to amortization of existing intangible assets. For the impairment test applied to our intangible assets, see Note 2 and Note 6(c) of the Appendix I to this Document.

Goodwill

In anticipation of the potential significant market growth, we entered into business cooperation agreements (i) with Beijing ESWIN IT Co., Ltd. in 2019 to acquire assets relating to smart connection business through several stages to enhance our interconnectivity chip product and (ii) with Socionext Inc. ("SNI") in 2020 to acquire assets relating to TV chip, chipsets and/or circuit boards to enhance the technical capabilities of our multimedia processing chip product. However, as the development of macroeconomic conditions and the industry fell short of expectation thereafter, the fair value of the business we acquired decreased accordingly and fell below the estimation at the time of the acquisitions. In particular, our goodwill decreased from RMB111.1 million as of December 31, 2023 to RMB54.5 million as of December 31, 2024 and further to nil as of December 31, 2025 and March 31, 2026 primarily attributable to impairment provisions made in accordance with valuation performed by independent third parties based on the fair value of the businesses acquired. Goodwill arising from the acquisition of Beijing ESWIN IT Co., LTD. was allocated to our Smart Connection Business Unit CGU ("SCBU CGU"), and goodwill arising from the acquisition of Multimedia Business was allocated to our Multimedia Business Unit CGU ("MBU CGU"). The carrying amounts of goodwill are allocated as follows:

	Year ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SCBU CGU	15,983	–	–	–
MBU CGU	95,083	54,495	–	–
	111,066	54,495	–	–

Impairment review on the goodwill has been conducted by the management at each of the reporting year end. The recoverable amount of the CGUs were determined based on the higher of fair value less costs of disposal and value in use of the underlying assets with reference to valuation reports issued by an independent valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five or six-year period. Our Directors forecasted the revenue growth rate and gross margin based on each CGU's historical experience and our expectations of future changes in the industry and adjusted for other factors that are specific to each CGU. Cash flows beyond the forecasted period were extrapolated using a terminal growth rate based on the relevant industry growth forecasts and does not exceed the average terminal growth rate of the relevant industry. The discount rate used are pre-tax and reflect market assessment of time value and the specific risks relating to each CGU.

The key assumptions used for value in use calculations for the above CGUs are as follows:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
SCBU CGU				
Annual revenue growth rate for the forecast period	25%-92%	24%-77%	/	/
Gross margin rate	38%-42%	30%-46%	/	/
Terminal growth rate	0%	0%	/	/
Pre-tax discount rate	13%	13%	/	/
MBU CGU				
Annual revenue growth rate for the forecast period	22%-167%	48%-146%	19%-109%	/
Gross margin rate	29%-37%	26%-37%	26%-41%	/
Terminal growth rate	0%	0%	0%	/
Pre-tax discount rate	12%	12%	10.38%	/

The headroom of CGUs containing goodwill for Smart Connection Business and Multimedia Business is shown as below:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SCBU CGU				
Headroom	–	–	–	–
MBU CGU				
Headroom	72,982	–	–	–

Based on the impairment test performed, as of December 31, 2023, 2024, the recoverable amount of SCBU CGU has been reduced to RMB175,408,000 and RMB67,878,000, respectively. Goodwill impairment losses of RMB72,089,000 and RMB15,983,000 were recognized as the CGU was assessed to be no longer generate the originally estimated future economic benefits subsequent to the evaluation of its operating performance.

Based on the impairment test performed, as of December 31, 2024 and 2025, the recoverable amount of MBU CGU has been reduced to RMB176,738,000 and RMB24,598,000, respectively. Goodwill impairment losses of RMB40,588,000 and RMB54,495,000 were recognized, given that the CGU would not yield the benefits as initially projected, following the best estimate of future cash flow forecasts derived from business performance evaluations.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to gross margin rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively:

As at December 31, 2023	MBU CGU
Gross margin rate	-1.9%
Pre-tax discount rate	1.2%

For those recoverable amount of the CGUs is higher than its carrying amount as of December 31, 2023, with regard to the assessment of the value in use of the CGUs, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including goodwill, of the CGUs to exceed the recoverable amounts.

Other Non-Current Assets

Our other non-current assets primarily represent (i) prepayments for manufacturing capacity security deposits relating to our capacity reservation with partners, (ii) prepayments for properties, plants and equipment and licensing rights, (iii) rental deposits, and (iv) others.

Our other non-current assets decreased from RMB764.4 million as of December 31, 2023 to RMB441.1 million as of December 31, 2024, primarily attributable to (i) a decrease in prepayments for manufacturing capacity security deposits, primarily because such amount is expected to be recovered within one year and is therefore reclassified as other receivables pursuant to the term of the contract and (ii) a decrease in prepayments for properties, plants and equipment and licensing rights as these assets transitioned from the prepayment stage to being recognized as assets, leading to a decrease in the corresponding prepayment amounts. Our other non-current assets further decreased to RMB329.0 million as of December 31, 2025 and RMB204.1 million as of March 31, 2026, primarily attributable to a decrease in prepayments for manufacturing capacity security deposits due to the reclassification of such deposits as other receivables pursuant to the term of the contract.

Inventories

Our inventories primarily consist of (i) finished goods, which primarily consist of chip, chipsets and/or circuit boards that is in final testing stage, (ii) working in progress, which primarily consists of chip, chipsets and/or circuit boards that is in the early stage of manufacturing, (iii) raw materials, which primarily consist of electronic components and materials, and (iv) other contract costs.

The following table sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Raw materials	175,771	176,753	262,350	301,237
Work in progress	152,431	197,051	257,524	275,266
Finished goods	196,130	254,296	345,117	425,351
Other contract costs	11,391	22,575	32,853	35,129
Less: write down of inventories	(207,077)	(283,037)	(279,030)	(256,887)
Total inventories	**328,646**	**367,638**	**618,814**	**780,096**

Our inventories increased from RMB328.6 million as of December 31, 2023 to RMB367.6 million as of December 31, 2024, primarily attributable to procurement of new inventories in light of market recovery in 2024, partially offset by write down of inventories of RMB283.0 million. Our inventories significantly increased to RMB618.8 million as of December 31, 2025 and further to RMB780.1 million as of March 31, 2026, primarily attributable to the increase of finished goods and raw materials as a result of our strategic storage of materials. In anticipation of the mass production of our new product types, as well as further volume growth of our existing products, we proactively scaled up our procurement and production schedules to ensure supply chain resilience and timely delivery. For details, see Note 18 of Appendix I to this Document.

As of December 31, 2023, 2024 and 2025 and March 31, 2026, the balance of write down of inventories amounted to RMB207.1 million, RMB283.0 million, RMB279.0 million and RMB256.9 million, respectively. Inventories are stated at the lower of cost and net realizable value. Inventory cost mainly comprises cost of bill of materials for chip, chipsets and/or circuit boards and devices as well as processing fees. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We assessed impairment to inventories regularly during the Track Record Period and made provision to write down our inventories to the net realizable value if the inventories become expired or damaged, or their prices went down, and their realizable value substantially decreases.

The following table sets forth our inventory turnover days for the Track Record Period:

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2023	2024	2025	2026
Inventory turnover days[1]	92	76	91	150

Note:

(1) Calculated using the average of opening balance and closing balance of the inventories for such year/period divided by cost of sales for the relevant year/period and multiplied by the number of days during such year/period.

Our inventory turnover days decreased from 92 days in 2023 to 76 days in 2024 as the market sentiments recovered and sales increased. During this period, our accelerated sales momentum, coupled with optimized supply chain execution, allowed us to convert inventory into revenue at a highly efficient rate. Our inventory turnover days subsequently increased to 91 days in 2025 and 150 days for the three months ended March 31, 2026, primarily resulted from our strategic accumulation of raw materials and finished goods. This is a proactive measure to secure our supply chain and ensure seamless fulfillment for upcoming delivery. As the market conditions and our product launch continue to mature, we expect our inventory turnover dynamics to stabilize.

The following table sets forth the aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within one year	308,326	367,638	618,814	743,821
Over one year	20,320	–	–	36,275[1]
Total	**328,646**	**367,638**	**618,814**	**780,096**

Note:

(1) As of March 31, 2026, our inventories aged over one year primarily consisted of medium- to large-sized DDIC products for human-machine interaction due to decrease in downstream demand, and we had made provision in accordance with their subsequent order performance.

We witness increase write-downs of inventories during the Track Record Period. The write-downs primarily resulted from increased stockpiling before the Track Record Period to support business expansion, followed by slower market sentiments in 2023 that affected the market generally, which led to inventory build-up. Such slower market sentiments affect all companies in the industry generally, not just our operations. To address these challenges and to avoid further occurrence, we have implemented a number of inventory management policies. For details, see "Business — Our Suppliers — Supply Chain and Inventory Management." Following the implementation of such policies, our inventory turnover days decreased from 92 days in 2023 to 76 days in 2024. Furthermore, the provision made for inventory decreased from RMB180.7 million in 2023, to RMB101.9 million in 2024 and to RMB95.5 million in 2025, and turned into reversal of

RMB0.3 million for the three months ended March 31, 2026. As such, our Directors believe our inventory management policies are effective despite the subsequent increase in inventory turnover days due to our strategic stockpiling and significant inventory write-downs during the Track Record Period.

As of June 30, 2026, RMB452.6 million of inventories, accounting for 58.0% of inventories as of March 31, 2026, had been subsequently utilized. After a comprehensive assessment of our current inventories at hand, we are of the view that we has made sufficient provision in accordance with relevant accounting policies and there was no further impairment issue.

Trade Receivables

Our trade receivables primarily represent outstanding receivables from customer. The following table sets forth a breakdown of our trade receivables by nature as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade receivables	774,269	766,379	1,124,748	760,978
Less: provision for loss allowance under expected credit loss model	(7,604)	(10,574)	(12,593)	(8,037)
Total trade receivables	**766,665**	**755,805**	**1,112,155**	**752,941**

Our trade receivables decreased from RMB766.7 million as of December 31, 2023 to RMB755.8 million as of December 31, 2024. Our trade receivables increased to RMB1,112.2 million as of December 31, 2025 and decreased to RMB752.9 million as of March 31, 2026, primarily due to the settlement process of certain large amount of receivables recognized by the end of 2025 which was subsequently settled as of March 31, 2026.

The following table sets forth the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within one year	766,430	732,219	1,108,289	750,979
Over one year	235	23,586	3,866	1,962
Total	**766,665**	**755,805**	**1,112,155**	**752,941**

The increase in our trade receivables over one year in 2024 was primarily attributable to the fact that one of our customers were in the process of financing activities as it was incorporated in 2023 and still in the ramp-up phase. Such an amount was subsequently fully settled. Having considered that (i) we had recorded impairment provision in relation to the amount involved under the ECL model, (ii) there were no material ongoing disputes with other customers, and (iii) we have continuously carried out stringent credit management and collection policies to monitor our trade receivables, our Directors are of the view that there is no material recoverability issue for our trade receivables.

The following table sets forth the turnover days of our trade receivables for the periods indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2023	2024	2025	2026
Total trade receivables turnover days	150	137	140	170

Note:

(1) Trade receivables turnover days equal the average of the opening and closing trade receivables balance (net of allowance) divided by revenue for the relevant year/period and multiplied by the number of days during such year/period.

Our trade receivables turnover days decreased from 150 days in 2023 to 137 days in 2024 and maintained stable at 140 days in 2025 primarily due to the enhancement our credit management and collection efforts. Our trade receivables turnover days increased to 170 days for the three months ended March 31, 2026, primarily because a relatively high amount of receivables in relation to a large-scale intelligent computing center solution was recognized by the end of March and is expected to be settled by the end of June, and certain payments from one customer were temporarily delayed due to overseas remittance process.

As of June 30, 2026, RMB466.2 million, or 61.3% of our gross trade receivables as of March 31, 2026 had been subsequently settled.

Prepayments and Other Receivables

The following table sets forth the breakdown of our prepayments and other receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Prepayments to suppliers	50,660	102,649	129,106	100,749
Prepayments for costs incurred in connection with the proposed [**REDACTED**] of the Company's H shares	–	–	8,155	9,085
Other receivables from third-party	18,653	160,052	166,986	156,069
VAT receivables	67,358	90,924	106,405	53,374
Less: provision for loss allowance under expected credit loss model	(465)	(82)	(78)	(106)
Total	**136,206**	**353,543**	**410,574**	**319,171**

Our prepayments and other receivables increased from RMB136.2 million as of December 31, 2023 to RMB353.5 million as of December 31, 2024, primarily attributable to (i) an increase in other receivables from third-party; and (ii) an increase in prepayment to suppliers as downstream demands for our products increased. Our prepayments and other receivables further increased to RMB410.6 million as of December 31, 2025, primarily attributable to an increase of prepayments to suppliers due to our increased procurement of raw materials as our business continued to grow. Our prepayments and other receivables decreased to RMB319.2 million as of March 31, 2026, primarily due to decrease in VAT receivables.

As of June 30, 2026, RMB136.1 million, or 42.6% of our prepayments and other receivables as of March 31, 2026, had been subsequently settled.

Financial Assets Measured at FVPL

Our financial assets measured at FVPL consists of our wealth management products and structured deposits. Our financial assets measured at FVPL decreased from RMB963.3 million as of December 31, 2023 to nil as of December 31, 2024 as a result of our wealth management strategies. Our financial assets measured at FVPL increased to RMB400.1 million as of December 31, 2025, primarily due to purchase of short-term wealth management products for cash management purposes. Our financial assets measured at FVPL decreased to nil as of March 31, 2026, primarily due to disposal of wealth management products to support our operations. See Note 21 of the Accountants' Report in Appendix I to the Document.

Our investment strategy related to wealth management products aims to minimize the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs. We primarily invest in low-risk wealth management products and the proposed investment must not interfere with our daily operation and business prospects. We make investment decisions related to wealth management products on a case-by-case basis after comprehensively considering a number of factors, including but not limited to, macroeconomic environment, general market conditions and the expected profit or potential loss of the investment. Prior management team approval is required before investing in wealth management products and structured deposits.

We will comply with relevant requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate after the [**REDACTED**].

Liabilities

Trade Payables

Our trade payables primarily include payables to suppliers incurred during the ordinary course of business. Our trade payables amounted to RMB299.0 million, RMB339.7 million, RMB321.7 million and RMB291.2 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively, primarily attributable to fluctuations in downstream demands for our products that results in changes of procurement from suppliers.

The following table sets forth the aging analysis of our trade payables as of the dates indicated.

	As of December 31,			**As of March 31,**
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Within one year	298,938	338,847	320,861	290,325
Over one year	49	895	859	858
Total trade payables	**298,987**	**339,742**	**321,720**	**291,183**

The following table sets forth our trade payables turnover days for the years/periods indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2023	2024	2025	2026
Trade payables turnover days	89	70	61	66

Note:

(1) Trade payables turnover days is calculated using the average of the opening and closing trade payables balance divided by cost of sales for the relevant year/period and multiplied by the number of days during such year/period.

Our trade payables turnover days decreased from 89 days in 2023 to 70 days in 2024 and further to 61 days in 2025, primarily attributable to our payments to suppliers to reserve their capacity in the wake of market rebound in 2024. Our trade payables turnover days slightly increased to 66 days for the three months ended March 31, 2026.

Our Directors confirm that we did not have any material defaults on payments of trade payables during the Track Record Period and up to the Latest Practicable Date.

As of June 30, 2026, RMB282.7 million, or 97.1% of our trade payables as of March 31, 2026 had been subsequently settled.

Accruals and Other Payables

The following table sets forth our accruals and other payables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Staff cost payables	181,728	174,774	173,179	120,209
Other taxes and levies payables	25,302	20,052	16,838	8,931
Payables for purchase of equipment and services	213,662	158,184	122,542	131,229
Forgivable loan for R&D projects	45,000	–	–	–
Others	34,268	43,250	41,449	28,238
Total	**499,960**	**396,260**	**354,008**	**288,607**

Our accruals and other payables decreased from RMB500.0 million as of December 31, 2023 to RMB396.3 million as of December 31, 2024, primarily attributable to a decrease in forgivable loan for R&D projects and a decrease in payables for purchase of equipment and services as we settled our payment obligations in 2024. Our accruals and other payables further decreased to RMB354.0 million as of December 31, 2025, primarily attributable to the settlement of staff cost payables and the settlement of payables for purchase of equipment and services. Our accruals and other payables further decreased to RMB288.6 million as of March 31, 2026, primarily attributable to decreases in staff cost payables in relation to settlement of our year-end bonuses.

As of June 30, 2026, RMB182.2 million, or 63.1% of accruals and other payables as of March 31, 2026, had been subsequently settled.

Contract Liabilities

Contract liabilities represent payments received in advance of revenue recognition. We recorded contract liabilities of RMB17.6 million, RMB69.3 million, RMB36.5 million and RMB37.7 million, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026. The significant increase in contract liabilities in 2024 was primarily attributable to prepayment from a major customer on certain customization projects.

As of June 30, 2026, RMB5.2 million, or 13.8% of our contract liabilities as of March 31, 2026 had been subsequently recognized as revenue. The relatively low settlement rate was primarily because our contract liabilities mainly represented advance payments for design services, some of which had development cycles of one to two years and not reached the contractual delivery milestones for revenue recognition yet.

KEY FINANCIAL RATIOS

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

	For the Year Ended/As of December 31,			For the Three Months Ended/As of March 31,
	2023	2024	2025	2026
Debt to assets ratio[(1)]	0.2	0.3	0.3	0.4
Current ratio[(2)]	4.6	3.7	2.9	2.5
Quick ratio[(3)]	4.2	3.2	2.3	1.9

Notes:

(1) Debt to assets ratio equals total liabilities divided by total assets.

(2) Current ratio equals current assets divided by current liabilities.

(3) Quick ratio equals current assets excluding inventories divided by current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we relied on capital contributions by our shareholders as the major sources of liquidity. We also generated cash from our sales of chip products. After the [**REDACTED**], we intend to finance our future capital requirements through equity financing activities and debt financing activities in a balanced manner. We do not anticipate any changes to the availability of financing to fund our operation in the future. As our business develops and expands, we expect to improve our operating cash flows through increasing sales revenue of existing commercialized products, launching new products, optimizing cost structure and improving operating efficiency.

Cash Flows

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 in thousands)				
				(unaudited)	
Net cash (used in)/generated from operating activities	(1,250,818)	(780,654)	(1,171,001)	(228,436)	170,557
Net cash (used in)/generated from investing activities	(1,891,820)	1,612,268	(608,138)	(69,572)	317,719
Net cash generated from/(used in) financing activities	2,960,127	(63,163)	393,413	(16,988)	631,537
Net (decrease)/increase in cash and cash equivalents	(182,511)	768,451	(1,385,726)	(314,996)	1,119,813
Cash and cash equivalents at the beginning of the year/period	981,766	808,060	1,587,739	1,587,739	188,274
Effects of exchange rate changes on the balance of cash held in foreign currencies	8,805	11,228	(13,739)	(1,588)	(2,136)
Cash and cash equivalents at the end of the year/period	808,060	1,587,739	188,274	1,271,155	1,305,951

Operating Activities

During the Track Record Period, we recorded net operating cash outflows, and we plan to improve our cash flow with the following initiatives. We aim to accelerate commercialization and expand revenue streams. As the RISC-V market continue to grow and our pipeline products gradually enter mass production, we plan to further broaden our customer base across diverse high-growth, high-value application scenarios, such as automotive, robotics and industrial applications, thereby driving robust revenue growth and generating sustainable cash inflows from our core operations. We will also proactively manage our working capital dynamics to shorten our cash conversion cycle. For instance, we will implement stricter credit control policies, carefully evaluate the credit profiles of our customers, and actively follow up on payment collections to ensure timely cash realization. We will strengthen our inventory management by refining our sales forecasting and production planning mechanisms. By closely monitoring market demand, we aim to maintain an optimal inventory level of raw materials and finished goods, avoiding excessive capital tie-up while ensuring supply chain resilience. Moreover, while maintaining our technological advantages, we will focus on improving our R&D efficiency. As our business scale up, we will further benefit from reusability and economies of scale, elevating our expense efficiency.

For the three months ended March 31, 2026, our net cash generated from operating activities was RMB170.6 million, which was primarily attributable to our loss before income tax of RMB374.8 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB97.9 million, and (ii) equity-settled share-based payment expenses of RMB85.0 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in trade receivables of RMB363.8 million, (ii) a decrease in prepayment and other receivables, and other non-current assets of RMB258.9 million, (iii) an increase in inventories of RMB161.3 million, and (iv) a decrease in other operating liabilities of RMB95.8 million.

In 2025, our net cash used in operating activities was RMB1,171.0 million, which was primarily attributable to our loss before income tax of RMB1,515.6 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB424.6 million, and (ii) equity-settled share-based payment expenses of RMB321.6 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade receivables of RMB358.4 million, (ii) an increase in inventories of RMB251.2 million, and (iii) a decrease in other operating liabilities of RMB33.9 million.

In 2024, our net cash used in operating activities was RMB780.7 million, which was primarily attributable to our loss before income tax of RMB1,547.8 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB486.5 million in relation to our fixed assets and intangible assets and (ii) equity-settled share-based payment expenses of RMB107.4 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in other operating liabilities of RMB93.0 million and (ii) an increase in contract liabilities of RMB51.7 million.

In 2023, our net cash used in operating activities was RMB1,250.8 million, which was primarily attributable to our loss before income tax of RMB1,840.7 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB490.4 million in relation to our fixed assets and intangible assets, and (ii) equity-settled share-based payment expenses of RMB132.8 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in trade payables of RMB126.3 million, and (ii) an increase in trade receivables of RMB89.7 million; partially offset by (i) a decrease in inventories of RMB88.9 million, and (ii) a decrease in prepayments and other receivables and other non-current assets of RMB64.2 million.

Investing Activities

Net cash generated from investing activities was RMB317.7 million for the three months ended March 31, 2026, which was primarily due to proceeds from disposals of financial assets at fair value through profit or loss of RMB2,300.0 million, partially offset by payments for financial assets at FVTPL of RMB1,900.0 million.

Net cash used in investing activities was RMB608.1 million in 2025, which was primarily due to payments for financial assets at FVTPL of RMB800.0 million and payments for purchase of property, plant and equipment and intangible assets of RMB313.7 million; partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB400.0 million and proceeds from time deposits with bank matured of RMB100.0 million.

Net cash generated from investing activities was RMB1,612.3 million in 2024, which was primarily due to proceeds from disposals of financial assets at fair value through profit or loss of RMB3,446.0 million and proceeds from time deposits with bank matured of RMB1,640.0 million, partially offset by payments for financial assets at FVTPL of RMB2,486.0 million and payments for time deposits with bank of RMB660.0 million.

Net cash used in investing activities was RMB1,891.8 million in 2023, which was primarily due to payments for financial assets at FVTPL of RMB5,130.0 million and payments for time deposits with banks matured of RMB2,082.4 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB4,420.0 million and proceeds from time deposits with banks matured of RMB1,431.7 million.

Financing Activities

Net cash generated from financing activities was RMB631.5 million for the three months ended March 31, 2026, which was primarily due to proceeds from bank loans of RMB647.0 million; partially offset by capital element of lease payments of RMB8.9 million.

Net cash generated from financing activities was RMB393.4 million in 2025, which was primarily due to capital contributions by equity shareholders of the Company of RMB250.0 million, and proceeds from bank loans of RMB190.0 million; partially offset by capital element of lease payments of RMB23.9 million.

Net cash used in financing activities was RMB63.2 million in 2024, which was due to (i) capital element of lease payments of RMB43.7 million, and (ii) interest element of lease payments of RMB19.5 million.

Net cash generated from financing activities was RMB2,960.1 million in 2023, which was primarily due to capital contributions by equity shareholders of the Company of RMB3,026.5 million.

Working Capital Sufficiency

Our Directors are of the opinion that, taking into account the following financial resources available to us described below, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this Document: (i) cash and cash equivalents; (ii) available equity financing and bank facilities; and (iii) the estimated net [**REDACTED**] from the [**REDACTED**].

Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period.

Our cash burn rate refers to the average monthly amount of (i) net cash used in operating activities, (ii) purchase of property, plant and equipment and intangible assets, (iii) capital element of lease payments, (iv) interest element of lease payments and (v) interest paid of bank loans. We consider these items to be key indicators of our operational efficiency, reflecting payments which can significantly impact our cashflow, such as our capital expenditures representing significant cash outflows and the costs of financing lease obligations, all of which may occur on a regular basis. Our historical cash burn rate was RMB154.2 million, RMB99.8 million and RMB126.9 million in 2023, 2024, 2025, respectively, mainly representing our investment in research and development activities, selling and distribution activities, and administrative activities. For three months ended March 31, 2026, our cash burn rate turned into positive cash flow due to net cash generated from operating activities.

We had cash and cash equivalents, restricted cash and unutilized bank facilities of RMB2,868.9 million as of March 31, 2026. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-point of the indicative [**REDACTED**] range in this Document.

Assuming that the average cash burn rate going forward will be RMB96.8 million, being the average cash rate for the latest 15 months ended March 31, 2026, we estimate that (i) our cash and cash equivalents, restricted cash and unutilized bank facilities as of March 31, 2026 will be able to maintain our financial viability for [**REDACTED**] from March 31, 2026, (ii) if we take into account 10.0% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**], or, (iii) if we take into account all estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**]. We will continue to monitor our working capital, cash flows and our business development progress.

CAPITAL EXPENDITURES

Our capital expenditures consist of our payments for property, plant and equipment and intangible assets. We had RMB533.4 million, RMB354.0 million, RMB313.7 million and RMB84.6 million of capital expenditures in 2023, 2024, 2025 and for the three months ended March 31, 2026, respectively.

We expect to finance our capital expenditures through our cash and cash equivalents, our existing bank borrowings and the [**REDACTED**] from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

INDEBTEDNESS

The following table sets forth the breakdown of financial indebtedness as of the dates indicated.

	As of December 31,			As of March 31,	As of May 31,
	2023	**2024**	**2025**	**2026**	**2026**
					(unaudited)
			(RMB in thousands)		
Current					
Lease liabilities	53,184	36,177	44,953	38,476	40,069
Bank loans	–	–	190,250	606,241	612,356
Non-current					
Bank loans	–	–	–	231,300	258,300
Lease liabilities	403,897	369,284	336,125	266,863	265,593
Total	**457,081**	**405,461**	**571,328**	**1,142,880**	**1,176,318**

As of May 31, 2026, we had committed unutilized bank facilities of RMB1,513.0 million.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded current lease liabilities of RMB53.2 million, RMB36.2 million, RMB45.0 million, RMB38.5 million and RMB40.1 million as of December 31, 2023, 2024 and 2025, and March 31 and May 31, 2026, respectively, and non-current lease liabilities of RMB403.9 million, RMB369.3 million, RMB336.1 million, RMB266.9 million and RMB265.6 million, respectively, as of December 31, 2023, 2024 and 2025, and March 31 and May 31, 2026. The fluctuation of lease liabilities was primarily attributable to the combined effect of addition of new leases to support our operations and early termination of certain existing leases to optimize our cost structure.

Bank Loans

We recorded bank loans of RMB190.3 million, RMB837.5 million and RMB870.7 million as of December 31, 2025, and March 31 and May 31, 2026 to support our operations.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt, and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we 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. Our Directors further confirm that there was no material change in our indebtedness from May 31, 2026 up to the Latest Practicable Date.

CONTRACTUAL OBLIGATIONS

Capital Expenditure Related Commitments

Our capital commitments are related to capital expenditure on property, plant and equipment as well as intangible assets. Our capital expenditure contracted for but not yet incurred as of December 31, 2023, 2024, 2025 and March 31, 2026 was RMB73.2 million, RMB57.5 million, RMB51.5 million and RMB63.3 million, respectively. We expect to satisfy our capital commitments using cash from operations, [**REDACTED**] to be received from the [**REDACTED**] and bank borrowings available to us.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and March 31, 2026, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's-length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. All our related party transactions are trade in nature. For details our related party transactions during the Track Record Period, see Note 36(b) of the Accountants' Report included in Appendix I to this Document.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to a variety of market and other financial risks, including market risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For a comprehensive discussion, see Note 34 to the Accountants' Report set forth in Appendix I to this Document.

DIVIDENDS

No dividend has been declared or paid by us. As of the Latest Practicable Date, we did not have any formal dividend policy or pre-determined dividend payout ratio. The declaration and payment of any dividends in the future will be determined by our Board of Directors or shareholders' meeting and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Distributable profits are our after-tax profits less any recovery of accumulated losses and appropriations to statutory that we are required to make.

DISTRIBUTABLE RESERVES

As of March 31, 2026, our Company had no retained earnings that were available for distribution to our equity shareholders.

[**REDACTED**]

The total [**REDACTED**] payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), accounting for approximately [**REDACTED**]% of [**REDACTED**] of the [**REDACTED**]. Among such estimated total [**REDACTED**], (i) [**REDACTED**], including [**REDACTED**], are expected to be approximately HK$[**REDACTED**], and (ii) [**REDACTED**] of approximately HK$[**REDACTED**], comprising (a) fees and expenses of legal advisers and reporting accountants of approximately HK$[**REDACTED**] and (b) other fees and expenses of approximately HK$[**REDACTED**].

Among the total [**REDACTED**] payable of HK$[**REDACTED**], HK$[**REDACTED**] is expected to be expensed through profit or loss and the remaining amount of HK$[**REDACTED**] is directly attributable to the issue of shares and to be deducted from equity. As of March 31, 2026, we incurred [**REDACTED**] of HK$[**REDACTED**] during the Track Record Period through profit or loss and expected [**REDACTED**] to be charged to profit or loss after the Track Record Period.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of [**REDACTED**] statement of adjusted net tangible assets, see Appendix II to this Document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial, operational or trading position since March 31, 2026, being the period end date on which the latest consolidated financial information of our Group was prepared in Appendix I to this Document, and there had been no event since March 31, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no other circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business — Our Development Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the midpoint of the indicative [**REDACTED**] stated in this Document.

In line with our strategies, we intend to use the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- In connection with our development strategy of prioritizing technology innovation and strengthening hardware-software integration capabilities, we expect to use approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], to develop and iterate our smart device chip products and interconnectivity and computing chip products, among which:

  - Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for developing new and/or iterating existing smart device chip products.

    In particular, we plan to invest [**REDACTED**]% in our human-machine interaction chip products to enhance the capabilities of R&D personnel, IP and material resources with [**REDACTED**]% to iterate our existing products and [**REDACTED**]% to develop new products used. As the digital economy advances, we anticipate to witness higher demands of interaction technologies in the digitalization of various industries. We plan to develop new and/or iterate existing smart device chip products in signal transmission rates, touch recognition sensitivity and power management to realize lower latency, higher responsiveness and better performance. A subset of [**REDACTED**] will be used for payments for approximately 40 specialized R&D staff, including approximately 15 new recruits with an expected annual salary range of RMB700 thousand to RMB800 thousand, to further enhance our technological capabilities. These include senior IC design engineers and senior algorithm development engineers with master or above degrees and abundant field experience, who will primarily be responsible for the design and development of human-machine interaction chips and algorithms, as well as senior software development engineers and system application engineers with bachelor or above degrees, who will primarily be responsible for the development and testing of software integration. We also plan to purchase approximately 50 IP modules for physical interface, memory, encoding and other technologies. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investment in 2026, 2027 and 2028, respectively.

    In addition, we plan to invest [**REDACTED**]% in our multimedia processing chip products with [**REDACTED**]% to iterate our existing products, including our backlight control systems and high-end display main controllers, and [**REDACTED**]% to develop new products on other derivative display main controllers. Our development of multimedia processing chip products centers specific computing units, including image signal and display processing units. We intend to further enhance our AI capabilities and combine AI technology with our multimedia processing chip products to elevates the performance. A subset of

[**REDACTED**] will be used for payments for approximately [**REDACTED**] specialized R&D staff, including approximately [**REDACTED**] new recruits with an expected annual salary range of RMB600 thousand to RMB700 thousand, to further enhance our technological capabilities. These include senior IC design engineers and senior algorithm development engineers with master or above degrees and abundant field experience, who will primarily be responsible for the design and development of multi-media processing chips and algorithms, as well as senior software development engineers and system application engineers with bachelor or above degrees, who will primarily be responsible for the development and testing of software integration. We also plan to purchase approximately [**REDACTED**] IP modules for reception/transmission technologies and physical interface. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investment in 2026, 2027 and 2028, respectively.

○ Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for developing new and/or iterating existing interconnectivity and computing chip products.

We plan to invest [**REDACTED**]% in our interconnectivity chip products to enhance our R&D personnels and resources with [**REDACTED**]% to iterate our existing products, including, among others, smart appliances and city and [**REDACTED**]% to develop new products such as V2X technologies. Our development of interconnectivity focuses on the integration of connectivity and computing capabilities. A subset of [**REDACTED**] will be used for payments for approximately 10 specialized R&D staff, including approximately 5 new recruits with an expected annual salary range of RMB600 thousand to RMB800 thousand, to further enhance our technological capabilities. These include senior IC design engineers, senior communication protocol developers and senior algorithm development engineers with master or above degrees and abundant field experience, who will primarily be responsible for the design and development of interconnectivity chips and algorithms and communication protocols, as well as senior software development engineers and system application engineers with bachelor or above degrees, who will primarily be responsible for the development and testing of software integration. We also plan to purchase approximately 15 IP modules for controller, physical interface and DPD technologies. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively.

We plan to invest [**REDACTED**]% in our computing chip products to enhance our R&D personnels and resources with [**REDACTED**]% to iterate our existing products, including edge computing, automotive and industrial applications and [**REDACTED**]% to develop new products, such as cloud computing and robotics. Our development of computing chip products focuses on the advancement of algorithms, edge server and AI products to enhance our RISC-V based hardware to accelerate the field application of our AI capabilities. A subset of [**REDACTED**] will be used for payments for approximately 90 specialized R&D staff, including approximately 30 new recruits with an expected annual salary range of RMB700 thousand to RMB1.5 million, to further enhance our technological capabilities. These include senior architecture design engineers, senior chip design engineers, senior AI algorithm development engineers, and senior compiler development engineers with master or above degrees and abundant field experience, who will primarily be responsible for the design and development of computing chips, algorithms and compilers, as well as senior software development engineers and system application engineers with bachelor or above degrees, who will primarily be responsible for the development and testing of software integration. We also plan to purchase approximately 50 IP modules for security, controller, coding/decoding, sensor and other technologies. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% in each year from 2026 to 2028, respectively.

We believe these [**REDACTED**] will significantly diversify the portfolio of our product offerings, secure our technological advantage, and establish a strong technological moat in the field of hardware-software co-engineered products. Such investment will facilitate the implementation of our business strategy to prioritize technology innovation and strengthen hardware-software integration capabilities. We expect such investment to increase our research and development expenses and incur further operating cash outflows in the short term, while improving our revenue and gross profit margin in the long term as our technology capabilities continue to advance.

- In connection with our development strategy of shortening development cycle, strengthening customization capabilities and reusability to capture markets and drive scale, we expect to use approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], to enhance the capabilities of our hardware-software integrated platform and improve our open, flexible and reusable research and development system, among which:

  ○ Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the development of hardware building blocks, including the processing core capabilities as well as other IP modules, of the RISAA Platform.

  In particular, we plan to invest [**REDACTED**]% in the development of the capabilities of the RISAA foundational platform with [**REDACTED**]% to purchase new equipment and software and [**REDACTED**]% to further construct our R&D team of approximately [**REDACTED**] specialized R&D staff, including [**REDACTED**] new recruits with an expected annual salary range of RMB700 thousand to RMB900 thousand. These include senior RISC-V core architecture design engineers with master or above degrees and abundant field experience, who will primarily be responsible for the development of RISC-V computing cores. Such investment focuses on the general control capabilities of our RISC-V architecture to expand our core portfolio, enhance our toolchain environment and strengthen our software ecosystem, serving as a foundational support of our business operations and product offerings. We plan to complete the development of various foundational RISC-V technologies such as pipeline design, code density, secure architecture, functional safety, real-time responsiveness and digital signal processing capabilities. Further, we will enhance the application breadth of our RISC-V core technologies across application-grade, automotive-grade, server-grade and AI domains. We intend to further enhance our RISC-V IP development capabilities to enable flexible, rapid customization and independent control. We will enhance our capabilities of precise mapping from application scenarios to underlying architecture through customized RISC-V cores, neural computing engines and other computing technologies. We plan to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively.

  We plan to invest [**REDACTED**]% in the development of our specialized IP modules with [**REDACTED**]% to purchase new equipment and software including oscilloscope and spectrum analyzer, and [**REDACTED**]% to further construct our R&D team with approximately [**REDACTED**] specialized R&D staff, including [**REDACTED**] new recruits with an expected annual salary range of RMB700 thousand to RMB900 thousand. These include senior senior AI core architecture design engineers with master or above degrees and abundant field experience, who will primarily be responsible for the development of AI computing cores. Building upon our foundational platform, we plan to further develop our domain-specific computing units and IP modules to facilitate precise alignment between computing resources and application scenarios, thereby maximizing energy efficiency. The IP modules will be applied to our in-house interconnectivity chip products, multimedia processing chip products, and human-machine interaction chip products to sustain our competitiveness in hardware capabilities. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the development and upgrade of our software building blocks, including basic software, toolchains and application-specific software algorithms of the RISAA Platform.

  In particular, we plan to invest [**REDACTED**]% in the development of the capabilities of the basic software and toolchains with [**REDACTED**]% to purchase new equipment and software, including EDA and other software and [**REDACTED**]% to further construct our R&D team with approximately 40 specialized R&D staff, including 10 new recruits with an expected annual salary range of RMB700 thousand to RMB900 thousand. These include senior embedded system software engineers, senior Linux/BSP development engineers, and senior system virtualization engineers with master or above degrees and abundant field experience, who will primarily be responsible for the development and adaptability of different software systems and cloud applications. We plan to accelerate the development process for ecosystem participants with complete toolchains to simplify the development workflow of RISC-V core main control systems. The reusability of our basic software and toolchains can significantly accelerate hardware development, ensure functional and performance realization, and enhance our competitiveness in the ecosystem development of the RISAA Platform. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively.

  We plan to invest [**REDACTED**]% in the development of our application-specific algorithms to further construct our R&D team with approximately 125 specialized R&D staff, including 30 new recruits with an expected annual salary range of RMB800 thousand to RMB900 thousand to bolster our R&D competitiveness and facilitate our application-specific algorithms enhancements. These include senior compiler development engineers and senior AI system software development engineers with master or above degrees and abundant field experience, who will primarily be responsible for the development of compilers and AI architecture adaptability. This investment centers on delivering a comprehensive suite of tools and frameworks to support RISC-V + AI application development tailored to diverse industries and scenarios. Our development of application-specific algorithms enables the creation of customized platforms of full-stack products, enhancing customer stickiness and industry adaptability while increasing product-added value. We expect to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively.

These [**REDACTED**] will enable us to further enhance the technology capabilities of RISAA Platform and better address the exponential market demand in the era of intelligence transformation, facilitating our strategy of strengthening our technology reusabilities and customization capabilities as well as advancing the prosperity of RISC-V industry and ecosystem collaboration through our RISAA Platform. We expect such investment to increase our research and development expenses and incur further operating cash outflows in the short term, while improving our revenue and gross profit margin in the long term as our technology capabilities continue to advance.

- In connection with our development strategy of advancing RISC-V industry prosperity and strengthening value chain competitiveness, we expect to use approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], for potential strategic mergers and acquisitions that are expected to generate synergies with our existing business to expand our technological capabilities and product portfolio. Through strategic integration of potential targets, we aim to achieve efficient resource allocation, strengthen our market leadership, and further bolster our core competitiveness. We do not intend to enter new business area through merger and acquisition but intend to identify targets with high growth potential and synergetic with our business.

  Specifically, the principal business of our target companies will primarily focus on computing chip products and multimedia processing chip products. For computing targets, we expect their businesses to mainly cover chips for edge computing, automotive and industrial applications, edge servers, AI-related computing, cloud computing, and robotics. For multimedia targets, we expect their businesses to include backlight control systems, high-end display controllers, and image and display processing chips.

  These acquisitions will highly complement our existing business and R&D layout in two main aspects. First, in terms of product and technology synergies, the mature products of the targets will directly complement our product portfolio, quickly filling our gaps in industrial edge computing and automotive control, as well as high-end display and image processing. Their technical expertise in specific architectures and industrial applications will deeply resonate with our core R&D in RISC-V architecture optimization, edge computing efficiency, and AI algorithms. This will significantly shorten our R&D cycles, accelerate the commercialization of new projects, and provide strong underlying support for our smart device and embodied AI applications. Second, in terms of market and channel synergies, the established customer resources and distribution networks of the target companies will complement our existing market presence. This will help us rapidly penetrate emerging scenarios such as cloud computing, robotics, and high-end industrial control.

  We plan to acquire majority interests in one or two target companies with a history of over two years and business scale of ranging from RMB100 million to RMB500 million that are capable of generating operating cash inflows with no material accumulated losses. According to Frost & Sullivan, there are hundreds of target entities in our industry that meet our criteria. We intend to implement our merger and acquisition plan within the next three years. As of the Latest Practicable Date, we have not entered into any binding commitment, whether oral or written, for any business or asset acquisition, and we have not identified any potential target.

- In connection with our development strategy of building global vision and creating value for customers, we expect to use approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] to establish and expand our global commercialization network, further promoting the construction of the RISC-V ecosystem. We plan to invest in enhancing the layout of our global sales and service sites. We intend to strengthen our global market presence and brand-building efforts by assembling sales and customer service teams, and exploring collaboration opportunities. These initiatives will drive the commercialization and implementation of our hardware-software co-engineered products in global markets. In particular, we plan to invest [**REDACTED**]% in the development of our global commercialization network and establish a global business development team. We currently operate twelve domestic and four overseas sales and service sites. Moving forward, we will focus on strengthening the capabilities of our existing overseas centers while expanding our global footprint. We plan to establish six new sales and service sites in Japan, Chinese Taiwan, Singapore and the U.S. We will recruit approximately 20 new staff with expected annual salary range of RMB600 thousand to RMB700 thousand for our sales and customer service teams, primarily senior sales managers with bachelor or above degrees and abundant field experience to enhance our service quality and support both existing and new centers worldwide. We plan to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively. We plan to invest [**REDACTED**]% to strengthen our global market presence by commercials and promotions. In particular, we plan to hold large-scale industry exhibitions at least twice a year to further enhance our brand awareness and facilitate industry communication, and hold product release events at least twice a year to strengthen our market presence. We plan to incur [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of such investments in 2026, 2027 and 2028, respectively.

We expect such investment to increase our selling and distribution expenses in the short term, while improving our revenue and gross profit margin in the long term as our brand value grows.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital and general corporate purpose.

If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the high end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the low end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**]. [**REDACTED**] may be fixed at a higher or lower level compared to the midpoint of the indicative [**REDACTED**] stated in this Document.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional [**REDACTED**] to the aforementioned purposes in the proportions stated above.

To the extent that our [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the [**REDACTED**] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of [**REDACTED**].

[**REDACTED**]

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The following is the text of a report set out on pages I-1 to I-64, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING ESWIN COMPUTING TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Beijing ESWIN Computing Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-64, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and March 31, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 (the "Relevant Periods"), and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-64 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 H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for 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 and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company and the Group's financial position as at December 31, 2023, 2024 and 2025 and March 31, 2026 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended March 31, 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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" issued by the HKICPA. A review consists of making enquiries, 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 Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 32(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[*Date*]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Year ended December 31,			Three months ended March 31,	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	4	1,752,185	2,025,379	2,431,237	417,480	494,213
Cost of sales		(1,481,957)	(1,667,839)	(1,978,325)	(383,517)	(420,852)
Gross profit		270,228	357,540	452,912	33,963	73,361
Selling and distribution expenses		(166,952)	(143,956)	(234,830)	(38,977)	(59,242)
Administrative expenses		(552,903)	(501,551)	(603,940)	(123,315)	(138,912)
Research and development expenses		(1,444,738)	(1,336,952)	(1,041,639)	(275,307)	(251,824)
Other net income	5	147,156	178,022	54,080	16,682	4,931
Impairment loss under expected credit loss model, net of reversal		(804)	(2,455)	(1,986)	2,846	4,762
Impairment loss on intangible assets and goodwill	6(c)	(72,089)	(56,571)	(90,861)	–	(85)
Impairment loss on property, plant and equipment	6(c)	(3,578)	(21,977)	(35,093)	(9,759)	(728)
Loss from operations		(1,823,680)	(1,527,900)	(1,501,357)	(393,867)	(367,737)
Finance costs	6(a)	(22,596)	(19,508)	(14,801)	(4,800)	(5,950)
Share of profits less losses of associates	16	5,572	(415)	517	(509)	(1,161)
Loss before taxation	6	(1,840,704)	(1,547,823)	(1,515,641)	(399,176)	(374,848)
Income tax credit/(expense)	7(a)	3,240	468	(203)	(100)	(75)
Loss for the year/period		(1,837,464)	(1,547,355)	(1,515,844)	(399,276)	(374,923)
Other comprehensive income for the year/period (after tax and reclassification adjustments):						
Items that may be reclassified subsequently to profit or loss:						
- Financial assets at fair value through other comprehensive income – net movement in other reserve		12	–	–	–	–
- Exchange differences on translation of financial statements of overseas subsidiaries		925	(1,944)	2,786	1,922	(1,163)
Other comprehensive income for the year/period		937	(1,944)	2,786	1,922	(1,163)
Total comprehensive income for the year/period		(1,836,527)	(1,549,299)	(1,513,058)	(397,354)	(376,086)
Loss per share						
- Basic and diluted (RMB)	10	(0.96)	(0.77)	(0.74)	(0.20)	(0.18)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	451,712	416,480	297,620	286,449
Right-of-use assets	*12*	425,284	370,211	335,324	266,661
Intangible assets	*13*	475,077	362,057	229,718	208,416
Goodwill	*14*	111,066	54,495	–	–
Interests in associates	*16*	17,744	17,329	18,846	17,685
Time deposits with banks	*22*	101,507	104,659	–	–
Other non-current assets	*17*	764,363	441,116	329,006	204,069
		2,346,753	1,766,347	1,210,514	983,280
Current assets					
Inventories	*18*	328,646	367,638	618,814	780,096
Trade receivables	*19*	766,665	755,805	1,112,155	752,941
Prepayments and other receivables	*20*	136,206	353,543	410,574	319,171
Financial assets measured at fair value through profit or loss ("FVPL")	*21*	963,273	–	400,114	–
Restricted cash	*22*	21,482	33,321	37,654	19,980
Time deposits with banks	*22*	981,342	–	–	–
Cash and cash equivalents	*22*	808,060	1,587,739	188,274	1,305,951
		4,005,674	3,098,046	2,767,585	3,178,139
Current liabilities					
Trade payables	*23*	298,987	339,742	321,720	291,183
Accruals and other payables	*24*	499,960	396,260	354,008	288,607
Contract liabilities	*25*	17,574	69,251	36,485	37,678
Bank loans	*26*	–	–	190,250	606,241
Lease liabilities	*27*	53,184	36,177	44,953	38,476
Current taxation	*30*	13	28	113	93
		869,718	841,458	947,529	1,262,278
Net current assets		3,135,956	2,256,588	1,820,056	1,915,861
Total assets less current liabilities		5,482,709	4,022,935	3,030,570	2,899,141

The accompanying notes form part of the Historical Financial Information.

		As at December 31,			As at March 31,
	Note	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank loans	*26*	–	–	–	231,300
Lease liabilities	*27*	403,897	369,284	336,125	266,863
Deferred income	*28*	3,722	15,922	8,694	6,324
Deferred tax liabilities	*30*	674	–	–	–
Other non-current liability	*29*	5,250	10,500	–	–
		413,543	395,706	344,819	504,487
Net assets		5,069,166	3,627,229	2,685,751	2,394,654
Capital and reserves					
Share capital	*32(c)*	2,020,210	2,020,210	2,042,143	2,042,143
Reserves	*32(d)*	3,048,956	1,607,019	643,608	352,511
Total equity		5,069,166	3,627,229	2,685,751	2,394,654

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31,			As at March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	237,087	212,948	146,002	138,443
Right-of-use assets	*12*	58,501	48,798	31,894	30,058
Intangible assets	*13*	470,719	360,342	228,491	207,337
Goodwill	*14*	95,083	54,495	–	–
Interests in subsidiaries	*15*	990,657	1,040,538	1,179,459	1,204,195
Interests in associates	*16*	17,744	17,329	18,846	17,685
Time deposits with banks	*22*	101,507	104,659	–	–
Other non-current assets	*17*	607,780	508,383	390,303	260,920
		2,579,078	2,347,492	1,994,995	1,858,638
Current assets					
Inventories	*18*	250,995	305,777	501,559	629,758
Trade receivables	*19*	836,136	833,794	1,226,407	850,235
Prepayments and other receivables	*20*	1,665,171	2,665,253	3,703,267	3,703,283
Financial assets measured at FVPL	*21*	963,273	–	400,114	–
Restricted cash	*22*	12,332	17,541	15,456	10,300
Time deposits with banks	*22*	981,342	–	–	–
Cash and cash equivalents	*22*	772,649	1,541,061	127,861	1,273,566
		5,481,898	5,363,426	5,974,664	6,467,142
Current liabilities					
Trade payables	*23*	184,615	147,688	213,385	132,184
Accruals and other payables	*24*	1,225,509	2,008,217	2,793,652	2,878,246
Contract liabilities	*25*	11,412	68,793	36,471	37,663
Bank loans	*26*	–	–	190,250	606,241
Lease liabilities	*27*	9,402	9,321	7,570	7,658
		1,430,938	2,234,019	3,241,328	3,661,992
Net current assets		4,050,960	3,129,407	2,733,336	2,805,150
Total assets less current liabilities		6,630,038	5,476,899	4,728,331	4,663,788

The accompanying notes form part of the Historical Financial Information.

		As at December 31,			As at March 31,
	Note	**2023**	**2024**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank loans	*26*	–	–	–	231,300
Lease liabilities	*27*	54,211	45,141	28,055	26,107
Deferred income	*28*	2,844	15,860	5,965	3,999
Other non-current liability	*29*	5,250	10,500	–	–
		62,305	71,501	34,020	261,406
Net assets		6,567,733	5,405,398	4,694,311	4,402,382
Capital and reserves					
Share capital	*32(c)*	2,020,210	2,020,210	2,042,143	2,042,143
Reserves	*32(d)*	4,547,523	3,385,188	2,652,168	2,360,239
Total equity		6,567,733	5,405,398	4,694,311	4,402,382

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in RMB)

	Note	**Share capital**	**Capital reserve**	**Other reserve**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		46,176	5,198,997	74	369,888	(1,868,720)	3,746,415
Changes in equity for 2023							
Loss for the year		–	–	–	–	(1,837,464)	(1,837,464)
Other comprehensive income for the year		–	–	937	–	–	937
Total comprehensive income for the year		–	–	937	–	(1,837,464)	(1,836,527)
Capital injection from shareholders	*32(c)*	6,988	3,019,509	–	–	–	3,026,497
Capital reserve converted into share capital		1,967,046	(1,967,046)	–	–	–	–
Equity-settled share-based payment expenses	*31*	–	–	–	132,781	–	132,781
Balance at December 31, 2023 and at January 1, 2024		2,020,210	6,251,460	1,011	502,669	(3,706,184)	5,069,166
Changes in equity for 2024							
Loss for the year		–	–	–	–	(1,547,355)	(1,547,355)
Other comprehensive income for the year		–	–	(1,944)	–	–	(1,944)
Total comprehensive income for the year		–	–	(1,944)	–	(1,547,355)	(1,549,299)
Equity-settled share-based payment expenses	*31*	–	–	–	107,362	–	107,362
Balance at December 31, 2024		2,020,210	6,251,460	(933)	610,031	(5,253,539)	3,627,229

The accompanying notes form part of the Historical Financial Information.

	Note	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025		2,020,210	6,251,460	(933)	610,031	(5,253,539)	3,627,229
Changes in equity for 2025							
Loss for the year		–	–	–	–	(1,515,844)	(1,515,844)
Other comprehensive income for the year		–	–	2,786	–	–	2,786
Total comprehensive income for the year		–	–	2,786	–	(1,515,844)	(1,513,058)
Capital injection	*32(c)*	21,933	228,066	–	–	–	249,999
Equity-settled share-based payment expenses	*31*	–	–	–	321,581	–	321,581
Balance at December 31, 2025 and at January 1, 2026		2,042,143	6,479,526	1,853	931,612	(6,769,383)	2,685,751
Changes in equity for 2026							
Loss for the period		–	–	–	–	(374,923)	(374,923)
Other comprehensive income for the period		–	–	(1,163)	–	–	(1,163)
Total comprehensive income for the period		–	–	(1,163)	–	(374,923)	(376,086)
Equity-settled share-based payment expenses	*31*	–	–	–	84,989	–	84,989
Balance at March 31, 2026		2,042,143	6,479,526	690	1,016,601	(7,144,306)	2,394,654

The accompanying notes form part of the Historical Financial Information.

	Note	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)							
Balance at January 1, 2025		2,020,210	6,251,460	(933)	610,031	(5,253,539)	3,627,229
Changes in equity for 2025							
Loss for the period		–	–	–	–	(399,276)	(399,276)
Other comprehensive income for the period		–	–	1,922	–	–	1,922
Total comprehensive income for the period		–	–	1,922	–	(399,276)	(397,354)
Equity-settled share-based payment expenses	*31*	–	–	–	31,177	–	31,177
Balance at March 31, 2025		2,020,210	6,251,460	989	641,208	(5,652,815)	3,261,052

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Operating activities						
Loss before taxation		(1,840,704)	(1,547,823)	(1,515,641)	(399,176)	(374,848)
Adjustments for:						
Amortization and depreciation		490,399	486,528	424,625	108,343	97,857
Impairment loss under expected credit loss model, net of reversal		804	2,455	1,986	(2,846)	(4,762)
Impairment loss on intangible asset and goodwill	*6*	72,089	56,571	90,861	–	85
Impairment loss on property, plant and equipment	*6*	3,578	21,977	35,093	9,759	728
Finance costs	*6*	22,596	19,508	14,801	4,800	5,950
Net foreign exchange (gain)/losses	*5*	(17,102)	(20,878)	27,071	899	13,917
Equity-settled share-based payment expenses	*31*	132,781	107,362	321,581	31,177	84,989
Share of (profit)/losses of associates	*16*	(5,572)	415	(517)	509	1,161
(Gain)/losses on disposal of property, plant and equipment	*5*	(5,590)	491	(1,916)	113	(6,179)
Investment income from time deposits with banks	*5*	(22,660)	(13,854)	(1,451)	(775)	–
Investment income from financial assets measured at FVPL	*5*	(18,027)	(10,541)	(320)	–	(2,232)
Changes in working capital:						
Decrease/(increase) in inventories		88,872	(38,992)	(251,176)	(72,864)	(161,282)
Decrease/(increase) in restricted cash		3,744	(11,839)	(4,333)	9,833	17,674
(Increase)/decrease in trade receivables		(89,731)	7,890	(358,369)	296,501	363,770
Decrease/(increase) in prepayment and other receivables, and other non-current assets		64,167	(25,135)	131,553	(107,644)	258,922
(Decrease)/increase in trade payables		(126,331)	40,755	(18,022)	(25,719)	(30,537)
Increase/(decrease) in contract liabilities		7,202	51,677	(32,766)	(8,743)	1,193
(Decrease)/increase in other operating liabilities		(11,066)	92,971	(33,943)	(72,639)	(95,754)
Cash (used in)/generated from operations		(1,250,551)	(780,462)	(1,170,883)	(228,472)	170,652
Income tax paid	*30*	(267)	(192)	(118)	36	(95)
Net cash (used in)/generated from operating activities		(1,250,818)	(780,654)	(1,171,001)	(228,436)	170,557

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Investing activities						
Payments for purchase of property, plant and equipment and intangible assets		(533,366)	(353,953)	(313,703)	(68,587)	(84,628)
Proceeds from disposal of property, plant and equipment		58	363	249	15	1
Payment for acquisition of interests in associates		(2,280)	–	(1,000)	(1,000)	–
Proceeds from disposal of interests in associates		4,929	–	–	–	–
Payments for time deposits with bank		(2,082,362)	(660,000)	–	–	–
Proceeds from time deposits with bank matured		1,431,654	1,640,000	100,000	–	–
Payments for financial assets measured at FVPL		(5,130,000)	(2,486,000)	(800,000)	–	(1,900,000)
Proceeds from disposals of financial assets measured at FVPL		4,420,000	3,446,000	400,000	–	2,300,000
Investment income from time deposits with bank		21,280	12,044	6,110	–	–
Investment income from financial assets at FVPL		15,113	13,814	206	–	2,346
Payments for acquisition consideration under business combination		(36,846)	–	–	–	–
Net cash (used in)/generated from investing activities		(1,891,820)	1,612,268	(608,138)	(69,572)	317,719
Financing activities						
Proceeds from bank loans		–	–	190,000	–	647,000
Interest paid		–	–	–	–	(2,246)
Capital element of lease payments	*22(c)*	(43,774)	(43,655)	(23,880)	(9,928)	(8,874)
Interest element of lease payments	*22(c)*	(22,596)	(19,508)	(14,551)	(4,800)	(3,413)
Capital contributions by equity shareholders of the Company		3,026,497	–	249,999	–	–
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash generated from/(used in) financing activities		2,960,127	(63,163)	393,413	(16,988)	631,537
Net (decrease)/increase in cash and cash equivalents		(182,511)	768,451	(1,385,726)	(314,996)	1,119,813
Cash and cash equivalents at the beginning of the year/period		981,766	808,060	1,587,739	1,587,739	188,274
Effects of exchange rate changes on the balance of cash held in foreign currencies		8,805	11,228	(13,739)	(1,588)	(2,136)
Cash and cash equivalents at the end of the year/period		808,060	1,587,739	188,274	1,271,155	1,305,951

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Beijing ESWIN Computing Technology Co., Ltd. (北京奕斯偉計算技術股份有限公司) (the "Company"), was established in the People's Republic of China (the "PRC") on September 24, 2019 as a limited liability company. In June 2022, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, "the Group") are principally engaged in design, research and development and sales of smart device chip products and interconnectivity and computing chip products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries and regions in which they were incorporated and/or established. The statutory financial statements of the Company for the year ended December 31, 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") and audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)). The statutory financial statements of the Company for the year ended December 31, 2024 was prepared in accordance with the PRC GAAP and audited by Zhongding Certified Public Accountants Co., Ltd. (北京鼎中諸和會計師事務所(普通合夥)). The statutory financial statements of the Company for the year ended 31 December 2025 has not been issued as at the date of this report.

As of the date of this report, the Company has direct or indirect interest in the following principal subsidiaries, all of which are private companies:

Company name	Place of incorporation and business and date of incorporation	Particulars of registered capital and paid-up capital	Proportion of ownership interest held by the Group	Principal activities
Chengdu ESWIN IC Technology Co., Ltd. 成都奕斯偉計算技術有限公司 (i) (ii)	Chengdu, China December 28, 2016	RMB135,000,000/ RMB135,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Hefei ESWIN Computing Technology Co., Ltd. 合肥奕斯偉計算技術有限公司 (i) (iii) (iv)	Hefei, China August 10, 2016	RMB15,000,000/ RMB11,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Beijing ESWIN IT Co., Ltd. 北京奕斯偉信息技術有限公司 (i) (ii)	Beijing, China November 2, 2018	RMB17,377,513/ RMB17,377,513	100%	No substantial business activities
Haining ESWIN Computing Technology Co., Ltd. 海寧奕斯偉計算技術有限公司 (i) (ii)	Haining, China June 26, 2019	RMB30,000,000/ RMB30,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
ESWIN Technology (Hong Kong) Company Limited 奕斯偉科技(香港)有限公司 (v)	Hong Kong July 3, 2017	HKD100,000/ HKD100,000	100%	Distribution of chip, chipsets and/or circuit boards
Suzhou ESWIN Computing Technology Co., Ltd. 蘇州奕斯偉計算技術有限公司 (i) (ii)	Suzhou, China March 1, 2021	RMB10,000,000/ RMB1,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Shanghai ESWIN Computing Technology Co., Ltd. 上海奕斯偉計算技術有限公司 (i) (ii)	Shanghai, China June 28, 2021	RMB10,000,000/ RMB10,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Xi'an ESWIN Computing Technology Co., Ltd. 西安奕斯偉計算技術有限公司 (i) (ii)	Xi'an, China August 31, 2021	RMB100,000,000/ RMB96,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Nanjing ESWIN Computing Technology Co., Ltd. 南京奕斯偉計算技術有限公司 (i) (ii)	Nanjing, China November 1, 2021	RMB10,000,000/ RMB2,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards

Company name	Place of incorporation and business and date of incorporation	Particulars of registered capital and paid-up capital	Proportion of ownership interest held by the Group	Principal activities
Shenzhen ESWIN Computing Technology Co., Ltd. 深圳奕斯偉計算技術有限公司 (i) (ii)	Shenzhen, China July 13, 2022	RMB1,000,000/ RMB1,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Hangzhou ESWIN Computing Technology Co., Ltd. 杭州奕斯偉計算技術有限公司 (i) (ii)	Hangzhou, China October 21, 2022	RMB1,000,000/ RMB500,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Beijing ESWIN System Technology Co., Ltd. 北京奕斯偉系統科技有限公司 (i) (ii)	Beijing, China December 14, 2022	RMB10,000,000/ RMB10,000,000	100%	Distribution of chip, chipsets and/or circuit boards
Chengdu ESWIN IC Design Co., Ltd. 成都奕斯偉芯片設計有限公司 (i) (vi)	Chengdu, China July 12, 2017	RMB100,000,000/ RMB100,000,000	100%	Design, research and development of chip, chipsets and/or circuit boards
Zhuhai ESWIN Computing Technology Co., Ltd. 珠海奕斯偉計算技術有限公司 (i) (iv)	Zhuhai, China May 21, 2025	RMB250,000,000/ RMBNIL	100%	Design, research and development of chip, chipsets and/or circuit boards

Notes:

(i) These entities were registered as limited liability companies under the laws and regulations in the PRC. The official names of these entities are in Chinese. The English translation is included for identification purpose only.

(ii) The statutory financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP (中興華會計師事務所(特殊普通合夥)).

(iii) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)).

(iv) The statutory financial statements of this entity for the years ended December 31, 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP (中興華會計師事務所(特殊普通合夥)).

(v) The statutory financial statements of this entity for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities Accounting Standard issued by the HKICPA and audited by LEE CHI FAI & CO. CERTIFIED PUBLIC ACCOUNTANTS.

(vi) No statutory financial statements have been prepared for the entity for the year ended December 31, 2023, and this entity was deregistered in October 2024.

All companies comprising the Group have adopted December 31, as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2026 are set out in Note 37.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

- financial assets measured at FVPL (see Note 2(f))

- financial assets measured at FVOCI (See Note 2(f))

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group has elected to measure any non-controlling interests ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associates, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(j)(ii)).

(f) Other investments in securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 33(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss (see Note 2(s)(ii)(a)).

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

(g) Property, plant and equipment

Property, plant and equipment including right-of-use assets arising from leases of underlying plant and equipment, are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)):

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Machinery equipment	3-5 years
Office equipment	3-5 years
Leasehold improvements	The shorter of the unexpired term of lease and estimated useful lives

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets including non-proprietary technology, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(j)(ii)).

Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful life for non-proprietary technology, licensing rights and software were decided with reference to the shortest period among the expected service life and the expected beneficial life. The estimated useful lives are as follows:

Category	Estimated useful lives
Non-proprietary technology	3-5 years
Software	3-10 years
Licensing rights	2-10 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(j)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables).

Financial assets measured at FVPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls of fixed-rate financial assets, trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past the contractual due date.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being past the contractual due date;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or

— it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(l) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(s)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)).

(m) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The Group operates share incentive plans, under which it receives services from eligible participants as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized in profit or loss with a corresponding increase in share-based payments reserve in equity.

Share options

The total amount to be expensed under share option scheme is determined by reference to the fair value of the options granted using option-pricing models.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The equity amount is recognized in the share-based payment reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Cooperation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see Note 2(j)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(a) Revenue from sales of products

The Group's sales contracts/orders with customers typically contain various trade terms. Depending on different trade terms, control of goods is generally transferred to customers either upon delivery and acceptance of goods, or when received by carriers, at which point the Group recognizes revenue.

(b) Revenue from rendering of services

Revenue is recognized when the customer takes possession of and accepts the services.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss over the useful life of the asset by way of being recognized in other income.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Notes 14 and 33 contain information about the assumptions and their risk factors relating to goodwill impairment, measurement of ECL allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Impairment of non-current assets other than financial assets

If circumstances indicate that the carrying amount of a non-current asset other than financial assets may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized in accordance with accounting policy for impairment of non-current assets as described in Note 2(j)(ii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realizable value.

(iii) Useful life of intangible assets and property, plant and equipment

Intangible assets are amortized and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortization expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted if there are significant changes from previous estimates.

(iv) Share-based compensation arrangement and its fair value measurement

The Group measures the cost of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The determination of the fair value of the share-based payments is affected by the significant assumptions such as the underlying equity value, the expected volatility of share price and risk-free interest rate. Details of share-based payments are contained in Note 31.

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in design, research and development and sales of smart device chip products and interconnectivity and computing chip products.

(a) Revenue

(i) Disaggregation of revenue

The Group's revenue from contracts with customers were recognized at a point in time during the Relevant Periods.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Disaggregated by service lines					
Sale of products					
— Smart device chip products	1,635,553	1,791,636	2,006,335	345,126	241,844
— Interconnectivity and computing chip products	65,858	188,698	383,155	66,840	234,123
License and services	50,774	45,045	41,747	5,514	18,246
	1,752,185	2,025,379	2,431,237	417,480	494,213

During the Relevant Periods, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are set out below. Details of concentrations of credit risk of the Group are set out in Note 33(a).

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Customer A	1,437,876	1,555,248	1,569,757	288,338	107,487
Customer B	*	*	257,498	42,596	*
Customer C	*	*	*	*	194,196

* Represents that the amount of aggregate revenue from such customer is less than 10% of the total revenue for respective year.

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than 1 year.

(b) Segment reporting

(i) Segment results

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the Relevant Periods.

(ii) Geographic information

The Group's operations are mainly located in the Chinese mainland.

Information about the geographical location of the Group's revenue from external customers is presented based on location of customers where they registered or located.

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Disaggregated by geographical location of the customers					
Chinese mainland	192,003	389,699	651,966	109,642	338,078
Hong Kong, China	1,464,118	1,592,076	1,663,626	306,481	153,169
Taiwan, China	72,668	23,364	1,728	148	471
Overseas	23,396	20,240	113,917	1,209	2,495
	1,752,185	2,025,379	2,431,237	417,480	494,213

The non-current assets of the Group are substantially located or allocated to operations in the Chinese mainland. The non-current assets located overseas are immaterial.

5 OTHER NET INCOME

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Government grants	53,554	99,285	38,352	5,625	8,775
Interest income	28,261	34,470	38,670	11,310	1,913
Investment income from time deposits with banks	22,660	13,854	1,451	775	–
Investment income from financial assets at FVTPL	18,027	10,541	320	–	2,232
Exchange gain/(losses)	17,102	20,878	(27,071)	(899)	(13,917)
Gain/(loss) on disposal of property, plant and equipment and right-of-use assets	5,590	(491)	1,916	(113)	6,179
Others	1,962	(515)	442	(16)	(251)
	147,156	178,022	54,080	16,682	4,931

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on bank loans	–	–	250	–	2,537
Interest on lease liabilities	22,596	19,508	14,551	4,800	3,413
	22,596	19,508	14,801	4,800	5,950

(b) Staff costs

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, wages and other benefits	1,217,563	1,112,306	974,094	253,823	222,830
Contributions to defined contribution retirement schemes	83,015	78,346	69,746	18,782	16,593
Equity-settled share-based payment expenses *(Note 31)*	132,781	107,362	321,581	31,177	84,989
	1,433,359	1,298,014	1,365,421	303,782	324,412

(i) Defined contribution retirement plans

Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal governments where the subsidiaries are registered. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the scheme to fund the retirement benefits of the employees.

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cost of inventories sold*	1,481,957	1,667,839	1,978,325	383,517	420,852
Amortization of intangible assets	326,782	289,073	237,185	60,855	45,692
Depreciation charge					
— Property, plant and equipment	104,536	150,578	150,968	36,588	44,135
— Right-of-use assets	59,081	46,877	36,472	10,900	8,030
Impairment losses on non-financial assets					
– intangible assets *(Note 13)*	–	–	36,366	–	85
– goodwill *(Note 14)*	72,089	56,571	54,495	–	–
– property, plant and equipment *(Note 11)*	3,578	21,977	35,093	9,759	728
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

* Cost of inventories include RMB33,256,000, RMB70,835,000, RMB125,893,000, RMB18,760,000 (unaudited) and RMB13,450,000 relating to staff costs, depreciation and amortization expenses for each of the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax					
Provision for the year/period	53	207	203	100	75
Deferred tax					
Origination and reversal of temporary differences	(3,293)	(675)	–	–	–
Income tax (credit)/expense	(3,240)	(468)	203	100	75

(b) Reconciliation between tax (credit)/expenses and accounting loss at applicable tax rates:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loss before taxation	(1,840,704)	(1,547,823)	(1,515,641)	(399,176)	(374,848)
Notional tax calculated at tax rate of 15% *(Notes (i) and (ii))*	(276,106)	(232,173)	(227,346)	(59,877)	(56,227)
Effect of different tax rates of foreign jurisdictions and subsidiaries at PRC statutory tax rate *(Notes (i) and (iv))*	(17,846)	(21,140)	(17,496)	(6,915)	(4,380)
Non-deductible expenses	15,819	3,314	6,546	576	325
Additional tax deduction on research and development expenses *(Note (iii))*	(162,813)	(166,530)	(129,406)	(36,402)	(30,022)
Temporary differences and tax losses not recognized	437,706	416,061	367,905	102,718	90,379
Actual tax (credit)/expenses	(3,240)	(468)	203	100	75

Notes:

(i) The Company and the subsidiaries of the Group established in Chinese mainland are subject to the PRC Corporate Income Tax rate of 25% during the Relevant Periods except for those subject to tax concessions disclosed in the notes below.

(ii) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTE"), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.

The Company obtained the HNTE certificate in December 2021 and December 2024, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the three calendar years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026.

(iii) According to the relevant tax rules in Chinese mainland, qualified research and development expenses are allowed for additional tax deduction based on 100% of the relevant expenses during the Relevant Periods.

(iv) According to the PRC income tax law and its relevant regulations, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 2.5% or 5%. Certain subsidiaries were qualified as small and low profit enterprise and entitled preferential income tax rate for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026.

The provision for Hong Kong Profits Tax for each of the reporting period is calculated at 16.5% of the estimated assessable profits for the year, except for the subsidiary which is under the two-tiered profits tax rate regime, i.e. the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Company's subsidiary incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 9% to 24% of annual taxable profits.

Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2025 and 2026 are as followings:

	Year ended December 31, 2023						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *Note (i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	1,892	–	63	–	1,955	28,140	30,095
Mr. Wang Bo	1,638	–	–	–	1,638	5,543	7,181
Mr. Mi Peng	1,292	–	63	–	1,355	1,911	3,266
Sub-total	4,822	–	126	–	4,948	35,594	40,542
Non-executive directors							
Mr. Wang Jiaheng (resigned on July 31, 2023)	–	–	–	–	–	–	–
Mr. Fang Xiangming (resigned on July 31, 2023)	–	–	–	–	–	–	–
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai (appointed on July 31, 2023)	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Lyu Wendong (appointed on July 31, 2023)	–	–	–	50	50	–	50
Mr. Zhang Chun (appointed on July 31, 2023)	–	–	–	50	50	–	50
Ms. Zhang Xiaojun (appointed on July 31, 2023)	–	–	–	50	50	–	50
Sub-total	–	–	–	150	150	–	150
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	282	282
Mr. Wang Qi	466	41	57	–	564	128	692
Sub-total	466	41	57	–	564	410	974
Total	5,288	41	183	150	5,662	36,004	41,666

	Year ended December 31, 2024						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *Note (i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	1,834	–	22	–	1,856	28,218	30,074
Mr. Wang Bo	1,638	–	–	–	1,638	3,006	4,644
Mr. Mi Peng	1,537	–	66	–	1,603	894	2,497
Sub-total	5,009	–	88	–	5,097	32,118	37,215
Non-executive directors							
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–

	Year ended December 31, 2024						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *Note (i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent non-executive directors							
Mr. Lyu Wendong	–	–	–	120	120	–	120
Mr. Zhang Chun	–	–	–	120	120	–	120
Ms. Zhang Xiaojun	–	–	–	120	120	–	120
Sub-total	–	–	–	360	360	–	360
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	111	111
Mr. Wang Qi	573	40	66	–	679	56	735
Sub-total	573	40	66	–	679	167	846
Total	5,582	40	154	360	6,136	32,285	38,421

	Year ended December 31, 2025						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *Note (i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	1,804	–	–	–	1,804	51,707	53,511
Mr. Wang Bo	1,707	–	33	–	1,740	5,702	7,442
Mr. Mi Peng	1,540	–	68	–	1,608	8,701	10,309
Mr. Hu Weihao (appointed on April 24 2025)	1,152	–	51	–	1,203	9,727	10,930
Sub-total	6,203	–	152	–	6,355	75,837	82,192
Non-executive directors							
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai	–	–	–	–	–	–	–
Ms. Liu Feihong (appointed on August 26 2025)	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Lyu Wendong	–	–	–	120	120	–	120
Mr. Zhang Chun	–	–	–	120	120	–	120
Ms. Zhang Xiaojun	–	–	–	120	120	–	120
Mr. Chu Howard Ho Hwa (appointed on April 24 2025)	–	–	–	83	83	–	83
Sub-total	–	–	–	443	443	–	443
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	82	82
Mr. Wang Qi	576	160	68	–	804	1,184	1,988
Sub-total	576	160	68	–	804	1,266	2,070
Total	6,779	160	220	443	7,602	77,103	84,705

Three months ended March 31, 2026

	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *(Note i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	454	–	–	–	454	8,468	8,922
Mr. Wang Bo	426	–	12	–	438	1,248	1,686
Mr. Mi Peng	208	144	17	–	369	2,059	2,428
Mr. Hu Weihao	206	216	17	–	439	2,692	3,131
Sub-total	1,294	360	46	–	1,700	14,467	16,167
Non-executive directors							
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai	–	–	–	–	–	–	–
Ms. Liu Feihong	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Lyu Wendong	–	–	–	30	30	–	30
Mr. Zhang Chun	–	–	–	30	30	–	30
Ms. Zhang Xiaojun	–	–	–	30	30	–	30
Mr. Chu Howard Ho Hwa	–	–	–	30	30	–	30
Sub-total	–	–	–	120	120	–	120
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	13	13
Mr. Wang Qi	84	74	17	–	175	341	516
Sub-total	84	74	17	–	175	354	529
Total	1,378	434	63	120	1,995	14,821	16,816

Three months ended March 31, 2025 (unaudited)

	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *(Note i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	454	–	–	–	454	5,902	6,356
Mr. Wang Bo	409	–	–	–	409	253	662
Mr. Mi Peng	387	–	17	–	404	111	515
Sub-total	1,250	–	17	–	1,267	6,266	7,533
Non-executive directors							
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Lyu Wendong	–	–	–	30	30	–	30
Mr. Zhang Chun	–	–	–	30	30	–	30
Ms. Zhang Xiaojun	–	–	–	30	30	–	30
Sub-total	–	–	–	90	90	–	90
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	21	21
Mr. Wang Qi	144	14	17	–	175	155	330
Sub-total	144	14	17	–	175	176	351
Total	1,394	14	34	90	1,532	6,442	7,974

Notes:

(i) These represent the estimated value of share options granted to the directors/supervisors under the Group's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 31(a).

(ii) The Group did not pay any salary to the non-executive directors during the Relevant Periods.

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors, supervisors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and supervisors and other employees included in the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 are set forth below:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	Number of individuals	*Number of individuals*	*Number of Individuals*	*Number of individuals (Unaudited)*	*Number of Individuals*
Directors and supervisors	2	2	1	1	1
Other employees	3	3	4	4	4
	5	5	5	5	5

The emoluments of directors and supervisors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	4,391	4,826	3,484	1,451	491
Discretionary bonuses	132	480	452	183	423
Retirement scheme contributions	194	199	273	61	69
Share-based payments	12,300	5,398	68,561	3,268	21,876
	17,017	10,903	72,770	4,963	22,859

The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals (Unaudited)*	*Number of individuals*
HK$1,000,001 to HK$1,500,000	–	–	–	4	–
HK$3,500,001 to HK$4,000,000	–	2	–	–	–
HK$4,000,001 to HK$4,500,000	–	1	–	–	–
HK$5,000,001 to HK$5,500,000	1	–	–	–	1
HK$5,500,001 to HK$6,000,000	1	–	–	–	1
HK$6,000,001 to HK$6,500,000	–	–	–	–	1
HK$7,500,001 to HK$8,000,000	1	–	–	–	–
HK$8,000,001 to HK$8,500,000	–	–	–	–	1
HK$16,500,001 to HK$17,000,000	–	–	1	–	–
HK$17,000,001 to HK$17,500,000	–	–	1	–	–
HK$20,500,001 to HK$21,000,000	–	–	1	–	–
HK$24,000,001 to HK$24,500,000	–	–	1	–	–

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share during the Relevant Periods is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue.

As disclosed in Note 32(c), the Company issued 37 shares for each share in issue (1,967,046,000 shares in total) by converting RMB1,967,046,000 from capital reserve to share capital in August 2023. Accordingly, the weighted average number of ordinary shares has been adjusted retrospectively from January 1, 2023 for such capitalization issue.

Weighted average number of ordinary shares

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	'000	*'000*	*'000*	*'000* *(Unaudited)*	*'000*
Issued ordinary shares at January 1	46,176	2,020,210	2,020,210	2,020,210	2,042,143
Effect of ordinary shares issued *(Note 32(c))*	4,024	–	14,622	–	–
Effect of capitalization issue *(Note 32(c))*	1,857,400	–	–	–	–
Weighted average number of ordinary shares at December 31/ March 31	1,907,600	2,020,210	2,034,832	2,020,210	2,042,143

(b) Diluted loss per share

There were no dilutive potential ordinary shares outstanding during the Relevant Periods. Accordingly, diluted loss per share for each year during the Relevant Periods were the same as basic loss per share of the respective year.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery equipment	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2023	217,461	77,838	69,839	28,147	393,285
Additions	172,164	8,358	11,063	114,792	306,377
Disposals	(2,012)	(1,495)	–	–	(3,507)
Transfer within property, plant and equipment	6,859	–	107,268	(114,127)	–
Exchange adjustments	163	548	–	–	711
At December 31, 2023 and at January 1, 2024	394,635	85,249	188,170	28,812	696,866
Additions	110,531	4,011	695	22,944	138,181
Disposals	(28,652)	(1,370)	–	–	(30,022)
Transfer within property, plant and equipment	25,856	–	3,120	(28,976)	–
Exchange adjustments	(670)	(410)	–	–	(1,080)
At December 31, 2024 and at January 1, 2025	501,700	87,480	191,985	22,780	803,945
Additions	43,316	3,761	380	20,670	68,127
Disposals	(6,358)	(7,521)	–	–	(13,879)
Transfer within property, plant and equipment	17,765	–	14,122	(31,887)	–
Exchange adjustments	13	432	–	–	445
At December 31, 2025 and at January 1, 2026	556,436	84,152	206,487	11,563	858,638
Additions	8,186	502	20,344	4,844	33,876
Disposals	(8,945)	(1,198)	–	–	(10,143)
Transfer within property, plant and equipment	2,576	–	–	(2,576)	–
Exchange adjustments	(402)	(722)	–	–	(1,124)
At March 31, 2026	557,851	82,734	226,831	13,831	881,247

	Machinery equipment	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:					
At January 1, 2023	77,336	49,074	11,609	–	138,019
Charge for the year	77,620	13,504	13,412	–	104,536
Written back on disposals	(1,896)	(1,264)	–	–	(3,160)
Exchange adjustments	159	254	–	–	413
At December 31, 2023 and at January 1, 2024	153,219	61,568	25,021	–	239,808
Charge for the year	113,126	12,436	25,016	–	150,578
Written back on disposals	(22,835)	(1,333)	–	–	(24,168)
Exchange adjustments	(526)	(205)	–	–	(731)
At December 31, 2024 and at January 1, 2025	242,984	72,466	50,037	–	365,487
Charge for the year	108,427	7,835	34,706	–	150,968
Written back on disposals	(4,565)	(7,445)	–	–	(12,010)
Exchange adjustments	23	136	–	–	159
At December 31, 2025 and at January 1, 2026	346,869	72,992	84,743	–	504,604
Charge for the period	19,181	877	24,077	–	44,135
Written back on disposals	(6,938)	(1,198)	–	–	(8,136)
Exchange adjustments	(361)	(579)	–	–	(940)
At March 31, 2026	358,751	72,092	108,820	–	539,663
Impairment losses:					
At January 1, 2023	1,822	–	–	–	1,822
Provided for the year	3,578	–	–	–	3,578
Written back on disposals	(54)	–	–	–	(54)
At December 31, 2023 and at January 1, 2024	5,346	–	–	–	5,346
Provided for the year	21,126	–	129	722	21,977
Written back on disposals	(5,345)	–	–	–	(5,345)
At December 31, 2024 and at January 1, 2025	21,127	–	129	722	21,978
Provided for the year	35,093	–	–	–	35,093
Written back on disposals	(657)	–	–	–	(657)
At December 31, 2025 and at January 1, 2026	55,563	–	129	722	56,414
Provided for the period	728	–	–	–	728
Written back on disposals	(2,007)	–	–	–	(2,007)
At March 31, 2026	54,284	–	129	722	55,135
Net book value:					
At December 31, 2023	236,070	23,681	163,149	28,812	451,712
At December 31, 2024	237,589	15,014	141,819	22,058	416,480
At December 31, 2025	154,004	11,160	121,615	10,841	297,620
At March 31, 2026	144,816	10,642	117,882	13,109	286,449

The Company

	Machinery equipment	Office equipment	Leasehold improvements	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2023	83,086	15,128	52,904	4,852	155,970
Additions	99,674	2,058	9,907	49,218	160,857
Disposal	–	(50)	–	–	(50)
Transfer within property, plant and equipment	6,488	–	27,856	(34,344)	–
At December 31, 2023 and at January 1, 2024	189,248	17,136	90,667	19,726	316,777
Additions	38,630	597	298	15,680	55,205
Disposal	(10,687)	(163)	–	–	(10,850)
Transfer within property, plant and equipment	24,631	–	2,650	(27,281)	–
At December 31, 2024 and at January 1, 2025	241,822	17,570	93,615	8,125	361,132
Additions	9,834	1,819	319	18,104	30,076
Disposal	(3,199)	(650)	–	–	(3,849)
Transfer within property, plant and equipment	16,919	–	–	(16,919)	–
At December 31, 2025 and at January 1, 2026	265,376	18,739	93,934	9,310	387,359
Additions	161	340	20,344	4,751	25,596
Disposal	(6,023)	(17)	–	–	(6,040)
Transfer within property, plant and equipment	2,576	–	–	(2,576)	–
At March 31, 2026	262,090	19,062	114,278	11,485	406,915
Accumulated depreciation:					
At January 1, 2023	17,816	6,049	4,811	–	28,676
Charge for the year	34,349	4,841	8,294	–	47,484
Written back on disposals	–	(48)	–	–	(48)
At December 31, 2023 and at January 1, 2024	52,165	10,842	13,105	–	76,112
Charge for the year	53,200	4,006	16,587	–	73,793
Written back on disposals	(7,106)	(157)	–	–	(7,263)
At December 31, 2024 and at January 1, 2025	98,259	14,691	29,692	–	142,642
Charge for the year	51,408	3,533	27,155	–	82,096
Written back on disposals	(1,871)	(639)	–	–	(2,510)
At December 31, 2025 and at January 1, 2026	147,796	17,585	56,847	–	222,228
Charge for the period	10,138	213	22,260	–	32,611
Written back on disposals	(4,086)	(17)	–	–	(4,103)
At March 31, 2026	153,848	17,781	79,107	–	250,736
Impairment losses:					
At January 1, 2023	–	–	–	–	–
Provided for the year	3,578	–	–	–	3,578
At December 31, 2023 and at January 1, 2024	3,578	–	–	–	3,578
Provided for the year	4,691	–	129	722	5,542
Written back on disposals	(3,578)	–	–	–	(3,578)
At December 31, 2024 and at January 1, 2025	4,691	–	129	722	5,542
Provided for the year	13,814	–	–	–	13,814
Written back on disposals	(227)	–	–	–	(227)
At December 31, 2025 and at January 1, 2026	18,278	–	129	722	19,129
Provided for the period	545	–	–	–	545
Written back on disposals	(1,938)	–	–	–	(1,938)
At March 31, 2026	16,885	–	129	722	17,736
Net book value:					
At December 31, 2023	133,505	6,294	77,562	19,726	237,087
At December 31, 2024	138,872	2,879	63,794	7,403	212,948
At December 31, 2025	99,302	1,154	36,958	8,588	146,002
At March 31, 2026	91,357	1,281	35,042	10,763	138,443

Impairment losses

As disclosed in Note 2(j)(ii), property, plant and equipment of the Group are tested for impairment whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. During the Relevant Periods, in view of the unfavorable future prospects of certain CGUs, the Group's management estimated the recoverable amount of each CGU with an indication of impairment. The recoverable amount of each CGU is determined based on fair value less cost of disposal or the value-in-use calculations by preparing cash flow projections of the relevant CGUs derived from the most recent financial forecast approved by the management, whichever is higher.

The cash flows are discounted using a discount rate of 12% for the years ended December 31, 2023 and 2024 and the three months ended March 31, 2025(unaudited). The cash flows are discounted using a discount rate of 10.38% for the year ended December 31, 2025 and the three months ended March 31, 2026. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGUs. An impairment loss of RMB3,578,000, RMB21,977,000, RMB35,093,000, RMB9,759,000 (unaudited) and RMB728,000 was recognized for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 respectively in "Impairment loss on property, plant and equipment", as the carrying amount of certain CGUs exceeded their recoverable amount.

12 RIGHT-OF-USE ASSETS

The Group

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1	492,529	536,678	496,596	461,551
Additions	124,734	1,949	36,204	–
Disposals	(81,157)	(40,937)	(72,905)	(83,144)
Exchange adjustments	572	(1,094)	1,656	(1,615)
At December 31/March 31	536,678	496,596	461,551	376,792
Accumulated depreciation:				
At January 1	88,545	111,394	126,385	126,227
Charge for the year/period	59,081	46,877	36,472	8,030
Written back on disposals	(36,461)	(31,451)	(36,903)	(23,294)
Exchange adjustments	229	(435)	273	(832)
At December 31/March 31	111,394	126,385	126,227	110,131
Net book value:				
At December 31/March 31	425,284	370,211	335,324	266,661

The Company

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1	108,395	91,390	83,556	66,572
Additions	1,798	–	761	–
Disposals	(18,803)	(7,834)	(17,745)	–
At December 31/March 31	91,390	83,556	66,572	66,572
Accumulated depreciation:				
At January 1	25,864	32,889	34,758	34,678
Charge for the year/period	9,556	9,703	8,312	1,836
Written back on disposals	(2,531)	(7,834)	(8,392)	–
At December 31/March 31	32,889	34,758	34,678	36,514
Net book value:				
At December 31/March 31	58,501	48,798	31,894	30,058

All of the Group's leased properties are its office buildings through tenancy agreements. The leases typically run for an initial period of 5 to 20 years. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets	59,081	46,877	36,472	10,900	8,030
Expense relating to short-term leases	4,111	1,074	2,316	743	590
Interest on lease liabilities *(Note 6(a))*	22,596	19,508	14,551	4,800	3,413

Details of total cash outflow for leases is set out in Note 22(d).

13 INTANGIBLE ASSETS

The Group

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	456,247	155,683	506,840	1,118,770
Additions	–	173,569	71,470	245,039
At December 31, 2023 and at January 1, 2024	456,247	329,252	578,310	1,363,809
Additions	–	1,948	174,105	176,053
Disposals	(104,561)	–	–	(104,561)
At December 31, 2024 and at January 1, 2025	351,686	331,200	752,415	1,435,301
Additions	–	39,308	101,904	141,212
Disposals	–	(1,395)	(132)	(1,527)
At December 31, 2025 and at January 1, 2026	351,686	369,113	854,187	1,574,986
Additions	–	1,164	23,311	24,475
At March 31, 2026	351,686	370,277	877,498	1,599,461

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortization:				
January 1, 2023	232,522	108,213	212,736	553,471
Charge for the year	76,805	46,389	203,588	326,782
At December 31, 2023 and at January 1, 2024	309,327	154,602	416,324	880,253
Charge for the year	49,658	56,899	182,516	289,073
Written back on disposals	(96,654)	–	–	(96,654)
At December 31, 2024 and at January 1, 2025	262,331	211,501	598,840	1,072,672
Charge for the year	47,332	58,631	131,222	237,185
Written back on disposals	–	(1,395)	(132)	(1,527)
At December 31, 2025 and at January 1, 2026	309,663	268,737	729,930	1,308,330
Charge for the period	5,657	15,587	24,448	45,692
At March 31, 2026	315,320	284,324	754,378	1,354,022

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Impairment losses:				
At January 1, 2023, at December 31, 2023, and at January 1, 2024	7,907	–	572	8,479
Written back on disposals	(7,907)	–	–	(7,907)
At December 31, 2024 and at January 1, 2025	–	–	572	572
Provided for the year	36,366	–	–	36,366
At December 31, 2025 and at January 1, 2026	36,366	–	572	36,938
Provided for the period	–	85	–	85
At March 31, 2026	36,366	85	572	37,023
Net book value:				
At December 31, 2023	139,013	174,650	161,414	475,077
At December 31, 2024	89,355	119,699	153,003	362,057
At December 31, 2025	5,657	100,376	123,685	229,718
At March 31, 2026	–	85,868	122,548	208,416

The Company

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	287,118	147,118	496,584	930,820
Additions	–	172,553	71,081	243,634
At December 31, 2023 and at January 1, 2024	287,118	319,671	567,665	1,174,454
Additions	–	1,751	173,505	175,256
At December 31, 2024 and at January 1, 2025	287,118	321,422	741,170	1,349,710
Additions	–	38,887	101,738	140,625
Disposals	–	(1,395)	(132)	(1,527)
At December 31, 2025 and at January 1, 2026	287,118	358,914	842,776	1,488,808
Additions	–	1,257	23,298	24,555
At March 31, 2026	287,118	360,171	866,074	1,513,363
Accumulated amortization:				
At January 1, 2023	85,957	101,561	205,073	392,591
Charge for the year	63,723	45,181	201,668	310,572
At December 31, 2023 and at January 1, 2024	149,680	146,742	406,741	703,163
Charge for the year	48,083	56,141	181,409	285,633
At December 31, 2024 and at January 1, 2025	197,763	202,883	588,150	988,796
Charge for the year	47,332	58,111	130,667	236,110
Written back on disposals	–	(1,395)	(132)	(1,527)
At December 31, 2025 and at January 1, 2026	245,095	259,599	718,685	1,223,379
Charge for the period	5,657	15,627	24,425	45,709
At March 31, 2026	250,752	275,226	743,110	1,269,088
Impairment losses:				
At January 1, 2023, December 31, 2023, 2024 and at January 1, 2025	–	–	572	572
Provided for the year	36,366	–	–	36,366

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025,January 1, 2026 and at March 31, 2026	36,366	–	572	36,938
Net book value:				
At December 31, 2023	137,438	172,929	160,352	470,719
At December 31, 2024	89,355	118,539	152,448	360,342
At December 31, 2025	5,657	99,315	123,519	228,491
At March 31, 2026	–	84,945	122,392	207,337

14 GOODWILL

The Group

	Goodwill
	RMB'000
Cost:	
At January 1, 2023 and at December 31, 2023, 2024 and 2025 and at March 31, 2026	228,650
Accumulated impairment losses:	
At January 1, 2023	45,495
Charge for the year	72,089
At December 31, 2023 and at January 1, 2024	117,584
Charge for the year	56,571
At December 31, 2024 and at January 1, 2025	174,155
Charge for the year	54,495
At December 31, 2025, at January 1, 2026 and at March 31, 2026	228,650
Carrying amount:	
At December 31, 2023	111,066
At December 31, 2024	54,495
At December 31, 2025 and at March 31, 2026	–

The Company

	Goodwill
	RMB'000
Cost:	
At January 1, 2023 and at December 31, 2023, 2024 and 2025 and at March 31, 2026	132,797
Accumulated impairment losses:	
At January 1, 2023	37,714
Charge for the year	–
At December 31, 2023 and at January 1, 2024	37,714
Charge for the year	40,588
At December 31, 2024 and at January 1, 2025	78,302
Charge for the year	54,495
At December 31, 2025 , at January 1, 2026 and at March 31, 2026	132,797
Carrying amount:	
At December 31, 2023	95,083
At December 31, 2024	54,495
At December 31, 2025 and at March 31, 2026	–

The goodwill as at January 1, 2023 arose from i) the Group's acquisition of Beijing ESWIN IT Co., Ltd. (hereinafter referred to as "Smart Connection Business") through business cooperation agreements in 2019, and ii) the Company's acquisition of operational activities and asset portfolio of multimedia business of Socionext Inc. (hereinafter referred to as "Multimedia Business"), through a business cooperation agreement completed in 2020.

Impairment tests for cash-generating units containing goodwill

Goodwill arising from the acquisition of Beijing ESWIN IT Co., LTD. was allocated to the Group's Smart Connection Business Unit CGU ("SCBU CGU"), and goodwill arising from the acquisition of Multimedia Business was allocated to the Group's Multimedia Business Unit CGU ("MBU CGU"). The carrying amounts of goodwill as at December 31, 2023, 2024 and 2025 and March 31, 2026 are allocated as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SCBU CGU	15,983	–	–	–
MBU CGU	95,083	54,495	–	–
	111,066	54,495	–	–

Impairment review on the goodwill has been conducted by the management at each of the reporting year end. The recoverable amount of the CGUs were determined based on the higher of fair value less costs of disposal and value in use of the underlying assets with reference to valuation reports issued by an independent valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five or six-year period. The directors of the Group forecasted the revenue growth rate and gross margin based on each CGU's historical experience and the Group's expectations of future changes in the industry and adjusted for other factors that are specific to each CGU. Cash flows beyond the forecasted period were extrapolated using a terminal growth rate based on the relevant industry growth forecasts and does not exceed the average terminal growth rate of the relevant industry. The discount rate used are pre-tax and reflect market assessment of time value and the specific risks relating to each CGU.

The key assumptions used for value in use calculations for the above CGUs are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
SCBU CGU				
Annual revenue growth rate for the forecast period	25%-92%	24%-77%	/	/
Gross margin rate	38%-42%	30%-46%	/	/
Terminal growth rate	0%	0%	/	/
Pre-tax discount rate	13%	13%	/	/
MBU CGU				
Annual revenue growth rate for the forecast period	22%-167%	48%-146%	19%-109%	/
Gross margin rate	29%-37%	26%-37%	26%-41%	/
Terminal growth rate	0%	0%	0%	/
Pre-tax discount rate	12%	12%	10.38%	/

The headroom of CGUs containing goodwill for Smart Connection Business and Multimedia Business is shown as below:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SCBU CGU				
Headroom	–	–	–	–
MBU CGU				
Headroom	72,982	–	–	–

Based on the impairment test performed, as at December 31, 2023, 2024, the recoverable amount of SCBU CGU has been reduced to RMB175,408,000 and RMB67,878,000, respectively. Goodwill impairment losses of RMB72,089,000 and RMB15,983,000 were recognized as the CGU was assessed to be no longer generate the originally estimated future economic benefits subsequent to the evaluation of its operating performance.

Based on the impairment test performed, as at December 31, 2024 and 2025, the recoverable amount of MBU CGU has been reduced to RMB176,738,000 and RMB24,598,000, respectively. Goodwill impairment losses of RMB40,588,000 and RMB54,495,000 were recognized, given that the CGU would not yield the benefits as initially projected, following the best estimate of future cash flow forecasts derived from business performance evaluations.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to gross margin rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively:

As at December 31, 2023	MBU CGU
Gross margin rate	-1.9%
Pre-tax discount rate	1.2%

For those recoverable amount of the CGUs is higher than its carrying amount as at December 31, 2023, with regard to the assessment of the value in use of the CGUs, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including goodwill, of the CGUs to exceed the recoverable amounts.

15 INVESTMENT IN SUBSIDIARIES

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	990,657	1,040,538	1,179,459	1,204,195
	990,657	1,040,538	1,179,459	1,204,195

Details of the subsidiaries are set out in Note 1.

16 INTERESTS IN ASSOCIATES

The Group and the Company

Details of the Group's interest in the associates, which is accounted for using the equity method in the financial statements, are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Principal business activities
EtownIP Microelectronics (Beijing) Co., Ltd. (芯創智(北京)微電子有限公司)	Incorporated	Beijing	RMB11,000,000	32.1%	32.1%	Science and technology promotion and application services
Beijing Juli Open Source Ecological Technology Co., Ltd. (北京聚力開源生態技術有限公司)	Incorporated	Beijing	RMB11,080,000	20.6%	20.6%	Science and technology promotion and application services
Beijing Ruicai Innovation Technology Industry Co., Ltd. (北京瑞偲創新科技產業有限公司)	Incorporated	Beijing	RMB5,000,000	20.0%	20.0%	Professional technical services

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amounts of individually immaterial associates in the financial statements	17,744	17,329	18,846	17,685
Aggregate amounts of the Group's share of those associates' (loss)/profit and total comprehensive income	5,572	(415)	517	(1,161)

17 OTHER NON-CURRENT ASSETS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for manufacturing capacity security deposits	522,924	353,915	175,158	32,086
Prepayments for machinery equipment and licensing rights	176,714	45,154	113,440	154,886
Rental deposits	53,849	40,625	37,698	14,326
Others	11,414	1,828	3,087	2,914
	764,901	441,522	329,383	204,212
Less: provision for loss allowance under expected credit loss model	(538)	(406)	(377)	(143)
	764,363	441,116	329,006	204,069

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for manufacturing capacity security deposits	300,934	300,934	157,052	20,605
Prepayments for machinery equipment and licensing rights	71,026	2,247	48,139	80,235
Rental deposits	23,757	23,757	23,001	2,657
Loan to subsidiaries	202,704	181,353	160,324	155,511
Others	9,597	330	2,017	1,939
	608,018	508,621	390,533	260,947
Less: provision for loss allowance under expected credit loss model	(238)	(238)	(230)	(27)
Total	607,780	508,383	390,303	260,920

18 INVENTORIES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	175,771	176,753	262,350	301,237
Work in progress	152,431	197,051	257,524	275,266
Finished goods	196,130	254,296	345,117	425,351
Other contract costs	11,391	22,575	32,853	35,129
	535,723	650,675	897,844	1,036,983
Less: write-down of inventories	(207,077)	(283,037)	(279,030)	(256,887)
	328,646	367,638	618,814	780,096

The analysis of the amount of inventories recognized as an expense and included in profit or loss of the Group is as follows:

	Years ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	1,301,238	1,565,973	1,882,805	421,137
Write-down of inventories	180,719	101,866	95,520	(285)
	1,481,957	1,667,839	1,978,325	420,852

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	125,160	126,214	126,027	131,027
Work in progress	127,304	179,263	243,549	269,879
Finished goods	193,454	247,853	341,313	416,185
Other contract costs	4,550	21,418	29,911	32,337
	450,468	574,748	740,800	849,428
Less: write-down of inventories	(199,473)	(268,971)	(239,241)	(219,670)
	250,995	305,777	501,559	629,758

19 TRADE RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	774,269	766,379	1,124,748	760,978
Less: provision for loss allowance under expected credit loss model	(7,604)	(10,574)	(12,593)	(8,037)
	766,665	755,805	1,112,155	752,941

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	753,449	683,314	1,019,487	665,104
Amount due from subsidiaries	90,113	159,868	218,134	191,928
Less: provision for loss allowance under expected credit loss model	(7,426)	(9,388)	(11,214)	(6,797)
	836,136	833,794	1,226,407	850,235

All of trade receivables are expected to be recovered within one year. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 33(a).

(a) Aging analysis

As at the end of each reporting period, the aging analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	766,430	732,219	1,108,289	750,979
Over 1 year	235	23,586	3,866	1,962
	766,665	755,805	1,112,155	752,941

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	835,901	810,208	1,223,960	844,988
Over 1 year	235	23,586	2,447	5,247
	836,136	833,794	1,226,407	850,235

Trade receivables are all denominated in RMB and due to the short-term nature of these current receivables, their carrying amounts are considered to approximate their fair values.

20 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to suppliers	50,660	102,649	129,106	100,749
Prepayments for costs incurred in connection with the proposed [**REDACTED**] of the Company's H shares *(Note (i))*	–	–	8,155	9,085
Other receivables from third-party	18,653	160,052	166,986	156,069
VAT recoverable	67,358	90,924	106,405	53,374
	136,671	353,625	410,652	319,277
Less: provision for loss allowance under expected credit loss model	(465)	(82)	(78)	(106)
	136,206	353,543	410,574	319,171

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to suppliers	13,185	20,549	23,872	17,944
Prepayments to subsidiaries	414,408	564,420	742,939	783,155
Prepayments for costs incurred in connection with the proposed [**REDACTED**] of the Company's H shares *(Note (i))*	–	–	8,155	9,085
Amount due from subsidiaries	1,150,370	1,970,254	2,671,154	2,677,225
Loan to subsidiaries	47,278	47,278	47,278	47,278
Other receivables from third-party	1,447	1,861	145,033	137,851
VAT recoverable	38,626	60,909	64,848	30,757
	1,665,314	2,665,271	3,703,279	3,703,295
Less: provision for loss allowance under expected credit loss model	(143)	(18)	(12)	(12)
	1,665,171	2,665,253	3,703,267	3,703,283

(i) The balance will be transferred to the capital reserve within equity upon the [**REDACTED**] and [**REDACTED**] of the Company's H shares on the Stock Exchange.

All of the prepayments and other receivables are expected to be recovered or recognized as expenses or transferred to equity within one year.

21 FINANCIAL ASSETS MEASURED AT FVPL

The Group and the Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products and structured deposits	963,273	–	400,114	–

(i) Short-term investments measured at FVPL represented wealth management products and structured deposits purchased from banks with variable return and will mature within one year as of the end of each of the reporting period.

22 CASH AND CASH EQUIVALENTS, TIME DEPOSITS WITH BANKS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprises:

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks balances	829,542	1,621,060	225,928	1,325,931
Less: Restricted cash	(21,482)	(33,321)	(37,654)	(19,980)
Cash and cash equivalents	808,060	1,587,739	188,274	1,305,951

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks balances	784,981	1,558,602	143,317	1,283,866
Less: Restricted cash	(12,332)	(17,541)	(15,456)	(10,300)
Cash and cash equivalents	772,649	1,541,061	127,861	1,273,566

Restricted cash mainly represent certain deposits in the designated banks as customs guarantees.

(b) Time deposits with bank

The Group and the Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits with banks:				
– Non-current	101,507	104,659	–	–
– Current	981,342	–	–	–
	1,082,849	104,659	–	–

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	–	426,967	426,967
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(43,774)	(43,774)
Interest element of lease rentals paid	–	(22,596)	(22,596)
Total changes from financing cash flows	–	(66,370)	(66,370)
Other changes:			
Interest expenses *(Note 6(a))*	–	22,596	22,596
Increase in lease liabilities from entering into new leases during the year	–	124,734	124,734
Early termination of lease term	–	(50,846)	(50,846)
Total other changes	–	96,484	96,484
At December 31, 2023	–	457,081	457,081

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	–	457,081	457,081
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(43,655)	(43,655)
Interest element of lease rentals paid	–	(19,508)	(19,508)
Total changes from financing cash flows	–	(63,163)	(63,163)
Other changes:			
Interest expenses *(Note 6(a))*	–	19,508	19,508
Increase in lease liabilities from entering into new leases during the year	–	1,949	1,949
Early termination of lease term	–	(9,914)	(9,914)
Total other changes	–	11,543	11,543
At December 31, 2024	–	405,461	405,461

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025	–	405,461	405,461
Changes from financing cash flows:			
Proceeds from bank loans	190,000	–	190,000
Capital element of lease rentals paid	–	(23,880)	(23,880)
Interest element of lease rentals paid	–	(14,551)	(14,551)
Total changes from financing cash flows	190,000	(38,431)	151,569
Other changes:			
Interest expenses *(Note 6(a))*	250	14,551	14,801
Increase in lease liabilities from entering into new leases during the period	–	36,204	36,204
Early termination of lease term	–	(36,707)	(36,707)
Total other changes	250	14,048	14,298
At December 31, 2025	190,250	381,078	571,328

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026	190,250	381,078	571,328
Changes from financing cash flows:			
Proceeds from bank loans	647,000	–	647,000
Interest paid of bank loans	(2,246)	–	(2,246)
Capital element of lease rentals paid	–	(8,874)	(8,874)
Interest element of lease rentals paid	–	(3,413)	(3,413)
Total changes from financing cash flows	644,754	(12,287)	632,467
Other changes:			
Interest expenses *(Note 6(a))*	2,537	3,413	5,950
Early termination of lease term	–	(66,865)	(66,865)
Total other changes	2,537	(63,452)	(60,915)
At March 31, 2026	837,541	305,339	1,142,880

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows represent leases rental paid and comprise the following:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Within operating cash flows	(5,571)	(5,100)	(2,334)	(1,404)	(605)
Within financing cash flows	(66,370)	(63,163)	(38,431)	(14,728)	(12,287)

23 TRADE PAYABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	298,987	339,742	321,720	291,183

All trade payables are expected to be settled within one year or are repayable on demand. At December 31, 2023, 2024 and 2025 and March 31, 2026, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	298,938	338,847	320,861	290,325
Over 1 year	49	895	859	858
	298,987	339,742	321,720	291,183

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to third-party	76,704	131,910	164,639	106,765
Amount due to subsidiaries	107,911	15,778	48,746	25,419
	184,615	147,688	213,385	132,184

At December 31, 2023, 2024 and 2025 and March 31, 2026, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	184,615	140,234	213,385	132,184
Over 1 year	–	7,454	–	–
	184,615	147,688	213,385	132,184

24 ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Staff cost payables	181,728	174,774	173,179	120,209
Other taxes and levies payables	25,302	20,052	16,838	8,931
Payables for purchase of equipment and services	213,662	158,184	122,542	131,229
Forgivable loan for R&D projects *(Note)*	45,000	–	–	–
Others	34,268	43,250	41,449	28,238
	499,960	396,260	354,008	288,607

Note: Prior to January 1, 2023, a forgivable loan for R&D projects was granted to a subsidiary of the Company by local provincial government and the Group recognized the received funds of RMB45,000,000 as a current liability as at December 31, 2023. Pre-determined conditions for the forgivable loan were met in May 2024 and such loan was then converted to subsidy and RMB45,000,000 was credited to the Group's other net income as government grants (Note 5).

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Staff cost payables	45,291	45,655	45,661	30,965
Other taxes and levies payables	6,870	6,258	5,670	3,358
Payables for purchase of equipment and services	175,254	131,797	107,358	99,800
Amount due to subsidiaries	975,753	1,799,748	2,601,385	2,723,210
Others	22,341	24,759	33,578	20,913
	1,225,509	2,008,217	2,793,652	2,878,246

25 CONTRACT LIABILITIES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments received from customers	17,574	69,251	36,485	37,678

Movements in contract liabilities:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1	10,372	17,574	69,251	36,485
Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(10,372)	(17,574)	(67,189)	(6,863)
Increase in contract liabilities as a result of receipts in advance	17,574	69,251	34,423	8,056
Balance at December 31/March 31	17,574	69,251	36,485	37,678

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments received from customers	11,412	68,793	36,471	37,663

Movements in contract liabilities:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1	8,879	11,412	68,793	36,471
Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(8,879)	(11,412)	(66,733)	(6,863)
Increase in contract liabilities as a result of receipts in advance	11,412	68,793	34,411	8,055
Balance at December 31/March 31	11,412	68,793	36,471	37,663

Contract liabilities primarily arise from considerations received from customers before the Group satisfying performance obligations. All of the contract liabilities are expected to be recognized as revenue within one year.

26 BANK LOANS

The Group and the Company

The analysis of the repayment schedule of bank loans is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	–	–	190,250	606,241
After 1 year but within 2 years	–	–	–	25,700
After 2 years but within 3 years	–	–	–	205,600
	–	–	–	231,300
	–	–	190,250	837,541

All bank loans are unguaranteed and unsecured.

27 LEASE LIABILITIES

At December 31, 2023, 2024 and 2025 and March 31, 2026, lease liabilities were repayable as follows:

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	53,184	36,177	44,953	38,476
After 1 year but within 2 years	33,222	25,625	27,865	24,495
After 2 years but within 5 years	76,509	76,016	78,053	65,829
After 5 years	294,166	267,643	230,207	176,539
	403,897	369,284	336,125	266,863
	457,081	405,461	381,078	305,339

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	9,402	9,321	7,570	7,658
After 1 year but within 2 years	9,070	9,233	7,628	7,618
After 2 years but within 5 years	29,035	30,414	20,427	18,489
After 5 years	16,106	5,494	–	–
	54,211	45,141	28,055	26,107
	63,613	54,462	35,625	33,765

28 DEFERRED INCOME

Deferred income of the Group mainly includes various conditional government grants for research and development projects, which will be recognized as income in the same periods in which the expenses for the development project are incurred and the conditions are met. Movements of the balances during the Relevant Periods are as follows:

The Group

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	14,575	3,722	15,922	8,694
Government grants received during the year/period	6,014	16,063	4,670	562
Amortization during the year/period	(16,867)	(3,863)	(11,898)	(2,932)
At the end of the year/period	3,722	15,922	8,694	6,324

The Company

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	8,868	2,844	15,860	5,965
Government grants received during the year/period	6,014	16,063	1,294	562
Amortization during the year/period	(12,038)	(3,047)	(11,189)	(2,528)
At the end of the year/period	2,844	15,860	5,965	3,999

29 OTHER NON-CURRENT LIABILITY

The Group and the Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Manufacturing capacity security deposits received	5,250	10,500	–	–

Other non-current liability primarily arise from receipt in advance received from customers before the Group satisfying performance obligations.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

The Group

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Net balance of current taxation at January 1	227	13	28	28	113
Provision for the year/period *(Note 7(a))*	53	207	203	100	75
Income tax paid	(267)	(192)	(118)	36	(95)
Net balance of current taxation at December 31/March 31	13	28	113	164	93

(b) Deferred tax assets and liabilities recognized

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognized in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:

	Revaluation of non-proprietary technology	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	3,898	92,146	(92,146)	64	3,962
(Credited)/charged to profit or loss	(3,341)	7,729	(7,729)	48	(3,293)
Charged to reserves	–	–	–	5	5
At December 31, 2023 and January 1, 2024	557	99,875	(99,875)	117	674
(Credited)/charged to profit or loss	(557)	(12,404)	12,404	(118)	(675)
Charged to reserves	–	–	–	1	1
At December 31, 2024 and January 1, 2025	–	87,471	(87,471)	–	–
(Credited)/charged to profit or loss	–	(2,463)	2,463	–	–
At December 31, 2025 and at January 1, 2026	–	85,008	(85,008)	–	–
(Credited)/charged to profit or loss	–	(21,902)	21,902	–	–
At March 31, 2026	–	63,106	(63,106)	–	–

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(q), the Group has not recognized deferred tax assets in respect of cumulative tax losses and temporary differences of RMB6,461,758,000, RMB8,787,546,000, RMB11,070,862,000 and RMB11,541,128,000 as at December 31, 2023, 2024 and 2025 and March 31, 2026, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses arising from operations in Chinese mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

31 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Since 2019 to the end of Relevant Periods, the Group adopted several share incentive plans (the "Plans"), pursuant to which the Group was authorized to grant incentives shares to eligible employees of the Group, who contribute directly to the overall business performance and sustainable development of the Group. The maximum number of shares available for the awards under the Plans are 282,004,000 shares, which are held by Beijing Yili Technology Partnership Enterprise (Limited Partnership) and Beijing Yixiang Technology Partnership Enterprise (Limited Partnership) (together as the "ESOP platforms"). The ESOP Platforms are controlled and managed by the single largest shareholder of the Company.

The Plans contain certain service conditions and non-market performance conditions. The awards issued to participants shall vest over latter of a two-to-five years service schedule or upon three-year lock-up-period after the successful completion of an [**REDACTED**]. If employments relationship of the grantees is terminated or the specified non-market performance conditions have been failed before the designated shares under the Plans become vested, for those employees who have paid exercise prices to ESOP platforms, their shares of ESOP platforms have to be transferred to the person designated by the general partner of the ESOP platforms at the consideration of initial price plus a simple interest of 4% per annum.

The Group determines the equity-settled share-based payment expenses at each grant date of awarded shares with reference to the estimation of the probability and timing of successful [**REDACTED**] since [**REDACTED**] condition is considered as a vesting condition. As at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group assessed that it is probable that the [**REDACTED**] condition will be achieved in the foreseeable future, and share-based payments expenses were recognized accordingly.

(a) Movements in the number of share options are as follows

	Year ended December 31,						Three months ended March 31,	
	2023		2024		2025		2026	
	Adjusted weighted average exercise price (RMB)	*Adjusted number of share options*	*Weighted average exercise price (RMB)*	*Number of share options*	*Weighted average exercise price (RMB)*	*Number of share options*	*Weighted average exercise price (RMB)*	*Number of share options*
Outstanding at the beginning of the year/period	0.18	142,895,694	0.19	149,583,466	0.21	174,125,728	0.21	276,263,853
Granted during the year/period	0.30	6,777,338	0.30	25,121,116	0.22	111,362,815	0.25	6,191,813
Forfeited during the year/period	0.25	(89,566)	0.30	(578,854)	0.26	(9,224,690)	0.21	(6,588,972)
Outstanding at the end of the year/period	0.19	149,583,466	0.21	174,125,728	0.21	276,263,853	0.22	275,866,694

Note: The weighted average exercise price and number of share options has been adjusted from the beginning of the Relevant Periods to reflect capital conversion in August 2023.

(b) Equity-settled share-based payment expenses recognized in the consolidated statements of profit or loss and other comprehensive income during the Relevant Periods

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Selling expenses	27,070	17,175	95,390	7,320	26,278
Administrative expenses	57,794	47,744	153,628	12,575	39,229
Research and development expenses	47,917	42,443	72,563	11,282	19,482

The fair values of share options were calculated using the binomial option pricing model.

The value of an option varies with different variables of certain subjective assumptions. The variables and assumptions used in computing the fair value of the share options are based on the Group's best estimate. Fair value of share option and key assumptions used in determining the fair value of share options granted are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	*2024*	*2025*	*2026*
Fair value of share option	RMB9.71	RMB8.80-9.04	RMB9.90-10.14	RMB10.43-10.67
Exercise price	RMB0.30	RMB0.11-0.35	RMB0.11-0.35	RMB0.11-0.35
Expected volatility	44.04%	44.51%	60.05%	47.88%
Risk-free rate	2.26%	1.05%	1.03%	1.03%
Expected dividend yield	0%	0%	0%	0%

The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the awarded shares. Risk-free rate was based on the market yield of PRC Treasury Curve and country risk differential as of the respective valuation dates.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity during the Relevant Periods are set out below:

	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	46,176	5,396,085	(12)	362,333	(876,431)	4,928,151
Changes in equity for 2023:						
Loss for the year	–	–	–	–	(1,519,708)	(1,519,708)
Other comprehensive income for the year	–	–	12	–	–	12
Total comprehensive income for the year	–	–	12	–	(1,519,708)	(1,519,696)
Capital injection	6,988	3,019,509	–	–	–	3,026,497
Capital reserve transfer to share capital	1,967,046	(1,967,046)	–	–	–	–
Equity-settled share-based payment expenses	–	–	–	132,781	–	132,781
Balance at December 31, 2023 and January 1, 2024	2,020,210	6,448,548	–	495,114	(2,396,139)	6,567,733
Changes in equity for 2024:						
Loss for the year	–	–	–	–	(1,269,697)	(1,269,697)
Total comprehensive income for the year	–	–	–	–	(1,269,697)	(1,269,697)
Equity-settled share-based payment expenses	–	–	–	107,362	–	107,362
Balance at December 31, 2024 and January 1, 2025	2,020,210	6,448,548	–	602,476	(3,665,836)	5,405,398
Changes in equity for 2025:						
Loss for the period	–	–	–	–	(1,282,667)	(1,282,667)
Total comprehensive income for the period	–	–	–	–	(1,282,667)	(1,282,667)
Capital injection	21,933	228,066	–	–	–	249,999
Equity-settled share-based payment expenses	–	–	–	321,581	–	321,581

	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at December 31, 2025 and January 1, 2026	2,042,143	6,676,614	–	924,057	(4,948,503)	4,694,311
Changes in equity for 2026:						
Loss for the period	–	–	–	–	(376,918)	(376,918)
Total comprehensive income for the period	–	–	–	–	(376,918)	(376,918)
Equity-settled share-based payment expenses	–	–	–	84,989	–	84,989
Balance at March 31, 2026	2,042,143	6,676,614	–	1,009,046	(5,325,421)	4,402,382

(b) Dividends

No dividends have been declared or paid by the Company during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026.

(c) Share capital

(i) Issued share capital

	Number of ordinary shares	Share capital
	'000	*RMB'000*
Issued and fully paid		
Balance at January 1, 2023	46,176	46,176
Issuance of new shares *(i)*	6,988	6,988
Capital reserve transfer to share capital *(ii)*	1,967,046	1,967,046
Balance at December 31, 2023 and 2024	2,020,210	2,020,210
Issuance of new shares *(iii)*	21,933	21,933
At December 31, 2025 and at March 31, 2026	2,042,143	2,042,143

Notes:

(i) During the year ended December 31, 2023, the Company received capital contributions of RMB3,026,497,000. The capital contributions increased the share capital and capital reserve by RMB6,988,000 and RMB3,019,509,000, respectively.

(ii) The Company issued 1,967,046,000 shares (37 shares for each share in issue) by converting RMB1,967,046,000 from capital reserve to share capital in August 2023.

(iii) During the year ended December 31, 2025, the Company received capital contributions of RMB249,999,000. The capital contributions increased the share capital and capital reserve by RMB21,933,000 and RMB228,066,000, respectively.

(iv) In connection with the pre-[**REDACTED**] investments, certain pre-[**REDACTED**] investors had been granted certain "— Special Rights of the Pre-[**REDACTED**] Investors" (as defined in the HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE section to this document) against Beijing ESWIN Technology Group Co., Ltd. ("ESWIN Group") including, among others, share redemption rights.

The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned special rights granted by ESWIN Group, including the share redemption rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted by ESWIN Group in the event of a default by ESWIN Group. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted to the Pre-[**REDACTED**] investors by ESWIN Group.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises the following: i) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company, ii) the excess of total consideration raised and contributed by the shareholders of the Company over share capital, and iii) amounts in relation to the recognition and termination of the redemption liabilities.

(ii) Share-based payment reserve

Share-based payment reserve represents grant date fair value of share options granted to employees of the Company that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iii) Other reserve

Other reserve mainly represents the foreign exchange differences arising from the translation of the financial statements of foreign operations that have functional currency other than the RMB.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating assigned by the management of the Group, for which the Group considers to have low credit risk. The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2023, 2024 and 2025 and March 31, 2026, 94%, 89%, 95% and 83% of the total trade receivables were due from the Group's five largest debtors respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 150 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Other receivables

The Group considers the probability of default upon initial recognition of other receivables and whether there has been a significant increase in credit risk throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default on other receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Other receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. In view of the history of cooperation with the debtors and collection from them, the Group's exposure to bad debts of deposits and other receivables is not significant and the Group have strong capacity to meet contractual cash flows.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables at December 31, 2023, 2024 and 2025 and March 31, 2026:

	At December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Less than 1 year	0.98	774,008	7,578
More than 1 year	10.00	261	26
		774,269	7,604

	At December 31, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Less than 1 years	1.07	740,172	7,953
More than 1 year	10.00	26,207	2,621
		766,379	10,574

	At December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Less than 1 year	1.07	1,120,280	11,991
More than 1 year	13.47	4,468	602
		1,124,748	12,593

	At March 31, 2026		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Less than 1 year	1.01	758,625	7,646
More than 1 year	16.62	2,353	391
		760,978	8,037

Expected loss rates are based on actual loss experience over the past recent years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance account in respect of trade receivables during the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026 are as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Balance at January 1	7,133	7,604	10,574	10,574	12,593
Impairment losses recognized during the year/period	471	2,970	2,019	(2,974)	(4,556)
Balance at December 31/March 31	7,604	10,574	12,593	7,600	8,037

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at December 31, 2023, 2024 and 2025 and March 31, 2026 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest dates the Group can be required to pay:

As at December 31, 2023

	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note 23)*	298,987	–	–	–	298,987	298,987
Accruals and other payables *(Note 24)*	499,960	–	–	–	499,960	499,960
Lease liabilities *(Note 27)*	72,778	51,123	122,732	387,933	634,566	457,081
	871,725	51,123	122,732	387,933	1,433,513	1,256,028

As at December 31, 2024

	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note 23)*	339,742	–	–	–	339,742	339,742
Accruals and other payables *(Note 24)*	396,260	–	–	–	396,260	396,260
Lease liabilities *(Note 27)*	53,917	42,208	118,668	348,377	563,170	405,461
	789,919	42,208	118,668	348,377	1,299,172	1,141,463

As at December 31, 2025

	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note 23)*	321,720	–	–	–	321,720	321,720
Accruals and other payables *(Note 24)*	354,008	–	–	–	354,008	354,008
Bank loans *(Note 26)*	190,250	–	–	–	190,250	190,250
Lease liabilities *(Note 27)*	61,116	42,728	115,075	294,623	513,542	381,078
	927,094	42,728	115,075	294,623	1,379,520	1,247,056

	As at March 31, 2026					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables *(Note 23)*	291,183	–	–	–	291,183	291,183
Accruals and other payables *(Note 24)*	288,607	–	–	–	288,607	288,607
Bank loans *(Note 26)*	606,241	25,700	205,600	–	837,541	837,541
Lease liabilities *(Note 27)*	51,369	36,252	94,476	223,822	405,919	305,339
	1,237,400	61,952	300,076	223,822	1,823,250	1,722,670

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at bank, time deposits, interest-bearing borrowings and lease liabilities. Instruments bearing interest at variable rates and fixed rates expose the Group to cashflow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market condition. The Group's interest rate risk profile as monitored by management is set out below.

(i) Exposure to interest rate risk

The following table details the profile of the Group's lease liabilities, time deposits with banks and cash and cash equivalents at the end of each reporting period.

	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31,2026
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate instruments:				
— Lease liabilities	(457,081)	(405,461)	(381,078)	(305,339)
— Time deposits with bank	1,082,849	104,659	–	–
Net exposure	625,768	(300,802)	(381,078)	(305,339)
Variable rate instruments:				
— Cash at banks	808,060	1,587,739	188,274	1,305,951
— Bank loans	–	–	(190,250)	(837,541)
Net exposure	808,060	1,587,739	(1,976)	468,410

(ii) Sensitivity analysis

At December 31, 2023, 2024 and 2025 and March 31, 2026, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's losses after tax and accumulated losses as follows.

	Increase/(decrease) in basis points	(Decrease)/increase in loss for the year	(Decrease)/increase in accumulated losses for the year
		RMB'000	RMB'000
At December 31, 2023			
Basis points	100	(8,081)	(8,081)
Basis points	(100)	8,081	8,081
At December 31, 2024			
Basis points	100	(15,877)	(15,877)
Basis points	(100)	15,877	15,877
At December 31, 2025			
Basis points	100	20	20
Basis points	(100)	(20)	(20)
At March 31, 2026			
Basis points	100	(4,684)	(4,684)
Basis points	(100)	4,684	4,684

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Japanese Yen ("JPR"), Korean Won ("KRW"), Great Britain Pound ("GBP"). The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies as at December 31, 2023			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	687,389	–	–	–
Other receivables	8,853	2,981	–	–
Cash at banks	305,512	723	1,004	2,868
Trade payables	(219,464)	–	–	–
Accruals and other payables	(98,216)	(484)	(1,039)	–
Net exposure arising from recognized assets and liabilities	684,074	3,220	(35)	2,868

	Exposure to foreign currencies as at December 31, 2024			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	596,533	–	–	–
Prepayments and other receivables	8,986	2,626	–	–
Cash at banks	1,083,587	2,013	1,406	7,119
Trade payables	(220,572)	–	–	–
Accruals and other payables	(35,808)	(524)	(10)	–
Net exposure arising from recognized assets and liabilities	1,432,726	4,115	1,396	7,119

	Exposure to foreign currencies as at December 31, 2025			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	834,260	–	–	3
Prepayments and other receivables	7,029	2,697	–	–
Cash at banks	78,893	2,738	1,602	3,607
Trade payables	(160,947)	–	–	–
Accruals and other payables	(23,764)	(526)	(13)	–
Net exposure arising from recognized assets and liabilities	735,471	4,909	1,589	3,610

	Exposure to foreign currencies as at March 31, 2026			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	209,307	–	–	–
Prepayments and other receivables	9,805	2,523	–	–
Cash at banks	110,546	2,312	1,433	5,086
Trade payables	(109,976)	–	2	–
Accruals and other payables	(15,531)	(295)	(4)	–
Net exposure arising from recognized assets and liabilities	204,151	4,540	1,431	5,086

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's losses after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31,						As at March 31,	
	2023		2024		2025		2026	
	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
USD . . .	1%	6,841	1%	14,327	1%	7,355	1%	2,042
	(1%)	(6,841)	(1%)	(14,327)	(1%)	(7,355)	(1%)	(2,042)
KRW. . .	1%	32	1%	41	1%	49	1%	45
	(1%)	(32)	(1%)	(41)	(1%)	(49)	(1%)	(45)
JPY . . .	1%	–	1%	14	1%	16	1%	14
	(1%)	–	(1%)	(14)	(1%)	(16)	(1%)	(14)
GBP . . .	1%	29	1%	71	1%	36	1%	51
	(1)%	(29)	(1)%	(71)	(1%)	(36)	(1%)	(51)

(e) Fair values measurement

Fair value hierarchy

Fair values are categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

(i) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy.

	Fair value at December 31, 2023	Fair value measurements as at December 31, 2023 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets measured at FVPL	963,273	–	–	963,273

	Fair value at December 31, 2025	Fair value measurements as at December 31, 2025 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets measured at FVPL	400,114	–	–	400,114

The movement during the year in the balance of these financial assets measured at FVPL are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	250,359	963,273	–	400,114
Purchase	5,130,000	2,486,000	800,000	–
Changes in fair value	18,027	10,541	320	(114)
Disposal	(4,435,113)	(3,459,814)	(400,206)	(400,000)
At the end of the year/period	963,273	–	400,114	–

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Wealth management products

The Group has a team headed by the finance manager performing valuation for wealth management products which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the head of finance department. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the head of finance department.

Below is a summary of significant unobservable inputs to the valuation of these wealth management products together with information about the sensitivity of the fair value measurement to changes in unobservable inputs at December 31, 2023, 2024 and 2025 and March 31 2026:

	Valuation techniques	Significant unobservable inputs
Wealth management products	Discounted cash flow method	Interest return rate

Due to the short period and low expected return rate ranging from 1.45% to 3.10% per annum, the Group considered the fair value of wealth management products approximates to the cost. The management of the Group considers the Group's exposure to expected return rates as follows:

With 1% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value of wealth management products by RMB1,439,000 as at December 31, 2023, and RMB61,000 as at December 31, 2025.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at December 31, 2023, 2024 and 2025 and March 31, 2026.

34 COMMITMENTS

Significant capital expenditures contracted for at the end of the reporting period but not recognized as liabilities yet are as follows:

	As at December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment and intangible assets	73,239	57,489	51,511	63,299

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9 is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	7,523	7,976	9,254	1,992	1,770
Discretionary bonuses	87	94	550	70	673
Directors' and Supervisors' fee	150	360	443	90	120
Share-based payments	41,431	34,126	83,635	8,075	15,884
	49,191	42,556	93,882	10,227	18,447

Total remuneration is included in "staff costs" in Note 6(b).

(b) Related parties and the relationship

Name of related parties	Relationship with the Group
ESWIN Group ("北京奕斯偉科技集團有限公司")	A shareholder with significant influence over the Company
Xi'an ESWIN Technology Industry Development Co., Ltd. ("西安奕斯偉科技產業發展有限公司")	A subsidiary of ESWIN Group
Zhejiang Xinhui Technology Co., Ltd. ("浙江欣暉科技有限公司")	A subsidiary of ESWIN Group
Zhuhai Yiyuan Technology Co., Ltd. ("珠海奕源科技有限公司")	A subsidiary of ESWIN Group

(c) Transactions with related parties

The Group entered into the following material related party transactions during the Relevant Periods:

(i) Transactions with ESWIN Group and its subsidiaries

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Right-of-use assets recognized	100,807	–	–	–	–
Payments for lease liabilities	24,545	28,505	14,252	7,126	7,126
Interest expenses on lease liabilities	16,446	15,889	11,273	3,880	2,733
Office maintenance related charges	7,801	7,762	6,931	2,106	1,465
Trademark maintenance fee	–	–	461	–	11
Revenue from licenses and services	–	–	31	–	12

(d) Balances with related parties as at the end of each reporting period

(i) Due from or due to ESWIN Group and its subsidiaries

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Trade in nature:					
Lease liabilities	354,552	341,936	315,248	338,689	244,905
Accruals and other payables	2,571	1,961	3,443	1,746	4,722
Trade receivables	–	–	15	–	17

36 SUBSEQUENT EVENTS

Subsequent to March 31, 2026 and up to the date of this report, there is no material subsequent event.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of this report, the IASB has issued a number of amendments, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These developments include.

	Effective for accounting periods beginning on or after
IFRS 18, Presentation and disclosure in financial statements	January 1, 2027
IFRS 19, Subsidiaries without public accountability: disclosures	January 1, 2027
Translation to a Hyperinflationary Presentation Currency, Amendments to IAS 21	January 1, 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments amendments, new standards and interpretations is expected to be in the period initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss and other comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to March 31, 2026.

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

This appendix contains a summary of the principal provisions of the Company's Articles of Association, which will take effect on the date when the Company's H shares are [**REDACTED**] on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential [**REDACTED**] with an overview of the Company's Articles of Association. Therefore, it may not contain all the information that is important to potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The Shares shall be presented by share certificates. The Shares issued by the Company shall be denominated in RMB. The par value per Share is RMB0.1.

The Shares shall be issued in a transparent, fair and just manner, and shall rank pari passu in all respects with the Shares of the same class. The terms and price of each of the Share of the same class in the same issuance shall be the same, and every Share subscribed by subscribers in the same issuance shall have the same price.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase of Shares

In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of a Shareholders' general meeting, increase its capital in the following manners:

(1) issuance of Shares to Non-Specific Target investors;

(2) issuance of Shares to Specific Target investors;

(3) bonus issue of Shares to existing Shareholders;

(4) transfer of reserve fund into capital;

(5) adopting any other means stipulated in laws, administrative regulations, regulatory rules of the stock exchange(s) of the places where the Company's shares are listed and approved by the CSRC and Hong Kong Stock Exchange.

Decrease of Shares

The Company may reduce its registered capital. The Company's reduction of registered capital shall be conducted in accordance with the procedures stipulated in the Company Law and other relevant regulations, regulatory rules of the places where the shares of Company are listed, other securities regulatory rules and the Articles of Association.

Repurchase of Shares

Except under the following circumstances, the Company may not repurchase its Shares:

(1) to reduce the registered capital of the Company;

(2) to merger with other companies that hold shares of the Company;

(3) to grant the shares for employee shareholding scheme or as equity incentive;

(4) where shareholders require the Company to purchase their shares due to their disagreement on the merger or division resolution passed by a shareholders' general meeting;

(5) to use the shares in the conversion of the convertible corporate bonds issued by the listed Company;

(6) to preserve the Company's value and Shareholders' interests as necessary;

(7) in other circumstances as stipulated by laws, administrative regulations, departmental rules, regulatory documents and regulatory rules of the stock exchange(s) of the places where the Company's shares are [**REDACTED**].

The Company may acquire its own [**REDACTED**] through open and centralized [**REDACTED**], or in any other manner permitted by laws, administrative regulations, the CSRC and the Stock Exchange.

Any acquisition by the Company of its shares under any of the circumstances set forth in sub-paragraphs (1) and (2) shall be subject to a resolution of a Shareholders' general meeting; while any acquisition by the Company of its shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) shall, pursuant to the Articles of Association or the authorization of a Shareholders' general meeting, be subject to a resolution of a meeting of the Board of Directors at which two-thirds or more of the Directors are present.

The Shares acquired by the Company shall, under the circumstance set forth in sub-paragraph (1), be cancelled within 10 days from the date of acquisition; while under the circumstances set forth in sub-paragraph (2) or (4) shall be disposed of or cancelled within six months; and while under the circumstances set forth in sub-paragraph (3), (5) or (6), aggregately not exceed 10% of its total issued shares and shall be disposed of or cancelled within three years.

The Company acquires its own Shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) above, subject to complying with the regulatory rules of the places where the shares of Company are [**REDACTED**] and other securities regulatory rules, it shall do so through open and centralized [**REDACTED**].

Transfer of Shares

The Company's shares may be transferred in accordance with the law.

The Company shall not accept its shares as the subject of a pledge.

The shares of the Company issued prior to the Company's [**REDACTED**] of shares shall not be transferred within 1 year from the date the shares of the Company being listed and traded on the stock exchange(s).

The Directors, Supervisors and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office as determined when they assume the posts, the shares transferred by any of them each year shall not exceed 25% of the total number of shares of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Register of Shareholders

The Company shall establish a register of Shareholders, and the register of shareholders shall be sufficient evidence of the Shareholders' shareholdings in the Company. The original register of members of the H Shares [**REDACTED**] in Hong Kong is maintained in Hong Kong and is available for inspection by the Shareholders. However, the Company may suspend shareholder registration in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

When the Company convenes a general meeting, distributes dividends, commences liquidation or engages in other acts that require the identification of Shareholders, the Board or the convener of the general meeting shall determine the record date of the Shareholders' registration. The Shareholders whose names appear on the register of Shareholders after the close of market trading on the record date shall be the Shareholder entitled to the relevant rights and interests.

Rights and Obligations of Shareholders

The Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to their shareholdings;

(2) to request, convene preside over, attend or appoint a Shareholder's proxy to attend the general meeting of Shareholders and to exercise voting rights (unless individual shareholders are required to waive their voting rights on specific matters in accordance with regulatory rules of the places where the shares of Company are listed);

(3) to supervise the Company's operations, to present proposals and to raise enquiries;

(4) to transfer, grant or pledge shares held by them in accordance with the laws, administrative regulations, regulatory rules of the places where the shares of Company are listed as well as the Articles of Association;

(5) to access and copy Articles of Association, register of shareholders, company bond stubs, meeting minutes of the shareholders' general meeting, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, and financial and accounting reports, Shareholders who meet the requirements may inspect the company's accounting books and vouchers;

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;

(7) with respect to Shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to buy back their Shares;

(8) any other rights conferred by laws, administrative regulations, departmental rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

The Shareholders of the Company shall assume the following obligations:

(1) to abide by laws, administrative regulations, the departmental regulation, other securities regulatory rules of the places where the Company's shares are listed and the Articles of Association, and to keep the Company's business secrets confidential;

(2) to pay subscription money according to the number of shares subscribed and the method of subscription;

(3) not to withdraw their shares except as otherwise provided by laws and regulations;

(4) not to abuse their shareholder rights to jeopardize the interests of the Company or other shareholders; and not to abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to jeopardize the interests of the Company's creditors;

(5) any other obligations imposed by laws, administrative regulations, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

General Rules for the Shareholders' General Meeting

The Shareholders' general meeting is the organ of authority of the Company, which may exercise the following functions and powers in accordance with the law:

(1) to decide on the business strategies and investment plans of the Company;

(2) to elect or change the Non-staff Directors and Non-staff Representative Supervisors and to decide on the matters relating to the remuneration of the Directors and Supervisors;

(3) to consider and approve the reports of the Board of Directors;

(4) to consider and approve the reports of the Board of Supervisors;

(5) to consider and approve annual financial budget proposals and final accounts proposals for the Company;

(6) to consider and approve the Company's profit distribution proposals and loss recovery proposals;

(7) to decide on any increase or reduction of the Company's registered capital;

(8) to decide on the issue of corporate bonds;

(9) to decide on merger, division, dissolution or liquidation of the Company, or change of the corporate form of the Company;

(10) to amend the Articles of Association;

(11) to decide the appointment and dismissal of the accounting firms;

(12) to consider and approve the guarantee matters as stipulated in Article 39;

(13) to consider matters that the Company purchased or sold major assets within one year exceeding 30% of the Company's latest audited total assets;

(14) to consider and approve the change in the use of proceeds from raising;

(15) to consider the share incentive schemes and employee shareholding scheme;

(16) to consider the share repurchase matters as stipulated in Article 23;

(17) to consider and approve other matters which are required to be determined at the shareholders' meeting as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

General meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every financial year within six months after the end of the previous financial year.

Extraordinary meetings shall be held from time to time, and the Company shall convene an extraordinary general meeting within two months from the occurrence of any of the following events:

(1) when the number of Directors is less than the quorum specified in the PRC Company Law or two-thirds of the total number specified in the Articles of Association;

(2) the unrecovered losses of the Company amount to one third of the total amount of its share capital;

(3) when Shareholder(s) severally or jointly holding 10% or more of the Company's shares request(s) to convene such meeting;

(4) when deemed necessary by the Board of Directors;

(5) when proposed by the Board of Supervisors;

(6) other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed or the Articles of Association.

Convening of General Meeting

General meetings shall be convened by the Board of Directors in accordance with the laws.

A majority of independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. In response to a proposal from independent non-executive directors that request to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made; if the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it will state the reasons and make an announcement.

The Board of Supervisors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made, and any changes to the original proposal contained in the notice shall be approved by the Board of Supervisors.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty to convene the shareholders' meeting, and the Board of Supervisors shall convene and preside over the extraordinary shareholders' meeting of its own accord.

Shareholders individually or jointly holding 10% or more of the Company's shares (on a a one-share-one-vote basis and excluding the treasury stock) have the right to request the Board of Directors to convene an extraordinary shareholders' meeting, and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within five days after the Board of Directors' resolution is made, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the request, shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' meeting and shall submit such request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary shareholders' meeting, the Board of Supervisors will issue a notice of convening the extraordinary shareholders' meeting within five days upon receipt of the request, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Supervisors fails to send a notice of general meeting before deadline, the Board of Supervisors shall be deemed to be unable to convene and preside over the meeting, the Shareholder(s) holding 10% or more of the voting Shares of the Company separately or in aggregate for 90 or more consecutive days may convene and preside over a meeting on its/their own.

Proposals and Notices of General Meeting

Prior to the general meeting, the Board of Directors, the Board of Supervisors and the Shareholder(s) individually or jointly holding at least 1% Shares of the Company may propose a proposal to the Company.

Shareholders who individually or collectively hold at least 1% of the Company's Shares may put forward a provisional proposal and submit it in writing to the convenor ten days prior to the convening of the Shareholders' meeting. Provisional proposals should have a clear topic and a specific resolution. The convenor shall issue a supplementary notice of the general meeting with the contents of the provisional proposal within two days after receiving the proposal and submit the provisional proposal to the general meeting for consideration. However, that the provisional proposal shall be in compliance with the provisions of the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association or shall fall within the scope of functions and powers of the shareholders' meeting.

Subject to the above provisions, the convener after sending a notice of meeting shall not modify the motion listed in the notice of meeting or add a new motion.

The convener shall notify all shareholders at least 21 days prior to the convening of the annual general meetings by publishing an announcement, at least 15 days prior to the convening of the extraordinary general meetings by publishing an announcement.

Convention of General Meeting

All shareholders whose names appear on the register of shareholders on the registration date or their proxies shall be entitled to attend the general meeting, and exercise their voting rights pursuant to the relevant laws, regulations, regulatory rules of the stock exchange where the [**REDACTED**] of the Company are [**REDACTED**] and the Articles of Association. Shareholders may attend in person or appoint proxies to attend and vote at general meetings on their behalf.

Where a shareholder is a legal person, its legal representative or a proxy authorized by the legal representative shall be entitled to attend the shareholders' meeting of the Company. The legal representative attending the meeting shall present his/her own identity card and valid proof that can indicate his/her qualification as the legal representative. If the legal representative authorizes a proxy to attend the meeting, the proxy attending the meeting shall present his/her own identity card and the power of attorney issued by the legal representative of the shareholder as a legal person in accordance with the law and exercise the voting right within the scope of authorization.

The proxy form issued by a Shareholder for a general meeting shall specify:

(1) the name of the principal, class and number of shares of the Company held by the principal;

(2) the name of the proxy;

(3) whether the principal has the voting right or not;

(4) the specific instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of the general meeting;

(5) the date and validity of the proxy form;

(6) the signature (or seal) of the appointing Shareholder; if the appointing Shareholder is a legal person/other organization, the seal of the legal person/other organization shall be affixed.

A shareholders' meeting shall be presided by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the meeting shall be presided by the vice-chairman of the Board of Directors. If the vice-chairman of the Board of Directors is unable or fails to perform his/her duties, a director jointly elected by a majority of the directors shall preside over the meeting.

A shareholders' meeting convened by the Board of Supervisors of its own accord shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by a majority of the supervisor shall preside over the meeting.

The shareholders' meeting convened by shareholders of their own accord shall be presided over by the convener or a representative elected by the convener.

The shareholders' meeting has meeting minutes, which shall be taken by the secretary to the Board of Directors or the secretary to the Company, and include the following contents:

(1) Date, location, agenda, and name of the convener of the meeting;

(2) The name of the meeting chairman, the directors, the supervisors, the chief executive officer and other senior management officers attending or attending the meeting as non-voting participants;

(3) Number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by such shareholders, and the proportion over total shares of the Company;

(4) Consideration and approval process, key points of discussion, and voting results for each proposal;

(5) Shareholders' inquiries or suggestions and corresponding responses or explanations;

(6) Names of lawyers and tellers and scrutineers;

(7) Other contents that shall be recorded in the meeting minutes in accordance with the Articles of Association.

Voting and Resolutions of General Meeting

Resolutions of Shareholders at the general meeting shall take the forms of ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by an attending Shareholders (including their proxies) holding a majority vote of the voting rights.

Special resolution at a general meeting shall be adopted by attending Shareholders (including their proxies) holding at least two-thirds of the voting rights.

The following matters shall be passed by an ordinary resolution at a general meeting of Shareholders:

(1) reports on the work of the Board of Directors and the Board of Supervisors;

(2) profit distribution plans and loss recovery plans drawn up by the Board of Directors;

(3) the appointment and removal of members of the Board of Directors and the Board of Supervisors and the method of their remuneration and payment;

(4) the annual financial budget and final accounts for the Company;

(5) the Company's annual report;

(6) any other matters not otherwise required by the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed or the Articles of Association to be passed by special resolution.

The following matters shall be passed by a special resolution at a general meeting:

(1) the increase or reduction of the Company's registered capital;

(2) the separation, division, merger, dissolution and liquidation of the Company;

(3) amendments to the Articles of Association of the Company;

(4) the repurchase of Shares;

(5) adjustments or alterations to the profit distribution policy stipulated in the Articles of Association;

(6) the purchase or sale of material asset(s) or the provision of guarantee(s) by the Company within one year with amount(s) exceeding 30% of the Company's latest audited total assets;

(7) equity incentive plans;

(8) the Transfer of control of the Company;

(9) Any other matters prescribed by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' meeting as having a material impact on the Company and are required to be approved by a special resolution.

Shareholders (including shareholders' agents) exercise their voting rights based on the number of voting shares they represent, and each share is entitled to one vote.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. A natural person who falls into any of the following circumstances shall not serve as director of the Company:

(1) a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities;

(2) a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing socialist market economy disorder and a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation or who has been deprived of his political rights and imposed a suspended sentence as a result of he/she having committed an offence and a period of 2 years has not elapsed since the completion of the term of the suspended sentence;

(3) a person who is a director or factory manager or manager of a company or enterprise which has become insolvent and liquidated and who incurs personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise;

(4) a person who is a legal representative of a company or enterprise, the business license of which is revoked and ordered to close down on the grounds of contravention of law, and who incur personal liability therefor, and a period of 3 years has not elapsed since the date of revocation of the business license of that company or enterprise or that company or enterprise being ordered to close down;

(5) a person who has been as a dishonest party by the People's Court due to with comparatively large debts that have fallen due but have not been settled;

(6) a person who is currently being prohibited from participating in securities market by the CSRC and who has been publicly determined by a stock exchange to be not suitable to act as a director of the Company, where the term has not yet expired;

(7) other matters stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or regulatory rules of the stock exchange(s) where the shares of the Company are listed.

For any election and appointment of a Director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a Director falls into any of the aforesaid circumstances in his term of office, the Director shall be removed from office.

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting prior to the expiration of their term of office. The term of office of directors is three years. Upon the expiration of the term of office, directors may be re-elected for consecutive terms. However, the consecutive term of office for independent non-executive directors shall not exceed nine years.

Board of Directors

The Board of Directors is composed of executive directors, non-executive directors and independent non-executive directors. The number of independent non-executive directors shall not be less than 3, and shall account for more than one-third of the Board of Directors.

The Board of Directors shall exercise the following functions and powers:

(1) to convene general meetings and to report on its work at the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the business plans and investment proposals of the Company;

(4) to prepare the Company's annual financial budget and final accounts plan;

(5) to prepare proposals for profit distribution and for making up accrued losses of the Company;

(6) to prepare proposals for the increase or reduction of share capital and the issue of bonds of the Company or other securities and [**REDACTED**] plans;

(7) subject to compliance with the provisions of the regulatory rules of the stock exchange(s) where the shares of the Company are listed, to formulate proposals for major acquisitions, purchase of the Company's shares or the merger, demerger, dissolution or change in the form of the Company, as well as plans for the Company to repurchase its own shares for the reasons specified in sub-paragraphs (1) and (2) of Article 22;

(8) In accordance with the provisions of the Articles of Association and the authorization from the shareholders' meeting, to decide on the repurchase of the Company's own shares for the reasons specified in sub-paragraphs (3), (5) and (6) of Article 22;

(9) to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, donations, etc. of the Company within the scope authorized by the shareholders' meeting;

(10) to decide on the establishment of internal management organization of the Company;

(11) to appoint or dismiss the chief executive officer and secretary to the Board of Directors and pursuant to the nomination of the chief executive officer, appoint or dismiss other senior management officers of the Company (except the secretary to the Board of Directors), and to determine matters relating to their remuneration, rewards and punishments;

(12) to formulate the basic management system of the Company;

(13) to prepare proposals for the amendment of the Company's Articles of Association;

(14) to manage disclosure of information concerning the Company;

(15) to propose to general meeting for the engagement or change of the accounting firm that provides audit for the Company;

(16) to receive reports and examine the work of the chief executive officer and other senior management officers of the Company;

(17) Regarding the Company's outbound investments, if they don't meet the review standards of the shareholders' meeting as stipulated in Article 40, and the investment amount of a single project is within 10 million yuan (inclusive) and the cumulative annual investment amount of all projects is within 20 million yuan (inclusive), the Board of Directors authorizes the chairman to decide. The chairman shall report to the chairman of the Strategy and Investment Committee in advance. For those exceeding the above investment amount ranges, they shall be submitted to the Board of Directors for review. And for outbound investment activities that shall be reviewed by the shareholders' meeting according to the provisions of the Articles of Association, they shall be submitted to the shareholders' meeting for review after being approved by the Board of Directors;

(18) All guarantees provided by the Company shall be reviewed by the Board of Directors. And for guarantees that are required to be reviewed by the shareholders' meeting according to the provisions of the Articles of Association, they shall be submitted to the shareholders' meeting for review after being approved by the Board of Directors;

(19) such other functions and power as authorized by the laws, administrative regulations and departmental rules, the Hong Kong Listing Rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board of Directors shall have a chairman and a vice-chairman, and shall be elected by a majority of all directors of the Board of Directors.

The chairman of the Board of Directors shall exercise the following functions and powers:

(1) to preside over the shareholders' meeting and to convene and preside over the meetings of the Board of Directors;

(2) to supervise and inspect the implementation of resolutions of the Board of Directors;

(3) to exercise any other functions and powers conferred by the Board of Directors.

The board meetings include regular meetings and extraordinary meetings.

No less than four (4) regular board meetings shall be held each year. Such regular meetings shall be convened by the chairman of the board, with the notice thereof being given in writing to all directors fourteen (14) days prior to the meeting date.

Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors, more than 1/2 independent non-executive directors or the Board of Supervisors may propose to convene an extraordinary meeting of the Board of Directors. The chairman of the Board shall convene and preside over a board meeting within 10 days after receiving the proposal.

A meeting of the Board of Directors shall be held with the attendance of a majority of the Directors (including proxies). Resolutions made by the Board of Directors shall be passed by a majority of all Directors. In case relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed have different stipulations regarding matters related to the resolutions of the Board of Directors, those stipulations shall be followed.

When voting on the resolutions of the Board of Directors, each director shall have one vote.

Special Committees under the Board of Directors

The Board of Directors of the Company has established a Strategy and Investment Committee, an Audit Committee, a Nomination Committee and a Remuneration Committee. The special committees shall be responsible to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for review and decision. All members of the special committees shall be composed of directors. Among them, independent non-executive directors shall account for the majority in the Audit Committee, the Nomination Committee and the Remuneration Committee and serve as conveners. The convener of the Audit Committee shall be an independent non-executive director with appropriate accounting or relevant financial management expertise as required by the regulatory rules of the listing place. The Board of Directors shall be responsible for formulating the implementation rules for the special committees to regulate the operation of the special committees. The Strategy and Investment Committee shall set up a Standing Group of the Strategy and Investment Committee, which shall be composed of the executive directors of the Company and be responsible for providing guidance and management in terms of the Company's strategy, investment and team building during the adjournment of the Board of Directors.

THE EXECUTIVE COMMITTEE AND SENIOR MANAGEMENT OFFICERS

The Company has established the Executive Committee, which shall be responsible for the implementation of strategies and daily operation and management activities. The Executive Committee shall have one chairman, one or two vice-chairman and several members.

The Chief Executive Officer shall serve as the Chairman of the Executive Committee, and the President shall serve as the Vice-Chairman of the Executive Committee. Other members of the Executive Committee shall be nominated by the Chairman of the Executive Committee, reviewed by the Nomination Committee of the Board of Directors, determined by the Strategy and Investment Committee, and reported to the Board of Directors of the company. The Secretary to the Board of Directors shall also serve as the Secretary to the Executive Committee of the company.

The Chief Executive Officer and the Secretary to the Board of Directors shall be nominated by the Chairman of the Board, reviewed by the Nomination Committee and the Strategy and Investment Committee, and appointed or dismissed by the Board of Directors. Other senior management officers (excluding the Chief Executive Officer and the Secretary to the Board of Directors) shall be nominated by the Chief Executive Officer, reviewed by the Nomination Committee and the Strategy and Investment Committee, and appointed or dismissed by the Board of Directors.

The term of office for the Executive Committee and the Chief Executive Officer shall be three years each term. They may be reappointed for consecutive terms.

The Chief Executive Officer shall be responsible to the Board of Directors and exercise the following functions and powers:

(1) to preside over the Company's production, operation and management work, to organize the implementation of the resolutions of the Board of Directors, and to report work to the Board of Directors;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to draft the plans for the establishment of the Company's internal management organizations;

(4) to draft the basic management systems of the Company;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors to appoint or dismiss other senior management officers of the Company except the Secretary to the Board of Directors;

(7) to decide to appoint or dismiss the management officers who are not required to be appointed or dismissed by the Board of Directors;

(8) to exercise other functions and powers conferred by the Articles of Association or the Board of Directors.

The Chief Executive Officer may attend meetings of the Board of Directors as a non-voting participant.

The Company shall appoint a Secretary to the Board of Directors, who shall be responsible for corporate governance, investor relations and other matters.

The Secretary to the Board of Directors shall be nominated by the Chairman of the Board, reviewed by the Nomination Committee and the Strategy and Investment Committee, and appointed or dismissed by the Board of Directors.

The Secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

BOARD OF SUPERVISORS

Supervisors

The circumstances in which a person shall not be appointed as a director provided by the Articles of Association shall be applicable to the supervisors.

Directors, the Chief Executive Officer and other senior management officers shall not act concurrently as supervisors.

The supervisors shall abide by the laws, administrative rules, the listing rules of the stock exchange(s) where the Shares are listed and the Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

The provisions relating to the director's duty of loyalty and diligence as stipulated in the Articles of Association shall also apply to the supervisors.

Each supervisor shall serve for a term of three years. The term is renewable upon re-election and re-appointment.

Board of Supervisors

The Company shall have the Board of Supervisors. The Board of Supervisors shall consist of three supervisors, including one supervisor elected by the employee representatives and two supervisors appointed by the shareholders.

The employee representatives on the Board of Supervisors shall be democratically elected by the Company's employees through the employees' congress, the general meeting of employees or other forms. The supervisors who are not employee representatives shall be elected or replaced by the shareholders' meeting.

The Company's Board of Supervisors shall have one chairman. The chairman of the Board of Supervisors shall be elected by a majority vote of all the supervisors. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors. In the event that the chairman of the Board of Supervisors is unable to perform his or her duties or fails to perform his or her duties, more than half of the supervisors shall jointly recommend one supervisor to convene and preside over the meetings of the Board of Supervisors.

The Board of Supervisors shall perform the following duties:

(1) to review and provide written comments on the Company's periodic reports prepared by the Board of Directors;

(2) to inspect the Company's financial position;

(3) to supervise the behaviours of the directors and senior management members in performing their duties, and to advise on dismissal of any directors and senior management members who are in breach of laws, administrative regulations and the Articles of Association;

(4) to demand the directors and senior management members to rectify their errors if they have acted in a harmful manner to the Company's interest;

(5) to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a general meeting as required by the Company Law, to convene and preside over the general meeting;

(6) to propose motions in a general meeting;

(7) to take legal actions against directors and senior management members in accordance with Article 189 of the Company Law;

(8) to conduct investigations whenever unusual conditions of operation of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations. Any costs arising therefore shall be borne by the Company;

(9) to require directors and senior management to submit reports on the execution of their duties;

(10) other powers and functions stipulated in the articles of association or granted by the shareholders' meeting.

The Board of Supervisors shall hold at least one meeting every six months. Supervisors may propose to hold an interim meeting of the Board of Supervisors. For regular meetings and interim meetings of the Board of Supervisors, the Board of Supervisors shall issue written meeting notices 10 days and 5 days in advance respectively. In case of an emergency where an interim meeting of the Board of Supervisors needs to be convened as soon as possible, the meeting notice may be issued orally or by telephone at any time, but the convener shall make an explanation at the meeting.

A meeting of the Board of Supervisors shall be held with the presence of a majority of the Supervisors. Resolutions of the Board of Supervisors shall be adopted by a majority vote of the supervisors.

Voting on resolutions of the Board of Supervisors shall be on a one-person-one-vote basis.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed, and the provisions stipulated by the relevant authorities of the PRC. If the financial and accounting system is otherwise provided in the Hong Kong Listing Rules or relevant regulatory rules of the places where the Company's shares are listed, such regulatory rules shall prevail.

The Company shall prepare financial and accounting reports such as annual reports in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed. In addition to the statutory accounting books, the company shall not keep separate accounting books. The Company's assets shall not be deposited into accounts opened in the name of any individual.

In distributing the after-tax profits in the current year, the Company shall allocate 10% of such profits into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is 50% or more of its registered capital, further allocations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its after-tax profits to its statutory reserve fund, the Company may, subject to the approval by resolutions of the shareholders' meeting, allocate its after-tax profits to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining after-tax profits shall be distributed by the Company to its shareholders in proportion to their respective shareholdings unless it is stipulated that such distribution shall not be made in proportion to the shareholdings pursuant to the Articles of Association.

If the Company violates the provisions of the preceding paragraph and distributes profits to shareholders before making up losses and allocating the statutory reserve funds, shareholders must return the profits distributed in violation of the provisions to the company. If losses are caused to the Company, shareholders and the responsible directors, supervisors and senior management officers shall bear the liability for compensation.

The Company's shares held by the Company are not entitled to any profit distribution.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

Internal Auditing

The company shall implement an internal audit system and be staffed with full-time auditors to conduct internal audit and supervision over the Company's financial revenues and expenditures and economic activities.

The internal audit system of the company and the responsibilities of the auditors shall be implemented after being approved by the Board of Directors. The person in charge of the audit shall be responsible to the Board of Directors and report work to it.

Appointment of Accountant Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed to conduct audits of accounting statements, verification of net assets, and other related consulting services, etc., with a term of one year, which is renewable.

The engagement and dismissal of the accounting firm by the Company shall be approved by the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm prior to the decision made by the shareholders' meeting.

MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Demerger, Capital Increase and Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Merger by absorption refers to the merger realized by a company through the absorption of other companies, in which case the absorbed companies are dissolved. Merger by the establishment of a new entity refers to the merger of two or more companies to create a new company, in which case the merging parties are dissolved.

When a company merges, the creditor's rights and debts of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of properties. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favor of the division and shall publish an announcement in a newspaper or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

The Company shall prepare balance sheets and inventories of properties when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date on which a resolution to reduce the registered capital is adopted and shall publish an announcement in a newspaper or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

Dissolution and Liquidation

The Company shall be dissolved in any of the following circumstances:

(1) The business period specified in the Articles of Association is expired or other causes of dissolution specified therein take place;

(2) The shareholders' meeting resolves to dissolve the Company;

(3) Dissolution is necessary due to a merger or demerger of the Company;

(4) The business license is revoked, or the company is ordered to close or be shut down according to law;

(5) Where the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

The dissolution or liquidation of the Company shall be subject to the approval of a special resolution of the shareholders' meeting. When causes for the dissolution as stipulated in the preceding paragraph occur, it shall disclose the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

The amendments to the Articles of Association in accordance with the provisions in the preceding article shall require the approval of at least two-thirds of the voting rights held by Shareholders attending the general meeting.

The liquidation committee shall notify the creditors within ten days as of its establishment and make a public announcement in newspapers within sixty days. Creditors shall declare their claims to the liquidation committee within thirty days as of the receipt of the notice or within forty-five days as of the date of the public announcement if they have not received the notice.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend its articles of association in one of the following circumstances:

(1) subsequent to the amendment of the Company Law or relevant laws and administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's shares are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations and the Hong Kong Listing Rules;

(2) the Company has experienced changes, resulting in matters inconsistent with those recorded in the Articles of Association;

(3) the shareholders' meeting decides to amend the Articles of Association.

Matters of amendment of the Articles of Association adopted by resolution of the general meeting shall be submitted to the competent authorities for approval; if they involve matters of the Company's registration, the registration of the changes shall be made in accordance with the law.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of our Company

Our Company was established as a limited liability company in the PRC on September 24, 2019 and was converted into a joint stock limited company on June 27, 2022 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB2,042,143,304.

Our registered place of business in Hong Kong is at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance. Ms. Chan Hei at Hong Kong has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" and Appendix III to this Document, respectively.

Changes in the Share Capital of our Company

On April 22, 2025, the registered capital of our Company was increased from RMB2,020,209,770 to RMB2,042,143,304; and

As approved by our Shareholders' meeting held on May 16, 2025, immediately upon [**REDACTED**], the ordinary shares of our Company were split on a one-for-ten basis, and the par value of the Shares was changed from RMB1 per Share to RMB0.1 per Share. Therefore, immediately after the [**REDACTED**] (assuming the Share Subdivision is completed and the [**REDACTED**] is not exercised), the registered share capital of the Company became RMB[**REDACTED**] divided into [**REDACTED**] Shares of par value RMB0.1 each.

Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this Document:

- On November 6, 2024, the registered share capital of Chengdu ESWIN Computing Technology Co., Ltd. (成都奕斯偉計算技術有限公司) was increased from RMB100 million to RMB135 million;

- On May 21, 2025, Zhuhai ESWIN Computing Technology Co., Ltd. (珠海奕斯偉計算技術有限公司) was established as a limited liability company in the PRC with an initial registered capital of RMB250 million;

- On July 3, 2025, Zhuhai Hengqin ESWIN Computing Technology Co., Ltd. (珠海橫琴奕斯偉計算技術有限公司) was established as a limited liability company in the PRC with an initial registered capital of RMB25 million.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in March and April 2025, it was resolved, among others, and the following was approved:

(a) the issue of H Shares and the [**REDACTED**] of such H Shares on the Stock Exchange;

(b) the number of H Shares to be issued pursuant to the [**REDACTED**], and the grant to the [**REDACTED**] of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) conditional upon the completion of the [**REDACTED**], Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted, which shall become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities; and

(e) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [**REDACTED**],

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

(a) [**REDACTED**]

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had obtained the licensing rights to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Date of Registration	Expiry Date
1 . . .	ESWIN	7, 9, 35, 37, 42	ESWIN Group	306174559	Hong Kong	February 22, 2023	February 21, 2033
2 . . .	奕斯伟	7, 9, 35, 37, 42	ESWIN Group	306174568	Hong Kong	February 22, 2023	February 21, 2033
3 . . .	ESWIN RISAA	9, 35, 38, 41, 42	ESWIN Group	306593950	Hong Kong	June 26, 2024	June 25, 2034

Patents

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Authorization Date	Expiry Date
1. . .	Data moving method for direct memory access apparatus	Invention	Our Company	USA	US 12174766 B2	December 24, 2024	March 15, 2043
2. . .	Processing apparatus and system for performing data processing on multi-channel information (用於對多個通道信息執行數據處理的處理裝置及系統)	Invention	Our Company	PRC	ZL 202210168418.8	April 26, 2024	February 23, 2042
3. . .	Processor booting method, heterogeneous processor system, and processor booting apparatus (處理器啟動方法、異構處理器系統及處理器啟動裝置)	Invention	Our Company	PRC	ZL 202111518040.1	April 12, 2024	December 13, 2041
4. . .	Source driver system, its signal synchronization method, and display apparatus (源極驅動系統、其信號同步方法及顯示裝置)	Invention	Our Company, ESWIN Hefei	PRC	ZL 202210325724.8	March 21, 2023	March 29, 2042
5. . .	Over-driving method and apparatus, display device, electronic device, and storage medium	Invention	Our Company	USA	US 12039938 B2	July 16, 2024	January 18, 2043
6. . .	Transmitter, transceiver and signal transmission method therefor	Invention	Our Company, ESWIN Nanjing	USA	US 12057877 B2	August 6, 2024	February 8, 2043
7. . .	A RF attenuation apparatus, method, and RF communication device (一種射頻衰減裝置、方法及射頻通信設備)	Invention	China Mobile Research Institute (中國移動通信有限公司研究院), Our Company, China Mobile Communications Corporation* (中國移動通信集團有限公司)	PRC	ZL 202211697520.3	April 2, 2024	December 28, 2042

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Authorization Date	Expiry Date
8. . .	Automatic gain control system and control method, RF receiver (自動增益控制系統及控制方法、射頻接收機)	Invention	Our Company, Transa Guangzhou	PRC	ZL 202210185341.5	March 21, 2023	February 28, 2042
9. . .	An intelligent equipment controlling method, apparatus and system (一種智能設備控制方法、裝置及系統)	Invention	Our Company	PRC	ZL 202210751855.2	March 22, 2024	June 29, 2042
10.. .	Processing apparatus, method and system for performing data processing on multiple channels (用於對多個通道執行數據處理的處理裝置、方法及系統)	Invention	Our Company	PRC	ZL202210167581.2	September 5, 2025	February 23, 2042
11.. .	A communication method, apparatus, computer device and storage medium (一種通信方法、裝置、計算機設備及存儲介質)	Invention	Our Company, Transa Guangzhou	PRC	ZL202211249911.9	January 30, 2026	October 12, 2042
12.. .	Method and apparatus for adjusting instruction pipeline, memory and storage medium	Invention	Our Company	USA	US12517757B2	January 6, 2026	May 31, 2044
13.. .	Instruction marking processing hardware and processor (指令標記電路和處理器)	Invention	ESWIN Xi'an, Our Company	PRC	ZL202410471560.9	July 25, 2025	April 18, 2044
14.. .	Controller and system for processing interrupt requests (控制器及處理中斷請求的系統)	Invention	ESWIN Xi'an, Our Company	PRC	ZL202411525272.3	August 22, 2025	October 29, 2044
15.. .	Computing power scheduling methods, systems, electronic devices and computer-readable storage media (算力調度方法、系統、電子設備及計算機可讀存儲介質)	Invention	ESWIN Haining, Our Company	PRC	ZL 202110812523.6	December 31, 2024	July 19, 2041
16.. .	Method and apparatus for backlight control and display device	Invention	ESWIN Haining, Our Company	USA	US 12165603 B2	December 10, 2024	January 12, 2043
17.. .	Driving system, driving method, computer system and non-transitory computer readable medium	Invention	ESWIN Haining, Our Company	USA	US 11973140 B2	April 30, 2024	July 31, 2042

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Authorization Date	Expiry Date
18 . .	Security defending method, coprocessor, and processing apparatus (安全防御方法、協處理器以及處理裝置)	Invention	Our Company	USA	US 12212559 B2	January 28, 2025	August 7, 2043
19 . .	Processing method and apparatus for defending against shared storage side channel attacks, and electronic device (防御共享存儲側信道攻擊的處理方法、裝置及電子設備)	Invention	Our Company	USA	US 12259974 B2	March 25, 2025	August 23, 2043
20 . .	Processing module, instruction processing method, and chip system (處理模塊、指令處理方法及芯片系統)	Invention	ESWIN Xi'an, our Company	PRC	ZL 202411074814.X	October 28, 2025	August 6, 2044
21 . .	Display driver, display driving method, device, and computer-readable storage medium (顯示驅動器、顯示驅動方法、設備及計算機可讀存儲介質)	Invention	Our Company	PRC	ZL 202410816213.5	January 6, 2026	June 24, 2044
22 . .	Instruction processing method and apparatus, electronic device, and computer-readable storage medium (指令處理方法、裝置、電子設備及計算機可讀存儲介質)	Invention	Our Company	PRC	ZL202210715607.2	April 17, 2026	June 22, 2042
23 . .	Instruction execution method and apparatus, electronic device, and computer-readable storage medium (指令執行方法、裝置、電子設備及計算機可讀存儲介質)	Invention	Our Company	PRC	ZL202210611690.9	April 17, 2026	May 31, 2042
24 . .	Method for controlling a program pipeline, processing device and storage medium (程序流水線的控制方法、處理裝置和存儲介質)	Invention	Our Company	PRC	ZL202211447401.2	May 19, 2026	November 18, 2042
25 . .	Security defending method and electronic apparatus (安全防禦方法和電子設備)	Invention	Our Company	USA	US12632540B2	May 19, 2026	May 6, 2044

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Authorization Date	Expiry Date
26 . .	Processor and method for memory access instruction, and electronic device (內存訪問指令的處理器和方法,以及電子設備)	Invention	Our Company	USA	US12639234B2	May 26, 2026	December 2, 2044
27 . .	Multi-core processor system and control method thereof (多核處理器系統及其控制方法)	Invention	Our Company	PRC	ZL202211185041.3	July 21, 2026	September 27, 2042

As of the Latest Practicable Date, we have applied for the registration of the following material patents, details of which are as follows:

No.	Patent description	Category	Applicant	Place of Application	Date of Application
1. . .	Data moving method, direct memory access apparatus and computer system (搬運數據的方法、直接存儲器訪問裝置以及計算機系統)	Invention	Our Company	PRC	December 30, 2021
2. . .	Apparatus, method, processing apparatus and computer system for accessing data (用於存取數據的裝置、方法、處理裝置及計算機系統)	Invention	Our Company	PRC	February 23, 2022
3. . .	Method and related apparatus for blackboard handwriting extraction (板書字跡提取方法和相關裝置)	Invention	Our Company	PRC	April 29, 2022
4. . .	Processing device, system and method for blackboard display (用於板書顯示的處理設備、系統和方法)	Invention	Our Company	PRC	April 29, 2022
5. . .	Security defending method, coprocessor and processing apparatus (安全防禦方法、協處理器以及處理裝置)	Invention	Our Company	PRC	August 24, 2022
6. . .	Multi-core processor system and control method thereof (多核處理器系統及其控制方法)	Invention	Our Company	PRC	September 27, 2022
7. . .	Transmission method, apparatus, device, readable storage medium and program product (傳輸方法、裝置、設備、可讀存儲介質及程序產品)	Invention	Our Company, Transa Guangzhou	PRC	November 2, 2022

No.	Patent description	Category	Applicant	Place of Application	Date of Application
8. . .	Instruction execution method, shared cache, computer system and storage medium (指令執行方法、共享緩存、計算機系統及存儲介質)	Invention	Our Company	PRC	November 18, 2022
9. . .	Fingerprint recognition module, fingerprint recognition method and apparatus (指紋識別模組、指紋識別方法及裝置)	Invention	Our Company	PRC	December 16, 2022
10. .	Buffer processing method and snooping filter, multiprocessor system, storage medium (緩衝處理方法及探聽過濾器、多處理器系統、存儲介質)	Invention	Our Company	PRC	December 19, 2022
11.. .	Access instruction processing method, processing apparatus and data processing device (訪存指令的處理方法、處理裝置和數據處理設備)	Invention	Our Company	PRC	December 28, 2022
12. .	Security defending method and electronic apparatus	Invention	Our Company	USA	December 29, 2022
13. .	Electronic device, method, apparatus and storage medium for operation of multiple operating systems (電子設備、多操作系統的運行方法、裝置和存儲介質)	Invention	Our Company	PRC	February 13, 2023
14. .	Neural network processor and electronic device (神經網絡處理器和電子設備)	Invention	Our Company	PRC	March 31, 2023
15. .	Computer system operation method, processor, electronic device and storage medium (計算機系統的操作方法、處理器、電子設備和存儲介質)	Invention	Our Company	PRC	April 23, 2023
16. .	Posture recognition apparatus, method, electronic device and storage medium (姿態識別裝置、方法、電子設備及存儲介質)	Invention	Our Company	PRC	April 24, 2023
17. .	Instruction processing method, processor and storage medium (指令處理方法、處理器及存儲介質)	Invention	Our Company	PRC	April 24, 2023

No.	Patent description	Category	Applicant	Place of Application	Date of Application
18. .	AI directing method and device, system (AI導播方法及裝置、系統)	Invention	Our Company	PRC	May 18, 2023
19. .	Interrupt processing method, interrupt controller, electronic apparatus and storage medium (中斷處理的方法、中斷控制器、電子裝置和存儲介質)	Invention	Our Company	PRC	May 31, 2023
20. .	Method for processing a processor, processor, electronic apparatus and storage medium (操作處理器的方法、處理器、電子裝置和存儲介質)	Invention	Our Company	PRC	May 31, 2023
21. .	Processing method, system, electronic system and storage medium (處理方法、系統、電子系統和存儲介質)	Invention	Our Company	PRC	May 31, 2023
22. .	A data processing method for a touch control system, an array processing unit and a touch control system (一種觸控系統的數據處理方法、陣列處理單元及觸控系統)	Invention	Our Company	PRC	July 7, 2023
23. .	Method, apparatus, device, network system and storage medium for processing network congestion (處理網絡擁塞的方法、裝置、設備、網絡系統和存儲介質)	Invention	ESWIN Beijing System, Our Company	PRC	September 6, 2023
24. .	Method, processor, electronic apparatus and storage medium for processing instructions (處理指令的方法、處理器、電子裝置及存儲介質)	Invention	Our Company	PRC	November 3, 2023
25. .	Mutual exclusion access method, host, and system for mutual exclusion lock apparatus, shared resources (互斥鎖裝置、共享資源的互斥訪問方法、主機及系統)	Invention	Our Company	PRC	March 7, 2024
26. .	Processor, method, and electronic device for memory instructions (訪存指令的處理器、方法和電子設備)	Invention	Our Company	PRC	March 14, 2024

No.	Patent description	Category	Applicant	Place of Application	Date of Application
27. .	Method for processing instruction, processor, electronic apparatus and storage medium	Invention	Our Company	USA	November 1, 2024
28. .	Processing apparatus, method for processing instructions, and electronic device	Invention	ESWIN Xi'an, Our Company	USA	November 6, 2024
29. .	Method and device for data processing, and storage medium	Invention	Our Company	USA	November 7, 2024
30. .	Method for processing instruction, device, and storage medium	Invention	ESWIN Xi'an, Our Company	USA	November 19, 2024
31. .	Mutual exclusion device, mutually exclusive access method and system for shared resource, and host	Invention	Our Company	USA	November 27, 2024
32. .	Control method and system for controllers, processors, and timing controllers (控制器、處理器、時序控制器的控制方法及系統)	Invention	Our Company	PRC	February 25, 2025
33. .	Processing system, processing method, chip and storage medium (處理系統、處理方法、芯片和存儲介質)	Invention	Our Company, Beijing ESWIN System Technology Co., Ltd. (北京奕斯偉系統科技有限公司)	PRC	March 4, 2025
34. .	Device, method, electronic device and storage medium for cache management (管理緩存的裝置、方法、電子設備以及存儲介質)	Invention	Our Company	PRC	March 5, 2025
35. .	Instruction block processing device, method, equipment and chip (指令塊處理裝置、方法、設備及芯片)	Invention	Our Company	PRC	May 14, 2025
36. .	SOC interconnection system, and method, device and storage medium for SOC interconnection system (SOC互聯系統、用於SOC互聯系統的方法、設備及存儲介質)	Invention	Our Company	USA	July 22, 2025

No.	Patent description	Category	Applicant	Place of Application	Date of Application
37. .	Display driver, chip and electronic device (顯示驅動器、芯片及電子設備)	Invention	Chengdu ESWIN Computing Technology Co., Ltd. (成都奕斯偉計算技術有限公司), Our Company	PRC	August 5, 2025
38. .	Display driving system and display driving method, display device (顯示驅動系統及顯示驅動方法、顯示設備)	Invention	Our Company	PRC	October 23, 2025
39. .	Chip communication interface, chip system and computer readable storage medium (芯片通訊接口、芯片系統及計算機可讀存儲介質)	Invention	Our Company	PRC	November 28, 2025
40. .	Routing system, neural network system, routing method, chip and electronic device (路由系統、神經網絡系統、路由方法、芯片及電子設備)	Invention	Our Company, Chengdu ESWIN Computing Technology Co., Ltd. (成都奕斯偉計算技術有限公司)	PRC	January 6, 2026
41. .	Instruction processing apparatus, method, and chip (指令處理裝置、方法及芯片)	Invention	Our Company	PRC	March 20, 2026
42. .	Pipeline instruction processing method and apparatus, and electronic device (指令流水線的處理方法和裝置、電子設備)	Invention	Our Company	PRC	March 31, 2026
43. .	Instruction processing method and apparatus, processor, electronic device, and storage medium (指令處理方法及裝置、處理器、電子設備和存儲介質)	Invention	Our Company	PRC	March 31, 2026
44. .	Bus protocol conversion apparatus, system-on-chip, and chip (總線協議轉換裝置、片上系統及芯片)	Invention	Our Company	PRC	June 10, 2026

No.	Patent description	Category	Applicant	Place of Application	Date of Application
45. .	Processor, electronic device, and processor debug security control method (處理器、電子設備及處理器調試安全控制方法)	Invention	Our Company	PRC	June 12, 2026
46. .	Physical memory protection match unit, translation lookaside buffer control module, and method (物理內存保護匹配單元、轉譯後備緩衝區控制模塊及方法)	Invention	Our Company	PRC	June 24, 2026
47. .	Processor, cache management method, apparatus, system on chip, and readable medium (處理器、緩存管理方法、裝置、片上系統及可讀介質)	Invention	Our Company	PRC	July 1, 2026

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1 . . .	eswincomputing.com	Our Company	October 20, 2020	October 20, 2027
2 . . .	eswinic.cn	Our Company	August 30, 2017	August 30, 2027
3 . . .	eswinic.com	Our Company	August 30, 2017	August 30, 2027
4 . . .	eswintech.com	Our Company	August 6, 2019	August 6, 2027

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors, Supervisors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders" in this Document, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders" in this Document, immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company and any other member of our Group.

Particulars of Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 8 to the Accountants' Report set out in Appendix I to this Document for the three years ended December 31, 2025, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

Disclaimers

(a) save as disclosed in the section headed "Substantial Shareholders" in this Document and this section, none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the 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 us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**] on the Stock Exchange;

(b) save as disclosed in the section headed "Substantial Shareholders" in this Document, none of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**]), have an interest or short position 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 who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year during the Track Record Period; and

(d) none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are shareholders of our Company as of June 27, 2022 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [**REDACTED**] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since March 31, 2026 (being the date to which the latest consolidated financial statements of our Group were prepared).

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation carrying on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Securities (International) Corporate Finance Company Limited	A licensed corporation carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jingtian & Gongcheng	Legal adviser to our Company as to PRC law
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Pillsbury Winthrop Shaw Pittman LLP	Legal advisor to our Company as to U.S. sanction and export control laws

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to "Qualifications of Experts" of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the aggregate fee payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the [**REDACTED**] on the Stock Exchange is USD1 million.

Binding Effect

This Document shall have the effect, if an [**REDACTED**] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) save as disclosed in the section headed "Regulatory Overview" in this Document, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(i) our Company has no outstanding convertible debt securities or debentures;

(j) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(k) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contract" in Appendix IV to this Document; and

(b) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **https://www.eswincomputing.com** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026;

(d) the report from KPMG on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract" in this Document;

(f) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Consents of Experts" in this Document;

(g) the service contracts and letters of appointment referred to in "Appendix IV — Statutory and General Information — Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts" in this Document;

(h) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the legal opinion on U.S. sanction and export control issued by Pillsbury Winthrop Shaw Pittman LLP;

(j) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in "Industry Overview" in this Document; and

(k) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.