SUMMARY

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

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

OVERVIEW

We are a provider of cellular IoT chips, featuring a highly optimized engine that enables devices to communicate over cellular LTE/5G networks, with our revenue ranking third in the global cellular IoT chip market (market share: 3.9%), according to the F&S Report. We operate under a fabless business model. We focus on the research, development and commercialization of cellular IoT chips, whilst outsource wafer fabrication, assembly/packaging and testing to third-party foundries and Outsourced Semiconductor Assembly and Test ("**OSAT**") partners. Headquartered in Shanghai, we primarily operate our business in Chinese Mainland during the Track Record Period.

Our chip portfolio spans low, medium, and high-speed wireless transmission, optimizing the "PPA (Power, Performance, and Area/Cost)" balance. This ensures high performance, low power consumption, and cost-effectiveness to meet diverse needs and withstand harsh operating conditions across a wide range of applications. Our chips form the foundation of the IoT ecosystem, enabling physical objects such as smart meters, vehicles, and industrial devices to exchange data seamlessly. Moreover, our chip portfolio enables devices not only to connect but also to become intelligent, allowing them to gather, process, and exchange information efficiently via Edge Artificial Intelligence ("**Edge-AI**") and Open Central Processing Unit ("**Open-CPU**") technologies. Edge-AI refers to the capability of performing AI processing directly on terminal devices, enabling real-time data pre-processing, reduced latency and improved data security without relying solely on cloud computing. Open-CPU refers to an open and programmable architecture that allows customers to develop and deploy customized applications directly on our chips. This broad capability unlocks a wide range of applications, from smart sensors, AI toys, and mobile payments to more complex systems such as wearables, connected vehicles, and industrial automation.

Our Core Technologies

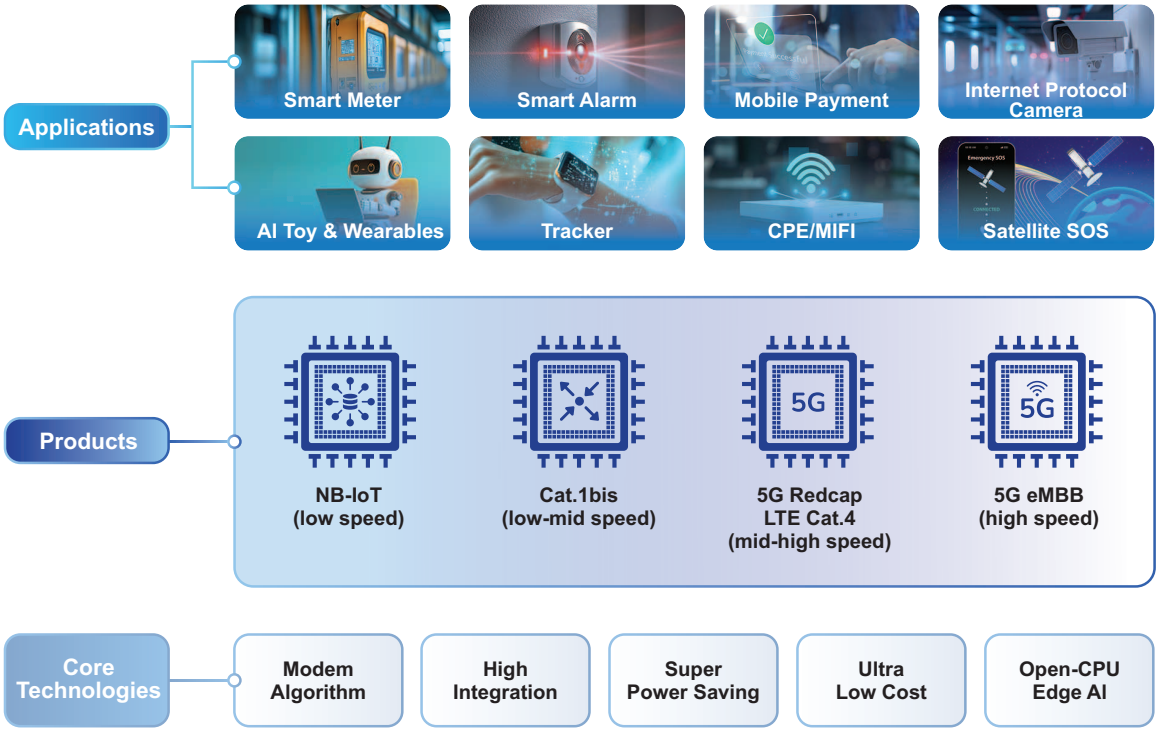
In response to the demands of the "intelligent connectivity" era, we have developed a comprehensive suite of technologies essential for powering the "neural network" of connected devices. Our core technologies include:

- Advanced Cellular Communication Algorithm,
- Integrated Modem Baseband, Radio Transceiver, and Power Management Chip Design,
- Super Power Saving Technology,
- Ultra Low-Cost Solution, and
- Scalable Open-CPU and Edge-AI Capability.

Our Product Portfolio and Roadmap

We offer cellular IoT chips that span all transmission speed domains, from low to high, supporting a broad array of real-world applications. Based on technical characteristics and application scenarios, cellular IoT chips can be categorized as low-speed, medium-speed, high-speed, and ultra-high-speed.

Our products are integral to sectors involving data transmission, and we continue to expand our footprint across mass connectivity, industrial control, broadband connectivity, consumer electronics, and satellite communications.



Our product families are divided into several categories based on cellular IoT standards they support, offering solutions for a wide range of market demands.

- **NB-IoT**: Ideal for low data-speed, long-range, and ultra-low power applications like smart metering, environmental sensors, and smart city devices.
- **4G Cat.1bis**: Balanced performance for medium-speed applications such as POS terminals, asset tracking, AI devices, wearables, and IoT devices requiring voice support.
- **5G Reduced Capability ("5G Redcap")/LTE Cat.4, and 5G enhanced Mobile Broadband ("5G eMBB")**: Tailored for industrial IoT applications requiring speed and low-latency, such as connected vehicles, CPE devices, and real-time multimedia.

Since launching our first NB-IoT product in 2019, we have continually expanded and refined our portfolio to meet the evolving needs of the IoT market. Our product family now includes the EC616, EC616S and EC626 for NB-IoT, the EC618, EC716, EC718 and EC718M for Cat.1bis, as well as the EC800L for LTE Cat.4, addressing low-speed, medium-speed and medium-to-high speed transmission requirements. These products have cemented our industry leadership, with a strong emphasis on high integration, low power consumption, and cost efficiency.

Looking ahead, we are preparing for the next phase of innovation with the upcoming release of our 5G RedCap product, which will deliver meaningful performance enhancements while maintaining cost-effectiveness. In addition, we started developing 5G eMBB products to extend our leadership into high-speed transmission applications and reinforce our position in 5G communications.

Beyond chip sales, we also generate revenue through license and service, together with design services provided to Customer Q, a global semiconductor leader. These services complement our core business, further diversify our engagement models, and create added value for customers by enabling broader adoption of our technologies across various sectors.

The following table sets forth a breakdown of our revenue by product and service for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Sale of chips	510,570	95.8	485,566	87.9	629,510	91.3	292,050	86.7	399,903	96.2
— NB-IoT Chips	169,638	31.8	124,986	22.6	161,434	23.4	70,012	20.8	75,172	18.1
— Cat.1bis Chips	340,932	64.0	360,580	65.3	468,076	67.9	222,038	65.9	324,731	78.1
License and service	22,506	4.2	66,838	12.1	59,880	8.7	45,112	13.3	15,945	3.8
Total	**533,076**	**100.0**	**552,404**	**100.0**	**689,390**	**100.0**	**337,162**	**100.0**	**415,848**	**100.0**

The following table sets forth a breakdown of our ASP and sales volume of our sales of chips by product type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Shipment Volume	ASP	Shipment Volume
	RMB	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*
							(unaudited)			
Sales of chips										
— NB-IoT Chips	5.0	33,657	4.8	26,308	4.1	39,004	4.2	16,548	3.7	20,572
— Cat.1bis Chips	7.7	44,109	5.9	61,115	4.5	104,778	4.7	47,306	4.0	81,999
Total	**6.6**	**77,766**	**5.6**	**87,423**	**4.4**	**143,782**	**4.6**	**63,854**	**3.9**	**102,571**

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Sales of chips	25,426	5.0	80,766	16.6	67,586	10.7	33,170	11.4	16,973	4.2
— NB-IoT Chips	15,154	8.9	22,592	18.1	23,763	14.7	11,165	15.9	7,960	10.6
— Cat.1bis Chips	10,272	3.0	58,174	16.1	43,823	9.4	22,005	9.9	9,013	2.8
License and service	22,222	98.7	42,628	63.8	58,406	97.5	43,645	96.7	15,566	97.6
Total	**47,648**	8.9	**123,394**	22.3	**125,992**	18.3	76,815	22.8	32,539	7.8

Our Market Opportunities and Growth Drivers

China represents the world's largest and structurally expanding cellular IoT connection market, providing a sustained growth foundation for cellular IoT chip suppliers. In 2022, the number of cellular IoT terminal users across China's three major telecom operators reached 1.84 billion, surpassing mobile phone users for the first time and marking a structural shift toward a "thing-centric" network. Cellular IoT connections further increased to 2.66 billion in 2024, reflecting continued market penetration and ecosystem expansion. At the same time, the global cellular IoT chip market continues to expand, supported by growing adoption across a broad range of connectivity scenarios worldwide. According to the F&S Report, in 2025, the global cellular IoT chip market reached 703.3 million units in shipment volume and RMB16.3 billion in market size by revenue.

We believe the long-term growth of this market is supported by several structural drivers, including the continuous expansion of application scenarios across industries, ongoing network upgrades that drive device replacement and migration to higher-speed standards, increasing overseas demand as Chinese enterprises globalize, technological advancements in chip design and manufacturing processes, and the accelerating integration of AI capabilities into terminal devices. Together, these factors are expected to sustain connectivity demand and support the evolution toward higher-value, intelligent IoT applications.

OUR STRENGTHS

We believe our success is underpinned by a combination of mutually reinforcing advantages, including (i) leadership in cellular IoT chip industry; (ii) innovation-driven industry benchmark with proven licensing capability; (iii) extensive product matrix covering full-scene application needs; (iv) exceptional commercialization capability and premium customer base; and (v) outstanding research and development team and strong shareholder support.

OUR STRATEGIES

We aim to drive sustainable growth through four mutually reinforcing strategies: (i) expanding research and development investment and advancing our product portfolio, (ii) enhancing terminal application scenarios and embracing Edge-AI capability, (iii) building a global collaborative ecosystem, and (iv) fostering and attracting top talent.

Our Business Model

We operate as a fabless chip design company, focusing on the research, development, architecture, and commercialization of cellular IoT chips. These chips form the foundation of the "intelligent connectivity" that is rapidly shaping our world. In this model, we outsource wafer fabrication, assembly, packaging, and testing to trusted, specialized foundries and OSAT partners. This approach allows us to concentrate our resources on high-value areas, such as product definition, system-level innovation, and the creation of cutting-edge technologies that enable seamless communication between people, devices, and systems in the "intelligent connectivity" era.

The fabless model is particularly effective in the evolving cellular IoT market, where chip designs are increasingly complex and require significant research and development investment. By not owning manufacturing plants, we avoid heavy capital expenditures and operational risks. This allows us to scale production quickly through our extensive network of trusted partners, ensuring that our designs reach the market faster, while maintaining a high level of quality and innovation.

RISK FACTORS

Our operations involve certain risks and uncertainties. The more significant risks relating to our business and industry include: (i) Our business depends on the demand for end products that incorporate our cellular IoT chips, and a downturn in the markets for smartphones, IoT devices, or other connected devices could significantly reduce demand for our products; (ii) Our historical operating and financial performance has been highly volatile, including net losses, declines in the ASP of our products and operating cash outflows, and such volatility may continue; (iii) Our continuous success will rely on our research and development efforts, and such investment may not generate the results we expect to achieve; (iv) We operate in a highly competitive and rapidly evolving cellular IoT chip industry, and any failure to maintain our market position or adapt to industry dynamics could materially and adversely affect our business, financial condition, and prospects; and (v) We are subject to the risk of customer concentration. For details, please refer to the section headed "Risk Factors" in this document.

SALES AND MARKETING

We have adopted a hybrid sales model comprising both direct sales and channel sales, which allows us to meet diverse market demands, regulatory frameworks, and customer profiles across different regions.

The following table sets forth the revenue breakdown by sales model during the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	194,272	36.4	285,013	51.6	211,958	30.8	107,009	31.7	124,139	29.9
Channel sales	338,804	63.6	267,391	48.4	477,432	69.2	230,153	68.3	291,709	70.1
Total	**533,076**	**100.0**	**552,404**	**100.0**	**689,390**	**100.0**	**337,162**	**100.0**	**415,848**	**100.0**

The following table sets forth a breakdown of our ASP and sales volume of sales of chips by sales model for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Shipment Volume	ASP	Shipment Volume
	RMB	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*
							(unaudited)			
Direct sales	6.9	24,844	5.7	38,510	4.7	32,704	4.7	13,116	4.0	27,356
Channel sales	6.4	52,922	5.5	48,913	4.3	111,078	4.5	50,738	3.9	75,215
Total	**6.6**	**77,766**	**5.6**	**87,423**	**4.4**	**143,782**	**4.6**	**63,854**	**3.9**	**102,571**

The following table sets forth a breakdown of our gross profit and gross profit margin of sales of chips by sales model.

	Year ended December 31,						Six months ended June 30,			
	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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	22,038	12.8	44,482	20.4	22,093	14.5	9,832	15.9	8,264	7.6
Channel sales	3,388	1.0	36,284	13.6	45,493	9.5	23,338	10.1	8,709	3.0
Total	**25,426**	5.0	**80,766**	16.6	**67,586**	10.7	**33,170**	11.4	**16,973**	4.2

The following table sets forth a breakdown of our revenue by registered locations of our customers in absolute amounts and as percentages for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese Mainland	379,624	71.2	375,688	68.0	257,377	37.3	105,578	31.4	126,986	30.5
Hong Kong	131,528	24.7	109,905	19.9	371,171	53.8	186,579	55.3	211,895	51.0
Taiwan	—	—	—	—	—	—	—	—	61,142	14.7
The United States	21,924	4.1	66,648	12.1	59,737	8.7	45,005	13.3	15,538	3.7
Singapore	—	—	—	—	—	—	—	—	205	0.1
The United Kingdom	—	—	163	0.0	1,105	0.2	—	—	82	0.0
Total	**533,076**	**100.0**	**552,404**	**100.0**	**689,390**	**100.0**	**337,162**	**100.0**	**415,848**	**100.0**

Note:

The revenue information is attributed to the registered locations of our customer groups.

COST OF SALES

Our cost of sales consists of raw materials, assembly and testing expenses, other expenses, and impairment losses on inventories.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Raw materials	393,273	81.0	324,854	75.8	450,138	79.9	205,840	79.0	303,005	79.0
Assembly and testing expenses	88,949	18.3	81,206	18.9	106,337	18.9	51,708	19.9	78,915	20.6
Others	3,206	0.7	22,950	5.3	6,923	1.2	2,799	1.1	1,389	0.4
Total	**485,428**	**100.0**	**429,010**	**100.0**	**563,398**	**100.0**	**260,347**	**100.0**	**383,309**	**100.0**

Note:

Other costs, primarily related to NRE services and warranty provisions, surged by approximately 615.8% in 2024 due to the recognition of labor costs from the completion of the Derivative EC619 NRE service delivered under our licensing and services business in the first quarter of 2024, and decreased in 2025 as these one-off NRE labor costs were recognized in the prior period. Other costs decreased to RMB1.4 million for the six months ended June 30, 2026, as compared to RMB2.8 million for the same period in 2025, consistent with lower revenue recognized from our licensing and services business.

OUR CUSTOMERS AND SUPPLIERS

Revenue from our five largest customers in each year/period during the Track Record Period amounted to RMB462.4 million, RMB449.6 million, RMB547.8 million and RMB318.1 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 86.7%, 81.4%, 79.5% and 76.5% of our total revenue for the same year/period. For details, please refer to "Business — Our Customers — Major Customers" in this document.

Purchasing from our five largest suppliers in each year/period during the Track Record Period amounted to RMB438.0 million, RMB360.8 million, RMB595.2 million and RMB309.0 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 86.8%, 87.6%, 84.7% and 85.3% of our total purchasing for the same year/period. For details, please refer to "Business — Our Procurement and Suppliers — Our Procurement — Major suppliers" in this document.

OUR LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, (i) Mr. Liu directly held approximately 16.23% of our issued Shares, (ii) Eigen Chengzhi directly held approximately 8.71% of our issued Shares; and (iii) Eigen Jihui directly held approximately 7.85% of our issued Shares. Eigen Chengzhi and Eigen Jihui are our Employees Shareholding Platforms and are owned as to 1.79% and 1.98% by Mr. Liu, who is their respective general partner. Accordingly, as of the Latest Practicable Date and upon the completion of **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Largest Group of Shareholders were entitled to exercise and control the exercise of approximately 32.79% and **[REDACTED]**% of our issued Shares respectively. For details, please refer to the section headed "Relationship with our Largest Group of Shareholders" in this document.

[REDACTED] INVESTORS

We have engaged in **[REDACTED]** Investments with our **[REDACTED]** Investors. Our **[REDACTED]** Investments consist of several rounds of investments from the **[REDACTED]** Investors by way of transfer of equity interests and/or subscription of our Shares. For further details of the identity of our **[REDACTED]** Investors and background of our principal **[REDACTED]** Investors and the principal terms of the **[REDACTED]** Investments, please refer to "History, Development and Corporate Structure — **[REDACTED]** Investments".

PREVIOUS SSE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shanghai Stock Exchange in the PRC. Due to market conditions and our strategic considerations, we adjusted our listed plan. See "History, Development and Corporate Structure — Previous SSE Listing Attempt" in this document for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below present our summary of consolidated financial data derived from our consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial position and consolidated statements of cash flows for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, included in the Accountants' Report as set out in Appendix I to this document. The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed "Financial Information".

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

The table below sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated, which are derived from our consolidated statements of profit or loss and other comprehensive income included in the Accountants' Report as set out in Appendix I to this document.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Revenue	533,076	100.0	552,404	100.0	689,390	100.0	337,162	100.0	415,848	100.0
Cost of sales	(485,428)	(91.1)	(429,010)	(77.7)	(563,398)	(81.7)	(260,347)	(77.2)	(383,309)	(92.2)
Gross profit	47,648	8.9	123,394	22.3	125,992	18.3	76,815	22.8	32,539	7.8
Other income and gains	41,040	7.7	53,422	9.7	36,963	5.4	21,772	6.5	17,629	4.2
Selling and distribution expenses	(13,504)	(2.5)	(11,393)	(2.1)	(12,014)	(1.7)	(5,374)	(1.6)	(6,334)	(1.5)
Administrative expenses	(47,270)	(8.9)	(13,328)	(2.4)	(24,114)	(3.5)	(5,330)	(1.6)	(7,230)	(1.7)
Research and development expenses	(186,144)	(34.9)	(138,913)	(25.1)	(134,910)	(19.6)	(67,967)	(20.2)	(69,149)	(16.6)
Other expenses	(2)	(0.0)	—	—	(2,308)	(0.3)	(523)	(0.2)	(6,202)	(1.5)
Finance costs	(424)	(0.1)	(412)	(0.1)	(934)	(0.1)	(460)	(0.1)	(643)	(0.2)
Reversal of impairment losses/(impairment losses) on financial assets, net	120	(0.0)	(375)	(0.1)	(4,631)	(0.7)	(2,080)	(0.6)	378	0.1
(Loss)/Profit before tax	(158,536)	(29.7)	12,395	2.2	(15,956)	(2.3)	16,853	5.0	(39,012)	(9.4)
Income tax credit	—	—	—	—	—	—	—	—	—	—
(Loss)/Profit for the year/period	**(158,536)**	**(29.7)**	**12,395**	**2.2**	**(15,956)**	**(2.3)**	**16,853**	**5.0**	**(39,012)**	**(9.4)**
Other comprehensive loss										
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(13)	(0.0)
Total comprehensive (loss)/income for the year/period	**(158,536)**	**(29.7)**	**12,395**	**2.2**	**(15,956)**	**(2.3)**	**16,853**	**5.0**	**(39,025)**	**(9.4)**

For the year ended December 31, 2025, we recorded a net loss of RMB16.0 million. This was primarily attributable to (i) a slight decline in our gross profit margin, as our revenue growth in 2025 was mainly driven by shipment expansion of our mature chip product EC716, which primarily targets pure data transmission applications that are highly cost- and price-sensitive and characterized by intense competition, resulting in limited growth in gross profit in absolute terms, and (ii) a decrease in income from non-core business activities such as wealth management products, which was mainly due to a continued decline in yields of fixed-income assets in a declining RMB interest rate environment. For the six months ended June 30, 2026, we recorded a net loss of RMB39.0 million, mainly attributable to our competitive pricing strategy to expand market penetration. For detailed analysis, please refer to "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income" in this document.

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net profit/(loss) (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures provide useful

information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit/(loss) (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit/(loss) (non-IFRS measure) as net profit/(loss) for the year/period adjusted by adding back (i) net share-based payment expense recognized in profit or loss; and (ii) **[REDACTED]** expenses. The following table sets out a reconciliation from net profit/(loss) to adjusted net profit/(loss) (non-IFRS measure) for the years/period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net (loss)/profit for the year/period	**(158,536)**	**12,395**	**(15,956)**	**16,853**	**(39,012)**
Add:					
Net share-based payment expense recognized in profit/(loss)[(1)]	109,847	30,587	16,189	8,213	2,677
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net (loss)/profit (Non-IFRS Measure)	**(48,689)**	**42,982**	**12,377**	**25,066**	**(34,984)**

Note:

(1) Net share-based payment expense recognized in profit/(loss) is calculated using share-based payment expense for the year/period (per financial statements), which is RMB119,328 thousand, RMB21,042 thousand, RMB16,003 thousand, RMB8,027 thousand and RMB2,677 thousand, for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, plus the movement of capitalized share-based payment expense disclosed as contract fulfillment costs, which is RMB(9,481) thousand, RMB9,545 thousand, RMB186 thousand, RMB186 thousand and nil, for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30,2025 and 2026, respectively.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position for the periods indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	246,941	227,887	21,692	24,731
Total current assets	967,648	994,395	1,271,047	1,215,318
Total assets	**1,214,589**	**1,222,282**	**1,292,739**	**1,240,049**
Total non-current liabilities	5,082	2,573	85	3,009
Total current liabilities	81,350	58,115	1,760,613	1,741,347
Total liabilities	**86,432**	**60,688**	**1,760,698**	**1,744,356**
Net current assets/(liabilities)	**886,298**	**936,280**	**(489,566)**	**(526,029)**
Net assets/(liabilities)	**1,128,157**	**1,161,594**	**(467,959)**	**(504,307)**

As of June 30, 2026, we recorded net liabilities of RMB504.3 million and net current liabilities of RMB526.0 million. This shift from net assets to net liabilities and net current assets to net current liabilities was primarily attributable to the recognition of financial liabilities in respect of redemption rights issued to investors of RMB1,629.6 million arising from our redemption rights, which will be redesignated to equity upon the completion of the **[REDACTED]**. Therefore, our net liabilities position would then turn into net assets. For details of our fluctuation in key items of our consolidated statements of financial position during the Track Record Period, please refer to "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this document.

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,			For the six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash flows from/(used in) operating activities	187,062	57,291	(186,027)	(145,638)	24,007
Net cash flows (used in)/from investing activities	(301,500)	(48,805)	187,450	196,386	18,545
Net cash flows from/(used in) financing activities	2,366	4,425	51,984	37,453	(28,363)
Net (decrease)/increase in cash and cash equivalents	(112,072)	12,911	53,407	88,201	14,189
Cash and cash equivalents at beginning of year/period	134,383	22,311	35,222	35,222	88,629
Effect of foreign exchange rate changes, net	—	—	—	—	(13)
Cash and cash equivalents at the end of the year/period	**22,311**	**35,222**	**88,629**	**123,423**	**102,805**

For the year ended December 31, 2025, our net cash flows used in operating activities amounted to RMB186.0 million. The operating cash outflow in 2025 was mainly attributable to our inventory build-up to support business expansion and increased chip shipments. For the six months ended June 30, 2026, our net cash flows used in financing activities amounted to RMB28.4 million, primarily due to the net repayment of bank overdrafts utilized for working capital requirements. For further details, please refer to "Financial Information — Liquidity and Capital Resources — Cash Flows."

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the periods indicated.

	Year ended/As of December 31,			Six months ended/ As of June 30,
	2023	2024	2025	2026
Gross profit margin[(1)]	8.9%	22.3%	18.3%	7.8%
Net profit margin[(2)]	(29.7%)	2.2%	(2.3%)	(9.4%)
Adjusted net (loss)/profit margin (non-IFRS measure)[(3)]	(9.1%)	7.8%	1.8%	(8.4%)
Current ratio[(4)]	11.9	17.1	0.7	0.7
Quick ratio[(5)]	10.5	15.6	0.6	0.6
Debt to asset ratio[(6)]	0.07	0.05	1.36	1.41

Notes:

(1) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(2) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(3) Adjusted net (loss)/profit margin (non-IFRS measure) is calculated using adjusted net profit/(loss) (non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%.

(4) Current ratio is calculated by dividing total current assets by total current liabilities as of the dates indicated.

(5) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the dates indicated.

(6) Debt to asset ratio is calculated by dividing total liabilities by total assets as of the dates indicated.

FUTURE PLANS AND [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]**), we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** commissions and other estimated expenses in connection with the **[REDACTED]**, and assuming the **[REDACTED]** is not exercised. In alignment with our strategies and development plans, we intend to allocate the **[REDACTED]** for the following purposes:

- approximately **[REDACTED]**% (equivalent to HK$**[REDACTED]**) of the **[REDACTED]** will be allocated to enriching our product portfolio and expanding our downstream applications.

- approximately **[REDACTED]**% (equivalent to HK$**[REDACTED]**) of the **[REDACTED]** will be allocated to enhancing our research and development capabilities.

- approximately **[REDACTED]**% (equivalent to HK$**[REDACTED]**) of the **[REDACTED]** will be allocated to enhancing our domestic market brand presence and expanding our overseas market footprint.

- approximately **[REDACTED]**% (equivalent to HK$**[REDACTED]**) of the **[REDACTED]** will be reserved for working capital and general corporate purposes.

For details, please refer to the section headed "Future Plans and **[REDACTED]**" in this document.

DIVIDEND

No dividend had been paid or declared by us during the Track Record Period. There is no assurance that dividends of any amount will be declared or distributed in any year.

We do not currently have a formal, fixed dividend policy. However, our dividend distribution approach prioritizes providing reasonable returns to investors, while maintaining a balance with our long-term interests and sustainable growth. Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》), our Board has adopted a general dividend policy, which will take effect after the **[REDACTED]**. Our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders' approval.

Pursuant to the provisions of the PRC Company Law, when a company distributes its after-tax profit for the year, ten percent of the profit should be set aside as its statutory surplus reserve fund. The company may no longer do so if its cumulative statutory surplus reserve accounts for more than fifty percent of its registered capital. If the company's statutory surplus reserve is insufficient to make up for the losses of previous years, the company shall use the current year's profit to make up for the losses before the set-aside of the statutory surplus reserve. After the company has set aside a part of its after-tax profit as its statutory surplus reserve, it may also set aside a part of its after-tax profit as its discretionary reserve. Distributions can be made to shareholders only after the remaining after-tax profit have made up for losses and the surplus reserve has been set aside. Our PRC Legal Advisers is of the opinion that, based on the foregoing provisions, the Company may not distribute dividends directly if it has accumulated losses.

Recent Development

Our existing chip products primarily comprise NB-IoT chips and Cat.1bis chips, which are mass-market cellular IoT chip products and remain more exposed to competitive pricing pressure than higher-speed and higher-value products. In 2026, we expect the ASP of our existing chip products to further decrease as compared with 2025, primarily due to continued price competition in mature cellular IoT chip categories, customers' cost optimization requirements and the continuing commercialization cycle of NB-IoT and Cat.1bis products.

On our continuous investment of next generation product side, we are advancing the development and commercialization of our higher-speed cellular IoT chip products, including LTE Cat.4 and 5G-related products, as part of our product mix upgrade strategy. In particular, our EC800 series is designed to address higher-speed connectivity applications. The first product planned for commercialization under this series is EC800L, which targets the LTE Cat.4 market. As of the Latest Practicable Date, our EC800L had successfully completed tape-out, and passed rigorous functional and reliability verification, marking that the product has attained mass-production-ready technical maturity. We are currently in the process of customer sampling and introduction for EC800L. We have introduced the product to leading MIFI and module customers, and we have entered into license agreements with more than ten customers. The customers currently introduced to EC800L primarily focus on MBB (Mobile Broadband) products, and EC800L may also support broader application scenarios such as connected vehicles, industrial IoT, smart payment and smart modules. Commencing in August 2026, we received formal purchase orders for the EC800L, with orders reaching 120,000 units in the first month

of order receipt, laying a solid foundation for volume scaling in the second half of 2026. Certain customers have submitted demand forecasts totalling six million units, and aggregate foreseeable demand is expected to reach eight million units.

Our 5G-related products, including 5G RedCap and 5G eMBB products, form part of our broader product roadmap for higher-speed transmission applications. As of the Latest Practicable Date, these products were at the design stage. In particular, we expect our 5G RedCap products to complete tape-out in the fourth quarter of 2026. We had also communicated with potential customers in relation to our 5G-related product roadmap, including our existing Cat.1bis module customers and customers being introduced to our Cat.4 products, who had expressed interest in our RedCap products and made frequent enquiries regarding our product development milestones. These products are expected to support application scenarios such as industrial IoT, smart manufacturing, energy and utilities, smart cities, connected vehicles and other higher-speed cellular IoT applications.

We expect our new LTE Cat.4 and 5G-related products to have higher ASP and better gross profit margin potential than our existing NB-IoT and Cat.1bis products, given their higher-speed transmission capabilities, more advanced technical specifications and broader application scenarios. We expect these products to contribute to our revenue in 2026, The revenue and gross profit contribution from these products are expected to partially offset the ASP and margin pressure from our existing chip products in 2026.

In light of the above, we expect to record a loss for the year ending December 31, 2026. This expected loss is primarily attributable to (i) the expected further decrease in ASP of our existing NB-IoT and Cat.1bis products in the first three quarters of 2026, which is expected to continue to exert pressure on our revenue and gross profit margin with ASP recovery anticipated in the fourth quarter of 2026; (ii) the fact that our higher-speed and higher-value new products, including LTE Cat.4 and 5G-related products, are still at the early stage of commercialization and are not expected to fully offset the margin pressure from our existing products in 2026; and (iii) our continued investment in research and development, product validation, customer introduction and commercialization of our new product roadmap.

Save from the abovementioned, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end of the last financial period reported on in the Accountants' Report as set out in Appendix I to this document.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the **[REDACTED]** has been completed and **[REDACTED]** H Shares are **[REDACTED]** pursuant to the **[REDACTED]**, (ii) the **[REDACTED]** is not exercised, and (iii) **[REDACTED]** Shares (including treasury shares) are **[REDACTED]** and outstanding following the completion of the **[REDACTED]**.

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
[REDACTED] of our Shares[(1)]	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted net tangible asset per Share [(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of **[REDACTED]** of our Shares is based on the assumption that **[REDACTED]** Shares will be in **[REDACTED]** immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), comprising **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**, and **[REDACTED]** H Shares to be converted from Domestic Unlisted Shares. For details, please refer to "Share Capital — Upon the Completion of the **[REDACTED]**" in this document.

(2) Unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share is calculated after making adjustments referred to "Appendix II — Unaudited **[REDACTED]** Financial Information" in this document.

[REDACTED]-RELATED EXPENSE INCURRED AND TO BE INCURRED

The total estimated **[REDACTED]** expenses in connection with the **[REDACTED]** are approximately HK$**[REDACTED]**, representing approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**) and the **[REDACTED]** is not exercised, and of which approximately HK$**[REDACTED]** is directly attributable to the **[REDACTED]** of the **[REDACTED]** which is expected to be accounted for as a deduction from equity upon the **[REDACTED]** in accordance with relevant accounting standards. The remaining estimated **[REDACTED]** expenses amount to approximately HK$**[REDACTED]**. Such total estimated **[REDACTED]** expenses include (i) **[REDACTED]**-related expenses of HK$**[REDACTED]**; (ii) fees and expenses of legal advisers and reporting accountant of HK$**[REDACTED]**; and (iii) other fees and expenses of HK$**[REDACTED]**. The **[REDACTED]** expenses above are the current estimate for reference only and the final amount to be recognized to our consolidated income statement is subject to audit and the then changes in variables and assumptions.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of **[REDACTED]** of, and permission to **[REDACTED]** in, our H Shares to be converted from the Domestic Unlisted Shares, and our H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (including any H Shares which may be **[REDACTED]** pursuant to the **[REDACTED]**). Our **[REDACTED]** application is made on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2025, being RMB689.4 million (equivalent to approximately HK$788.2 million), which is over HK$500 million; and (ii) our expected **[REDACTED]** at the time of **[REDACTED]**, which, based on the low-end of the indicative **[REDACTED]**, exceeds HK$4 billion.

[REDACTED] in the H Shares on the Hong Kong Stock Exchange are expected to commence on **[REDACTED]**. No part of our H Shares is **[REDACTED]** on or **[REDACTED]** in on any other stock exchange, and no such **[REDACTED]** or permission to **[REDACTED]** is being or proposed to be sought in the near future.