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Application Proof of

Shanghai Eigencomm Technologies Co., Ltd.
上海移芯通信科技股份有限公司

(the "**Company**")

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

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Shanghai Eigencomm Technologies Co., Ltd.
上海移芯通信科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED],**
[REDACTED] *and* [REDACTED]

中信建投國際
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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

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SUMMARY

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

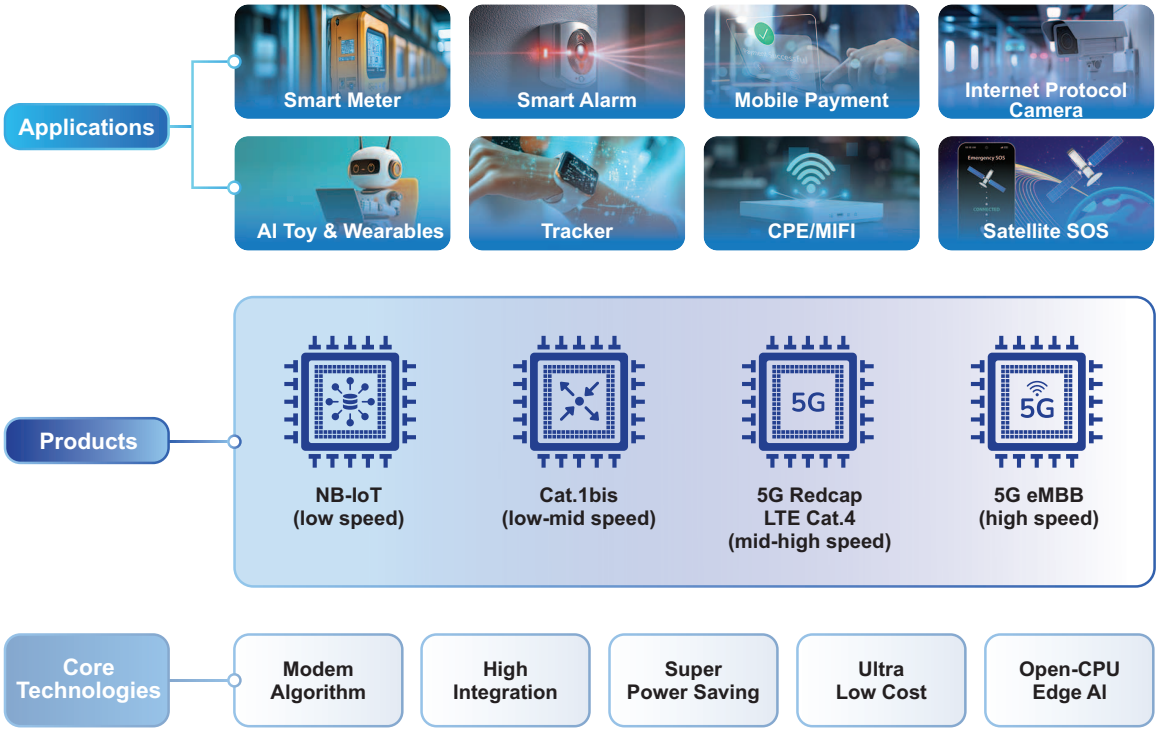
In response to the demands of the "intelligent connectivity" era, we have developed a comprehensive suite of technologies essential for powering the "neural network" of connected devices. Our core technologies include:

- 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.

DEFINITIONS

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

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"affiliate(s)"	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
"Aihe Genli"	Shanghai Aihe Genli Technology Partnership (Limited Partnership)* (上海砹合互利科技合夥企業(有限合夥)), a limited liability partnership established in the PRC on March 28, 2023 and one of our Employees Shareholding Platforms
"Aiqi Genyuan"	Shanghai Aiqi Genyuan Technology Partnership (Limited Partnership)* (上海砹啟互元科技合夥企業(有限合夥)), a limited liability partnership established in the PRC on March 28, 2023 and one of our Employees Shareholding Platforms
"Articles" or "Articles of Association"	the articles of association of the Company conditionally adopted on November 13, 2025, which shall become effective on **[REDACTED]**, as amended from time to time, a summary of which is set out in Appendix III to this document
"ASP"	average selling price
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"BIS"	the U.S. Department of Commerce, Bureau of Industry and Security
"Board" or "Board of Directors"	the board of Directors
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business

[REDACTED]

"CCL"	the Commerce Control List set forth in Supplement No. 1 to Part 774 of the EAR, as amended from time to time
"close associates"	has the meaning ascribed thereto under the Listing Rules

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "Shanghai Eigencomm"	Shanghai Eigencomm Technologies Co., Ltd. (上海移芯通信科技股份有限公司), a limited liability company established in the PRC on February 21, 2017 and converted into a joint stock company with limited liability on April 18, 2023
"Company Law" or "PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》) as amended and supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meanings ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"COVID-19"	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Unlisted Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EAR"	the United States Export Administration Regulations, 15 C.F.R. Parts 730–774, as administered by the BIS
"ECCN"	the export control classification code
"EDA"	electronic design automation
"Eigencomm Hong Kong"	Eigencomm Technologies (Hong Kong) Co., Limited (移芯通信科技(香港)有限公司), a limited liability company incorporated in Hong Kong on July 18, 2024 and a wholly-owned subsidiary of our Company

"Eigen Chengzhi"	Shanghai Eigen Chengzhi Technology Partnership (Limited Partnership)* (上海砆互成智科技合夥企業(有限合夥)), a limited liability partnership established in the PRC on June 27, 2019 and one of our Employees Shareholding Platforms
"Eigen Jihui"	Shanghai Eigen Jihui Technology Partnership (Limited Partnership)* (上海砆互集薈科技合夥企業(有限合夥)), a limited liability partnership established in the PRC on June 27, 2019 and one of our Employees Shareholding Platforms
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Employees Shareholding Platforms"	refers to collectively Eigen Chengzhi, Aiqi Genyuan, Eigen Jihui and Aihe Genli
"Entity List"	the trade restriction list published by the BIS appearing as Supplement No. 4 to Part 744 of the EAR, as amended from time to time, which identifies persons or addresses of persons reasonably believed to be involved, or to pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States
"ESG"	environmental, social and governance

[REDACTED]

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an independent third party

"F&S Report"	an independent market research report commissioned by us and prepared by F&S, a summary of which is set forth in the section headed "Industry Overview" for the purpose of this document
"FAE"	Field Application Engineer, a technical specialist who supports customers at their site with product integration, troubleshooting, and design-in efforts. means a technical specialist who supports customers at their site with product integration, troubleshooting, and design-in efforts
	[REDACTED]
"Full-circulation Guidelines"	Guidelines on Application for Full-circulation of Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) issued by the CSRC on November 14, 2019, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"Group", "the Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange and as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"H Share(s)"	overseas **[REDACTED]** foreign invested ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and for which an application has been made for the granting of **[REDACTED]**, and permission to **[REDACTED]** in, on the Main Board of the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
	[REDACTED]

[REDACTED]

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

[REDACTED]

"IC"	integrated circuits

"IFRS"	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
"IIoT"	Industrial Internet of Things
"independent third party(ies)"	a person, persons, a company or companies which is or are independent of, and not our connected person(s) within the meaning under the Listing Rules

[REDACTED]

"IP"	Intellectual Property
"IPC"	Internet Protocol Camera
"IT"	information technology
"Largest Group of Shareholders"	refers to collectively Mr. Liu, Eigen Chengzhi and Eigen Jihui
"Latest Practicable Date"	August 17, 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 Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Liu"	Mr. Liu Shi (劉石), the chairman of the Board, executive Director and the general manager of our Company. For the information on his and his control over the Largest Group of Shareholders, please refer to the section headed "Relationship with our Largest Group of Shareholders"
"Nanjing Eigen"	Nanjing Eigen Communication Technology Co., Ltd.* (南京砆互通信科技有限公司), a limited liability company established on August 18, 2021 and a wholly-owned subsidiary of our Company
"NDRC"	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 our Company
"NTD"	New Taiwan dollars, the lawful currency of Taiwan

[REDACTED]

"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》) released by CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"POS"	point-of-sale
"PRC" or "China" or "Chinese Mainland"	the People's Republic of China, excluding for the purposes of this document only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC GAAP"	generally accepted accounting principles of PRC
"PRC government" or "State"	the Central People's Government of the People's Republic of China, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Advisers"	JunHe LLP, the legal advisers to our Company as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended and supplemented from time to time
"**[REDACTED]** Investment(s)"	the investment(s) made by the **[REDACTED]** Investor(s) in our Company, details of which are set out in the section headed "History, Development and Corporate Structure — **[REDACTED]** Investments" in this document
"**[REDACTED]** Investor(s)"	the **[REDACTED]** investor(s) of our Company, details of which are set out in the section headed "History, Development and Corporate Structure — **[REDACTED]** Investments" in this document

[REDACTED]

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Company

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), a PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SASAC"	State-owned Assets Supervision and Administration Commission (國有資產監督管理委員會)
"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
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including our Domestic Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares

[REDACTED]

"Sole Sponsor", "**[REDACTED]**"	the Sole Sponsor, **[REDACTED]** as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" in this document
"STA"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)

[REDACTED]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of our Board

"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Taiwan"	Taiwan of the People's Republic of China
"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
"Track Record Period"	the three years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026

[REDACTED]

"United States", "US" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Persons"	(i) any individual who is a U.S. citizen or legal permanent resident of the United States, including dual citizens, regardless of his or her current location in the world; (ii) any individual, regardless of his or her nationality, while physically located in the U.S.; (iii) any corporation, partnership, association, or other organization organized under the laws of the United States or of any state, territory, possession, or district of the United States; and (iv) the foreign branches of any U.S. corporation, partnership, association or other organization organized under the laws of the United States or of any state, territory, possession or district of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"%"	per cent

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

For ease of reference, the names of the PRC governmental authorities, institutions, facilities, certificates, titles, nationals, individuals, companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and, in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with "*" and are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this document in connection with our Company and our business. The terminology contained in this glossary and their given meanings may not correspond to standard industry meaning or usage of these terms.

"2G/3G/4G/5G"	the second generation, third generation, fourth generation, and fifth generation wireless mobile communication technologies.
"3GPP" or "Third Generation Partnership Project"	a global standards development organization that develops and maintains technical specifications for mobile telecommunications technologies, including 2G, 3G, 4G (LTE) and 5G standards, which are widely adopted by telecommunications operators and equipment manufacturers worldwide.
"5G eMBB" or "5G enhanced Mobile Broadband"	the core scenario of 5G technology focusing on high-speed, large-bandwidth and high-quality mobile broad-band communication services.
"5G eRedCap" or "5G enhanced Reduced Capacity"	the enhanced light-weight 5G standard for low-cost and low-power IoT scenarios.
"5G RedCap" or "5G Reduced Capacity"	the lightweight 5G standard for medium-speed IoT scenarios.
"AMR"	Adaptive Multi-Rate, a 3GPP-standardized speech-optimized audio codec widely used in mobile communications.
"AR" or "Augmented Reality"	A technology that merges computer-generated virtual elements into the user's physical environment by utilizing a combination of technologies, including optoelectronic displays, sensors, interaction paradigms, and computer graphics.
"architecture"	the overall design framework and structure of a system.
"assembly/packaging"	the process of placing an integrated circuit die (chip) onto a substrate or lead frame, electrically connecting it through wire bonding or similar methods, and then sealing it with a protective casing to provide external connection interfaces.
"bandwidth"	the amount of data that can be transmitted in a fixed period of time.
"baseband"	signals in their unmodulated raw frequency range.
"BOM" or "Bill of Materials"	a structured, detailed list of all raw materials, components, and parts required to manufacture a product, along with their exact quantities.

GLOSSARY OF TECHNICAL TERMS

"Cat.1bis"	a simplified version of Long Term Evolution Category 1 (LTE Cat.1), which is a category under the LTE (4G) cellular communication standard defined by 3GPP, supporting moderate data transmission rates and voice capability, commonly used in medium-speed Internet of Things (IoT) applications.
"Cat.4"	a high-speed LTE category.
"cellular IoT"	the use of cellular mobile communication networks to provide wireless connectivity for Internet of Things ("**IoT**") devices. These devices utilize cellular networks for data transmission, enabling widespread connectivity in various IoT applications, including smart metering, industrial sensors, and connected devices, offering benefits such as global coverage, reliability, and security.
"chip"	a microelectronic circuit that integrates a large number of tiny electronic components onto a small piece of semiconductor material, typically silicon.
"circuit design"	the process of designing electronic circuits based on specific requirements, involving the selection and connection of electronic components and their interconnections to achieve desired electronic functions.
"CP" or "chip probing"	the process of performing electrical tests on each individual chip on the wafer before packaging, in order to screen and select functional chips for further processing.
"CPE" or "customer premises equipment"	the equipment installed at the customer's location, used to connect the user's network to the service provider's network, typically serving as the endpoint device.
"CPU" or "central processing unit"	the core processing unit of a computer, responsible for interpreting computer instructions and performing arithmetic, logic, control, and input/output operations.
"EDA" or "electronic design automation"	a suite of software tools used to assist in the design of integrated circuits, enabling tasks such as circuit layout, verification, and simulation to be automated for efficient and accurate chip design.
"Edge-AI" or "Edge Artificial Intelligence"	artificial intelligence (AI) processing conducted locally on the device rather than in centralized cloud servers. This architecture reduces response latency, enhances data privacy protection and lowers transmission costs.
"fabless"	companies that focus on the design and sales of semiconductor chips while outsourcing the entire manufacturing process to specialized foundries.
"flash"	an electrically erasable, programmable non-volatile memory.

GLOSSARY OF TECHNICAL TERMS

"foundry"	companies that specialize in providing wafer manufacturing services.
"IDM" or "Integrated Device Manufacturer"	a business model that integrates the design, manufacturing, testing and assembly of semiconductor chips and related components across the industrial chain.
"IIoT" or "Industrial IoT"	the integration of IoT technologies into industrial applications and environments. It involves connecting industrial machines, sensors, devices, and systems to collect and exchange data in real-time, enabling improved automation, monitoring, and predictive maintenance in sectors such as manufacturing, energy, logistics, and agriculture.
"In-vehicle T-Box"	Also known as a Telematics Control Unit (TCU), it is an intelligent terminal device installed in automobiles to enable telematics function.
"IoT" or "Internet of Things"	a network system that connects various sensors, devices, and systems via the Internet, enabling information exchange and intelligent control between devices.
"IPD" or "integrated product development"	a systematic product development methodology that emphasizes parallel collaboration across cross-functional teams to ensure a cohesive and efficient development process.
"JEDEC" or "Joint Electron Device Engineering Council"	a global organization that develops technical standards for the microelectronics industry.
"LFBGA" or "Low-profile Fine-pitch Ball Grid Array"	a type of integrated circuit packaging technology characterized by a low-profile structure and fine-pitch solder ball array on the underside of the package, enabling high-density electrical connections and efficient heat dissipation.
"LTE" or "Long Term Evolution"	a wireless broadband communication standard developed by 3GPP, used for cellular mobile devices and data terminals.
"MBB" or "Mobile Broadband"	high-speed cellular mobile broadband connectivity, typically for higher-throughput data-intensive devices such as MiFi, CPE and mobile gateways.
"MIFI" or "Mobile WiFi"	A portable broadband wireless device that integrates the functionalities of a modem, a router, and an access point.
"mMTC" or "Massive Machine-Type Communications"	a 5G application scenario defined by 3GPP that supports large-scale connectivity of low-power, low-data-rate devices, enabling simultaneous access of a massive number of machine-type communication terminals within a network.
"module"	an independent component that integrates multiple electronic components onto a small PCB (printed circuit board) and provides a specific function.
"MP3"	MPEG-1 Audio Layer 3, a data compression format for encoding digital audio, most commonly music.

GLOSSARY OF TECHNICAL TERMS

"NB IoT"	a low-power wide-area network (LPWAN) technology specifically designed for IoT devices, supporting large-scale, low-data-speed, small-data-volume, and low-power wireless communication.
"NRE" or "Non-Recurring Engineering"	one-time upfront costs incurred during the product development phase.
"NR-NTN" or "New Radio-Non-Terrestrial Network"	an important component of 5G non-terrestrial network technology, which is designed to provide direct voice and data services to user equipment via non-terrestrial platforms such as satellites.
"NTN" or "Non-Terrestrial Network"	a wireless communication network architecture that utilizes satellite or other non-terrestrial platforms to provide connectivity services, enabling communication coverage beyond traditional ground-based cellular infrastructure.
"Open-CPU" or "Open Central Processing Unit"	a chip architecture design that enables customers to run customized applications directly on the embedded central processing unit within the communication chip, allowing the chip to support both connectivity and local data processing without requiring an external processor.
"OPUS"	an open-source audio codec standard.
"OEM" or "Original Equipment Manufacturer"	a manufacturer that produces products according to the specifications of a brand owner, but does not own the product's brand.
"OSAT" or "Outsourced Semiconductor Assembly and Test"	companies that specialize in providing assembly and testing services for semiconductor companies.
"OTA" or "Over-the-Air"	a wireless technology that enables remote delivery of firmware, software updates or configuration changes to devices through a cellular or other wireless network without requiring physical access to the device.
"PCB" or "Printed Circuit Board"	an insulating substrate used to support electronic components and provide electrical connections between them through etched copper traces.
"PM" or "power management"	a systematic set of strategies and mechanisms for power consumption control, typically achieved through the collaboration of PMIC hardware and system software.
"PMIC" or "power management integrated circuit"	a chip specifically responsible for managing, distributing, and optimizing electrical power.
"PPA"	three core metrics used to measure the quality of chip design: power consumption, performance, and core area/cost. "power" refers to energy efficiency, "performance" signifies the computational power or speed, and "area/cost" refers to the physical size of the chip, all of which are crucial for maximizing chip efficiency and minimizing costs.

"PSRAM" or "Pseudo-Static Random Access Memory"	a type of high-density, low-power pseudo-static random access memory widely adopted in IoT and wearable devices, featuring simplified peripheral circuitry and cost-effective memory solutions for low-speed and low-power-consumption scenarios.
"QFN" or "Quad Flat No-leads"	a common surface-mount chip packaging form, where the bottom of the package has exposed pads for heat dissipation and electrical connections, and the four sides feature electrode contacts.
"RF" or "radio frequency"	a specific range of electromagnetic oscillation frequencies.
"RFFE" or "Radio Frequency Front-End"	the combination of components that manage the signals between the baseband processor and the antenna. It includes elements such as power amplifiers, low noise amplifiers, filters, and switches that are for transmitting and receiving high-quality radio frequency signals efficiently, enabling communication over cellular networks.
"RMA" or "Return Material Authorization"	a process that authorizes the return of materials or products, typically for repair, replacement, or credit, following the manufacturer's return policy.
"RTL" or "register-transfer level"	an abstraction level used to describe the functionality of digital circuits using hardware description languages.
"sensor"	a device that can detect physical or chemical quantities and convert them into electrical signals.
"SoC" or "System on Chip"	an integrated circuit that highly integrates the main functional components of a system onto a single chip.
"SOS Beacon(s)" or "Satellite-based SOS Emergency Beacons"	communication devices designed to transmit emergency distress signals and location information via satellite networks in areas where terrestrial cellular coverage is unavailable.
"tape-out"	the critical step of delivering the final chip design data to the foundry for the first trial production run.
"testing"	the process of evaluating the functionality and performance of an integrated circuit or chip by applying various tests, including electrical testing, to ensure it meets the required specifications before it is shipped for assembly or packaging.
"VoLTE" or "Voice over Long-Term Evolution"	a high-quality voice and video calling solution based on IP transmission technology over a 4G LTE network.
"VR" or "Virtual Reality"	A computer simulation system that creates and allows users to experience a virtual world by immersing them in a computer-generated environment.
"wafer"	the basic material used in the production of integrated circuit chips.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in our customers' preferences, demands and business performance;
- changes in competitive conditions and our ability to compete under these conditions;
- the actions and development of our competitors;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic conditions;
- our future debt levels and capital needs;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on assumptions and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

FORWARD-LOOKING STATEMENTS

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the 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 contained in this document are qualified by reference to this cautionary statement.

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, before making an* **[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 materially and adversely affect our business, financial condition, and results of operations. The* **[REDACTED]** *of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your* **[REDACTED]**.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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.

We operate within the global cellular IoT chip industry, which is rapidly evolving with the advancement of 4G and 5G technologies. This industry serves as a key enabler for smart devices and connected systems across various sectors, including automotive, healthcare, industrial automation, and smart cities. Our business focuses on the design, development, and commercialization of cellular IoT chips, catering to the needs of both low-power, long-range communication applications and medium-speed IoT solutions. The cellular IoT industry is undergoing rapid technological changes and frequent updates to communication standards, particularly with the ongoing transition to 5G networks and the development of 5G RedCap. These shifts are not only driving demand for higher-speed, lower-latency communication but also creating a significant risk of obsolescence for technologies that fail to meet these evolving standards. While our company has made substantial investments in the development of next-generation 5G products, the pace at which these new standards are being adopted by the market remains uncertain. If our products do not align with emerging technologies or if the industry transitions to alternative communication solutions faster than anticipated, our market share could diminish, and we may face reduced demand for our existing product lines.

Market penetration also remains a critical challenge, especially as new technologies and competitors continue to emerge. Our cellular IoT chips are highly integrated and designed to meet specific communication needs in various IoT applications. However, as the market grows, there is an increasing risk of technological substitution, where competing wireless communication standards such as Wi-Fi, Bluetooth, or even non-cellular LPWAN technologies (e.g., LoRa) could replace cellular solutions in certain applications. For instance, while our NB-IoT chips are ideal for low-power, wide-area communication, competing technologies might offer similar performance in specific use cases, potentially lowering the demand for our chips. Additionally, the shift towards more cost-effective, low-power alternatives in emerging markets further compounds this risk, as price-sensitive customers might favor cheaper solutions, impacting our growth in those regions.

Furthermore, the alignment between our research and development efforts and market demand is crucial for sustaining long-term growth. Our research and development investment, while significant, faces the challenge of accurately forecasting the future needs of the market. The fast-paced nature of the IoT industry means that we must continuously innovate and adapt to emerging trends, yet not all research and development investments will result in marketable products. Misjudging customer requirements or failing to deliver timely product updates could lead to wasted resources and missed

market opportunities. If we cannot effectively translate our technological advancements into products that meet the evolving needs of the market, our competitive position may weaken, and we could face significant financial losses from unprofitable projects.

Additionally, broader macroeconomic factors and geopolitical developments also play a pivotal role in shaping the cellular IoT market. Economic downturns in key markets such as China, the U.S., or Europe could lead to reduced consumer spending, which would negatively affect the demand for connected devices and, by extension, cellular IoT chips. Furthermore, geopolitical tensions, particularly between major economies such as the U.S. and China, could lead to trade restrictions or changes in regulations that disrupt supply chains and affect our ability to operate smoothly in international markets. These factors introduce an additional layer of uncertainty to the market environment and could undermine the growth prospects of the entire industry.

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.

Our historical operating and financial performance during the Track Record Period has been highly volatile and subject to significant fluctuations. Our historical financial volatility reflects the combined effect of ASP compression, competitive dynamics, cost structure movements and product mix changes. There can be no assurance that our operating results will stabilize in future periods. If our revenue declines, ASP continues to decrease, costs increase or operating cash flows remain negative, our financial condition, liquidity and prospects could be materially and adversely affected.

We recorded substantial net losses in certain periods. For the year ended December 31, 2023, we recorded a net loss of RMB158.5 million. Although we recorded a net profit of RMB12.4 million for the year ended December 31, 2024, we recorded net losses of RMB16.0 million and RMB39.0 million, respectively, for the year ended December 31, 2025 and the six months ended June 30, 2026. Our profitability has therefore fluctuated materially on a period-to-period basis, and our gross profit and gross profit margin have also experienced significant movements during the Track Record Period.

Our financial performance has been materially affected by significant declines in the ASP of our major chip products. From 2023 to 2024, the ASP of our NB-IoT chips decreased by approximately 5.8%, and the ASP of our Cat.1bis chips decreased by approximately 23.7%. From 2024 to 2025, the ASP of our NB-IoT chips further decreased by approximately 12.8%, and the ASP of our Cat.1bis chips further decreased by approximately 24.2%. For the six months ended June 30, 2026, the ASP of our NB-loT chips fell by approximately 13.7% compared with the same period in 2025, and the ASP of our Cat.1bis chips declined by approximately 15.6%. Such sustained ASP compression has directly affected our revenue growth, gross profit and overall profitability. There is no assurance that pricing pressure will ease, and further ASP declines could materially reduce our margins.

In addition, our operating cash flow has not been consistently positive. For the year ended December 31, 2025, we recorded net cash used in operating activities of approximately RMB186.0 million. Fluctuations in working capital items such as inventories, trade receivables and prepayments, together with earnings volatility, have resulted in instability in our operating cash flows. If our operating cash outflows continue or increase, our liquidity position may be materially and adversely affected.

Our continuous success will rely on our research and development efforts, and such investment may not generate the results we expect to achieve.

Our continuous success is heavily dependent on our research and development efforts, which are essential for maintaining our competitive position in the rapidly evolving cellular IoT chip industry. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our

research and development expenses amounted to RMB186.1 million, RMB138.9 million, RMB134.9 million, RMB68.0 million and RMB69.1 million, respectively. However, the path from investment in research and development to successful commercialization is fraught with uncertainties. And there is no guarantee that these efforts will yield the expected results or meet our objectives.

Our research and development activities might involve various unforeseen technical challenges. Developing new products in this dynamic sector often involves complex, long-term processes where unexpected issues can arise, delaying development, failing to meet market expectations, and disrupting our competitive edge. Research and development costs may also exceed initial estimates, as advancing technology may require new materials, specialized equipment, and advanced expertise, increasing expenses and potentially diverting resources from other critical areas or delaying product launches. Intellectual property risks arise from competitors' similar or superior technologies, which could diminish our ability to capitalize on research and development investments, undermining the long-term viability of our innovations. Regulatory barriers from evolving regulations can delay product development or require substantial compliance investments, slowing time-to-market or preventing full exploitation of technological advancements and reducing our competitive advantage. In addition, the rapid pace of technological advancements and shifts in standards or new technologies may render our products obsolete or less competitive if we fail to align research and development strategies with new development trends and market demands, significantly harming our prospects.

If any of these challenges materialize, our ability to maintain and grow our market share could be negatively affected. A failure in our research and development efforts to produce successful and marketable products would impair our competitive position, hurt our reputation, and significantly impact our financial performance and prospects.

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.

The global and Chinese markets for cellular IoT chips are increasingly competitive, with three to five established industry leaders and numerous new entrants vying for market share. Large, well-established players possess significant financial resources, technical expertise, and brand recognition, enabling them to innovate rapidly and capture substantial market segments.

The cellular IoT chip industry, particularly in the PRC market, is also subject to ongoing structural pricing pressure. Competition is especially intense in the low-speed and medium-speed segments, including NB-IoT and Cat.1bis, where products are generally standardized and customers are highly price-sensitive. In these segments, average selling prices have experienced sustained downward trends, and market participants frequently compete on price to secure design wins, expand shipment volume and maintain utilization. In contrast, emerging higher-speed and 5G-related connectivity products generally command relatively higher pricing levels due to enhanced performance requirements and broader functionality. However, our 5G product offerings have not yet generated revenue. As industry value increasingly shifts toward higher-speed categories, our current revenue base remains concentrated in lower-speed and medium-speed segments that are structurally more exposed to pricing compression. If pricing pressure in these segments persists or intensifies, and if we are unable to generate meaningful revenue contribution from higher-speed products on a timely basis, our revenue growth, gross profit and overall profitability may be materially and adversely affected.

Furthermore, our pricing trajectory and financial performance may not necessarily align with overall market trends. Our pricing decisions, shipment allocation and product mix adjustments may vary over time due to internal commercial considerations, including market positioning and competitive strategy. As a result, our revenue growth rate and margin profile in any given period may diverge from

broader industry growth or margin benchmarks. Such divergence may increase volatility in our operating results and reduce comparability with peers, which could adversely affect **[REDACTED]** perception and **[REDACTED]**.

In addition, the industry may experience periods of intensified aggressive pricing competition, including strategic price undercutting aimed at expanding market share or forcing higher-cost competitors to exit the market. Such market share-driven price competition may result in rapid and significant price reductions across product categories. If such competitive dynamics occur, we may face pressure to reduce our selling prices to maintain shipment volume and customer relationships. Alternatively, if we do not match such pricing actions, we may experience loss of market share, reduced order volume or customer attrition. In either case, our revenue, gross profit margin and financial performance could be materially and adversely affected.

We are subject to the risk of customer concentration.

We are subject to the risk of customer concentration. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated 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, respectively, accounting for approximately 86.7%, 81.4%, 79.5% and 76.5% of our total revenue during these periods. For more details, please refer to "Business — Our Customers — Major Customers". We expect this trend to continue for the foreseeable future.

The reliance on a small number of key customers exposes us to risks that could adversely impact our financial performance. Specifically, fluctuations in the demand for our products from these major customers, driven by factors such as market shifts, changes in customer strategies, or product preferences, could result in significant volatility in our revenue. The loss of any of these customers, or a reduction in the volume of orders placed by them, could materially affect our business. Similarly, any shift in the product mix or a consolidation of our key customers could limit the number of customers to whom we can sell our products, reducing overall demand and negatively impacting our sales.

Furthermore, as we are reliant on the continued collaboration with a few major customers, a disruption in our relationships with these customers, due to issues like failure to meet product specifications, changes in their business models, or their shift towards in-house production, could significantly reduce the demand for our products. This could further intensify the competitive pressures we face in the market. Any disruptions or changes in our relationship with any of our major customers could adversely affect our business.

In particular, our licensing services segment is currently dependent on a single customer, Customer Q, and we do not have any other licensing services customers as of the Latest Practicable Date. As a result, the continuation, scale and timing of our licensing services revenue are materially dependent on Customer Q's project pipeline, internal product and procurement priorities, technology roadmap and commercial arrangements with us. There is no assurance that Customer Q will continue to engage us for new projects, renew or expand existing arrangements, or maintain the same level of cooperation, and any reduction, delay, suspension or termination of projects or collaboration with Customer Q could materially reduce or eliminate our licensing services revenue and adversely affect our results of operations. In addition, the future prospects of this business segment are inherently fluctuated. The licensing services business is project-based and milestone-driven in nature, with revenue recognized based on the achievement and acceptance of specified deliverables and project milestones. Accordingly, the timing and amount of revenue recognized from this segment may fluctuate significantly from period to period. Further, there is no assurance that we will be able to secure

additional licensing services customers, and any uncertainty to diversify our licensing customer base may exacerbate the concentration risk and volatility of this segment. Any of the foregoing could materially and adversely affect our revenue structure, results of operations and financial condition.

We outsource key aspects of the production process, including wafer fabrication, assembly, and testing, to third-party manufacturers and OSAT partners. Any disruption in their operations could negatively impact our ability to meet customer demand and adversely affect our revenue and market share.

We operate under a fabless model, focusing on the design, development, and commercialization of cellular IoT chips, and outsourcing key aspects of the production process, including wafer fabrication, assembly, and testing, to third-party manufacturers and OSAT partners. This model exposes us to risks that are largely beyond our control. Any disruption in the operations of these third-party partners could significantly affect our ability to meet customer demand and impact our revenue, market share, and long-term growth prospects.

As we rely on third-party manufacturers for wafer fabrication, any disruptions in their operations could have a severe impact on our ability to fulfill customer orders on time. In the highly competitive semiconductor industry, even minor delays can result in lost market opportunities, reputational damage, and a decline in market share. Our fabless model limits our visibility and control over the manufacturing process, so inefficiencies or operational challenges faced by our manufacturing partners could lead to unmet customer expectations, strained relationships, and reduced revenue potential.

Moreover, our cooperations with OSAT partners for assembly and testing exposes us to quality control and operational risks. Quality control failures delivery delays, or capacity constraints at such partners could lead to costly products recalls, warranty claims, damage to our brand reputation. Furthermore, addressing these issues could require us to divert significant resources from core activities such as product innovation and marketing efforts.

Our fabless model exposes us to risks related to the performance and reliability of our third-party manufacturers and OSAT partners. If we are unable to effectively manage these risks, it could materially affect our ability to scale production, maintain quality standards, and meet customer expectations, ultimately impacting our financial performance and long-term market position.

We depend on a limited number of third-party suppliers to manufacture our products.

During the Track Record Period, our major suppliers primarily consisted of foundry partners and OSAT partners. Purchasing from our five largest suppliers in each year/period during the Track Record Period accounted for 86.8%, 87.6%, 84.7% and 85.3% of our total purchasing for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. For details, please refer to "Business — Our Procurement and Suppliers — Our Procurement — Major suppliers" in this document. Our reliance on the major suppliers subjects us to concentration and counterparty risks. If we fail to manage our relationships with our major suppliers effectively, or if they experience delays, disruptions, geopolitical changes, capacity constraints/allocation pressures or quality control problems in their operations, our ability to ship products to our customers could be impaired and our competitive position and reputation could be harmed. In addition, any adverse change in any of our manufacturers and suppliers' financial or business condition could disrupt our ability to supply quality products to our customers. If we are required to change our manufacturers, we may lose revenue, incur increased costs and damage our end-customer relationships. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation as well as comply with the relevant laws and regulations. Any material adverse change to the reputation, financial condition and results of operations of our major suppliers may result in material adverse impact on their business with us.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, we partnered with four, four, two and three foundries, respectively, and three, three, three and three OSAT partners for the same year/period, respectively. With the limited number of our foundries and OSAT partners, if a disaster or other business disruption were to occur at any of our foundries' or OSAT partners' facilities, procuring and transitioning to new suppliers would take a significant period of time to complete and would likely adversely affect our inventory, business, financial condition and results of operations. Moreover, any shortage of raw materials used by our foundries and OSAT partners may result in shortage in the supply of our products. Therefore, we are vulnerable to the risk that our current foundries and OSAT partners may be unable to meet our demand. If we cannot manage these risks effectively, it could impair our ability to timely supply competitive products, increase our costs, and adversely affect our business, financial condition and results of operations.

Our success depends on the continued contribution of our core management and research personnel, and any loss of key talent may disrupt our innovation capabilities and adversely affect our business.

The talent acquisition and retention challenges we face are common across the high-tech semiconductor industry, where specialized skills and expertise are in high demand. As a fabless company, our core competencies are concentrated in design and systems capabilities, making the stability of our design and systems teams critical for the continuity of our operations. Our success hinges on these teams' ability to drive innovation, optimize our chip designs, and maintain the technical standards expected in the cellular IoT market. Given the high barriers to entry in this sector, the loss of key engineers or executives with critical knowledge and experience could severely disrupt our business operations. These professionals possess unique expertise that is challenging to replace and their departure could significantly delay or hinder our ability to meet market demands and technological advancements.

The labor market for skilled professionals in the semiconductor industry is fiercely competitive, characterized by rising costs, fluctuating workforce participation rates, and intense competition for top-tier talent. Companies in the cellular IoT industry are typically required to make substantial investments in talent ecosystems. The scarcity of qualified personnel, coupled with the complexity of chip design, further exacerbates the challenges in securing skilled engineers and managers. High turnover rates and labor costs present ongoing obstacles in maintaining a stable workforce. Failure to attract and retain key talent could compromise our innovation and business strategy, adversely affecting our research and development capabilities, delaying new product launches, and undermining customer satisfaction amid increasing market innovation.

Moreover, employee attrition, especially among our high-caliber talent, could accelerate if we fail to offer competitive compensation, career development opportunities, and a compelling work culture. External market conditions, such as fluctuations in compensation structures, stock-based compensation value in times of market volatility, and other competing offers, may undermine our efforts to keep key personnel. If we are unable to recruit, train, and retain high-caliber personnel across our research, engineering, and management teams, or if employee attrition outpaces our ability to fill key roles, our innovation capabilities could suffer. This would adversely affect our ability to meet product development milestones, execute on business initiatives, and sustain the growth of our business.

Failure to adequately protect, maintain and enforce our intellectual property and confidential information could erode our competitive advantages, increase costs and harm our brand and operating results.

We rely on patents, copyrights, trademarks, domain names, trade secrets and other proprietary rights to safeguard our technologies, products, content and brand assets. As of the Latest Practicable Date, we owned 37 patents (including 33 invention patents), two registered trademarks and four

software copyrights. However, legal protection and contractual measures may be insufficient to prevent unauthorized use, copying or disclosure. Many of our core know-how, algorithms, design files, process parameters and datasets are protected principally as trade secrets; such information is difficult to secure, particularly given employee mobility, remote work, and the need to share sensitive information with suppliers, manufacturing partners, consultants and joint-development partners. We cannot assure you that employees, contractors, vendors or other partners will comply with confidentiality, IP-assignment or limited-use obligations, or that these obligations will be fully enforceable or provide adequate remedies in all jurisdictions.

We may not detect misappropriation or counterfeiting promptly. Policing infringements, pursuing takedowns, domain name disputes and administrative/civil actions is time-consuming and costly, often with uncertain outcomes; even when successful, damages may be limited and infringers may re-emerge. Differences among IP regimes and evidentiary standards across markets can further complicate enforcement and delay injunctive relief.

Our pending patent applications may not issue, may issue with narrower claims than expected, or may be opposed, re-examined or invalidated by third-parties. Our issued rights require ongoing maintenance, renewal and recordables; any lapse, missed fee, defect in chain-of-title, or ambiguity in joint-development or licensing arrangements could weaken our protection. If we cannot prevent third-parties from using technologies, designs, or brand assets that are identical or substantially similar to ours, or if we must devote significant resources to monitoring and enforcement, our differentiation, pricing power, partner confidence and market share could be materially and adversely affected, and our operating costs and management distraction could increase. We cannot assure you that we may fully control such risks, and if similar patents are granted, we may face the additional burden of future patent litigation, which could incur significant costs, divert management's attention, and potentially damage our reputation.

Furthermore, the evolving legal standards surrounding IP rights in different jurisdictions make it difficult to guarantee the long-term security of our patents. Our granted patents remain susceptible to scope disputes, and their enforceability may be reduced if challenges are made. We also face the risk of third parties using similar or identical technologies, potentially undermining our IP value. In case of significant IP disputes, we may be required to pay damages, redesign our products, or even cease the sale of certain products in affected markets, all of which could harm our financial condition and operational capabilities.

Third-party intellectual property claims could require us to pay significant damages, accept unfavorable licenses, redesign products or cease sales, materially and adversely affecting our business, financial condition and results of operations.

We operate in fields characterized by dense and rapidly evolving patent landscapes. We may face allegations that our technologies, designs, processes, content or data practices infringe patents, copyrights, trademarks, mask works or misappropriate trade secrets owned by competitors, non-practicing entities or other rightsholders in the PRC, the United States, the European Union and other jurisdictions. Adverse outcomes could include injunctions or import bans, recalls, product holds, mandatory feature removals, significant damages, attorneys' fees, destruction of inventory, and requirements to pay past and ongoing royalties or accept licenses on unfavorable terms.

If our products implement industry standards, we may be subject to assertions involving standard-essential patents ("**SEPs**"). While SEP owners typically commit to license on fair, reasonable and non-discriminatory ("**FRAND**") terms, what constitutes FRAND is often disputed. We could face "royalty stacking," jurisdictional rate-setting disputes, or demands that materially exceed our expectations. We may be unable to secure or renew licenses from key rightsholders on commercially acceptable terms or at all, which could force us to suspend sales or redesign products with reduced

performance or delayed time-to-market. In addition, our commercial agreements with customers and channel partners often include IP indemnity obligations; we may be required to defend claims or bear settlement or judgment costs, which could exceed any indemnities we receive from our suppliers or any insurance coverage we maintain.

Defending or prosecuting IP disputes is inherently uncertain, expensive and time-consuming, and may divert the attention of our management and engineers, require intrusive discovery into our confidential information, and generate adverse publicity. Future matters could be similar or more complex. Even allegations that lack merit can be costly to resolve and may prompt customers to delay purchases, require contractual safeguards, or select alternative suppliers. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

As we operate under a fabless model, we do not manage the production process directly. Instead, we rely on third-party manufacturers and OSAT partners for wafer fabrication, assembly, testing, and final product delivery. Given this structure, there is an inherent time gap of several months between when the manufacturing and testing processes are completed and when the final products are shipped to customers. During this period, our semi-finished and finished products are typically stored in the warehouses of our manufacturing and testing partners, but the inventory risks, including the potential for obsolescence or overstocking, remain with us. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 81 days, 83 days, 100 days and 99 days, respectively. Our inventory costs are also exposed to raw material price fluctuations. Based on the estimated bill of materials of our products, raw materials accounted for approximately 65% to 85% of the cost of our work in progress and finished goods. Assuming a 5% increase in raw material prices and based on our inventory balance as of June 30, 2026, our inventory holding cost would have increased by approximately RMB7.5 million to RMB8.8 million, representing approximately 3.8% to 4.5% of our total inventory balance as of the same date.

We base our inventory levels on historical sales data, customer orders, demand forecasts, and fluctuations in supply chain capacity. Such assessments are inherently uncertain, as forecasting customer demand and supply chain fluctuations can be challenging, especially in a fast-paced, technology-driven industry such as cellular IoT. If we fail to accurately assess demand, we may face inventory-related risks, such as inventory obsolescence or shortages. Overestimating demand could result in excessive inventory, leading to increased holding costs, greater exposure to raw material price fluctuations, potential write-downs, or the need to sell excess stock at discounted prices, which could negatively impact profitability. Conversely, underestimating demand could result in product shortages, delays in delivery, and damage to customer relationships and our reputation. Any inefficiencies in managing inventory, whether due to overstock or understock, could have a material and adverse impact on our profitability, operational efficiency, and long-term growth prospects.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. The Chinese government, in particular, has implemented a series of laws, regulations and policies to safeguard personal data. We must comply with applicable laws and regulations throughout the entire life cycle of personal information, including its collection, storage, use, processing, transmission, provision, disclosure and deletion. Failure to comply with the increasingly stringent data and personal information protection laws in the PRC, as well as evolving data security and privacy regulations in

other jurisdictions where we operate or plan to operate, could result in significant legal and regulatory penalties, reputational damage, and adverse effects on our business, financial condition, and results of operations.

As data privacy laws and industry standards continue to evolve globally, we will need to implement and maintain robust internal controls, compliance mechanisms, and risk management policies. Ensuring compliance with these requirements may require substantial resources, personnel, and capital investment. The unauthorized access, loss or misuse of data and personal information, whether by our company or our partners, could lead to significant consequences, including increased cybersecurity expenditures, regulatory investigations, enforcement actions, fines, litigation, indemnification obligations, remediation costs, and operational disruptions. In addition, defending against potential legal claims arising from such incidents may result in further financial and reputational exposure. Even unsubstantiated concerns raised by customers, employees, or third-parties regarding our handling of data and personal information could harm our reputation and undermine trust in our brand, which may, in turn, negatively impact our business prospects and market perception.

Disruptions and unauthorized access such as cyberattacks to 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.

Our products and technologies may provide us with access to sensitive and/or confidential data or information, which pose a tempting target for malicious actors who may seek to carry out cyberattacks against us or our suppliers or service providers. Actual or perceived breaches of our or our service providers' security measures or any failure to maintain reliability, security and integrity of our solutions and technical platform, including third-party cloud platform and information technology, or IT, services upon which we rely, may expose us to significant consequences. We can provide no assurance that our IT systems or those of third-party service providers are fully protected against third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats. Additionally, software authorized or licensed by third-parties which is incorporated into our technologies may present certain risks related to cybersecurity, such as the general lack of support for such software which could result in vulnerabilities that could compromise the security of our systems.

Therefore, our systems, servers and equipment, and those of our service providers, may be subject to such incidents, which may lead to damages to our IT systems, material disruption to our business, or theft, rendering inaccessible, improper disclosure or misappropriation of our or our customers' business information, trade secrets, sensitive data and other confidential or proprietary information. Any such event could have a material adverse effect on our business, irrespective of whether backup information is used for recovery. Consequences may include legal and financial exposure, loss of business and customers, loss or unauthorized disclosure of trade secrets or other proprietary information or personal information, and could give rise to litigation (including class-action litigation and litigation and indemnity claims against us by our customers based on our customer agreements and other commercial arrangements), regulatory actions and fines, consumer protection actions, other related costs (including in connection with our investigation and remediation efforts) and significant harm to our reputation. This may hinder our ability to retain existing customers and business partners and attract new partners and customers. To the extent we experience a cyberattack or security breach, we may be unsuccessful in implementing remediation plans to address exposure and future harm. Also, we may not maintain sufficient insurance coverage relating to cybersecurity incidents, and so any expenses or costs incurred as a result of, or related to, any cyberattacks or security breaches, could be at our own expense. Any such actual or perceived disruptions, access, breaches, uncertainties or events could materially and adversely affect our business operations, results of operations, and financial condition.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

From time to time, we are or may be a party to various litigation claims, legal or arbitral proceedings, government, and regulatory inquiries and/or proceedings, including, but not limited to, intellectual property, fraud, unfair business practices, product liability, employee related claims, breach of contract claims and securities actions. Additionally, alleged non-compliance and breaches of laws and regulations may also lead to litigation, legal proceedings, government, and regulatory inquiries and/or proceedings. We may also initiate legal proceedings against business partners for material breach of contractual obligations, third-parties engaged in intellectual property infringement or trade secret misappropriation, current or former employees involved in fraudulent or corrupt activities, as well as any party whose unlawful acts materially and adversely impact our substantive rights, business operations, or corporate reputation. Any negative publicity arising from such proceedings, claims, litigation or disputes, regardless of the accuracy of such negative publicity, could damage our reputation and brand.

Defending these proceedings and/or addressing such negative publicity can be time consuming and result in significant ongoing expenditures and the diversion of our management's time and attention from the day-to-day operation of our business, which could have a negative impact on our business operations. Due to the inherent uncertainty of the litigation process, there is no guarantee that we will succeed in defending ourselves against such claims or proceedings, or that the management's assessment of the materiality of these matters, including the accounting provisions made in connection therewith, will be consistent with the ultimate outcome of such claims or proceedings. Unfavorable outcomes or developments relating to any proceedings, such as judgments for monetary damages, penalty fees, injunctions, product recalls or denial or revocation of licenses or permits, could have a material adverse effect on our business, prospects, and financial condition. Our failure to successfully defend or settle any litigation, legal or arbitral proceedings or to assess accurately the materiality of a claim could result in liabilities that, to the extent not covered or only partially covered by our insurance, could have a material and adverse effect on our business, financial condition, and prospects.

Delivery delays, inappropriate handling by third-party logistics service providers or disruptions in the transportation network may adversely affect our business.

We use third-party logistics service providers to deliver certain of our work-in-progress and products. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third-party logistics service providers. Delays in delivery could adversely impact our suppliers' ability to timely deliver materials to us, and our ability to deliver to our customers.

We are subject to risks associated with sanctions and export controls laws and regulations, international trade policies and actions, and developing domestic and foreign laws and regulations.

We participate in global supply chains and our customers' end products are shipped worldwide. While our direct sales exposure to the United States was limited during the Track Record Period, the cellular IoT industry is sensitive to evolving geopolitical and trade measures. Tariffs, quotas or other trade actions are generally borne by the importer of record but may be passed through along the supply chain, which could dampen demand for customers' end products and indirectly affect our order flow.

The EAR may apply to items of U.S. origin as well as certain foreign-made items that incorporate U.S. content or are produced using specified U.S. technology (including under "foreign direct product" rules). The BIS also maintains the Entity List, which identifies foreign parties that are subject to specific license requirements for the export, reexport, or in-country transfer of items subject to the EAR. The scope of the license requirement, applicable license exceptions, and the applicable review policy (including, in some cases, a presumption of denial) are determined by the language of each individual Entity List entry. Exporting, re-exporting or transferring items subject to the EAR without satisfying the applicable licensing requirements could result in criminal and/or civil penalties. As a fabless design company that relies on third-party design tools, IP cores, foundry processes and other inputs, we procure mask generation and wafer foundry services from certain third-party foundries, some of which are currently designated on the Entity List. During the chip-design stage, we used U.S.-origin software design tool that our suppliers have classified under ECCN 3D991 and therefore subject to U.S. export control. During the Track Record Period, we did not sell products to, or provide services for, customers on the Entity List. Please refer to "Business — Impact of Export Control and Outbound Investment Restrictions — Impact of U.S. Export Control Laws" in this document for more details.

If our products — even though manufactured in China — incorporate U.S.-origin controlled items or are the "direct product" of specified U.S.-origin technology or software, they may be subject to the EAR and we might be required to obtain licenses from BIS for in-country transfers or for sales to parties on the Entity List. Because licenses for transactions involving parties on the Entity List are presumptively denied, our inability to obtain required authorizations could force us to suspend or terminate sales to affected customers. Even where direct restrictions do not apply, tightened controls or new listings could create licensing requirements, require design adjustments, lengthen qualification or sourcing cycles, and increase compliance and procurement costs. Future policy changes, expanded controls on advanced process nodes or design tools, or additional listings could require us to modify sourcing or customer engagement and, in certain scenarios, could adversely affect our business and results of operations.

U.S. outbound investment restrictions targeting China could limit our access to U.S. capital and strategic investors, which may adversely affect our business, financial condition, and results of operations.

On August 9, 2023, the Biden administration released an executive order (the "**Executive Order**") and an advanced notice of proposed rule-making (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. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the Executive Order (the "**Final Rule**"). The Final Rule became effective on January 2, 2025. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**") was passed by the U.S. congress and became law. The COINS Act directs the U.S. Secretary of the Treasury to issue regulations restricting United States outbound investments in countries of concern (including China) involving certain technologies and will supersede the Final Rule. It was instructed that the regulations

implementing the relevant provisions of the new law will be issued within 450 days of its enactment (i.e., before March 2027). The Final Rule remains in effect until the regulations implementing the COINS Act are issued.

The Final 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) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) AI systems, collectively defined as "Covered Foreign Persons." U.S. Persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons. Such investments are defined as "covered transactions" and include (i) acquisitions of equity interests that are not yet publicly traded, (ii) certain debt financing, (iii) joint ventures, and (iv) certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

As a joint stock company organized under the laws of the PRC, we qualify as a "person of a country of concern" under the Final Rule. We primarily engaged in the design and development of cellular IoT communication chips utilizing 22-nanometers and 40-nanometers process nodes. While these process nodes are not expected to fall within the categories of prohibited semiconductor transactions under the Final Rule based on currently applicable technical thresholds, the design of such integrated circuits falls within the scope of notifiable covered activities under the Final Rule. As a result, we would meet the definition of a "covered foreign person" under 31 C.F.R. § 850.209(a)(1), and certain investments in us by U.S. Persons could constitute notifiable transactions under the Final Rule. However, acquisitions of publicly traded securities, including our publicly **[REDACTED]** H Shares, are generally exempt from the definition of "covered transactions" under the Final Rule, if the applicable exemption conditions are satisfied. Nevertheless, after this **[REDACTED]**, the Final Rule could limit our ability to raise capital from U.S. through issuances of equity or contingent equity interests that are not "publicly traded securities." In addition, relevant laws, regulations and policies continue to evolve, and there is substantial uncertainty as to how the COINS Act will be implemented, including whether the regulations to be issued under the COINS Act will maintain the current exemptions. Any amendments to the Final Rule or the introduction of similar regulations, including regulations implementing the COINS Act, may further restrict our ability to raise capital. Any material adverse effect on our ability to raise capital could harm our business, financial condition and prospects. Potential U.S. **[REDACTED]** shall consult their own legal advisers regarding participation in this **[REDACTED]** and their obligations under applicable rules and regulations at the time of **[REDACTED]**.

Changes in global economic, political or social conditions, particularly trade measures and geopolitical tensions, could increase our compliance costs, lengthen lead times or dampen demand, and, in certain scenarios, could adversely affect our operations.

A substantial portion of our assets and operations is located in the PRC. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from the PRC accounted for approximately 71.2%, 68.0%, 37.3%, 31.4% and 30.5% of our total revenue for the same year/period, respectively. We participate in global supply chains, and our customers' end products are shipped worldwide. Our integration into global supply chains supporting the international distribution of customers' end products exposes our business to heightened risks from trade policy fluctuations affecting the cellular IoT industry, including tariffs, export controls, sanctions, and other trade measures. Tariffs are generally borne by the importer of record but may be passed through along the supply chain, which can reduce the competitiveness of customers' end products and indirectly affect our order volumes or commercial terms.

Since 2018, the United States has imposed additional duties on imports from China under Section 301 in several stages. Initial actions applied 25% duties to the first two tranches of products in 2018; a third tranche began at 10% in September 2018 and increased to 25% in May 2019; and, following the Phase One agreement signed in January 2020, duties on a subsequent tranche were reduced from 15% to 7.5% in February 2020 while 25% duties on the earlier tranches remained. Subsequent reviews introduced targeted adjustments, including in 2024 to 2025 for sectors such as electric vehicles, solar products and certain semiconductors, and periodically extended or modified product-specific exclusions. The coverage, rates and exemptions under these measures have changed over time and can be revised with limited notice. Our products can be embedded in downstream goods that enter the United States, and any pass-through of tariffs or reduced competitiveness of those goods could affect demand for our products. Even under scenarios where tariff impacts are partially absorbed by supply chain partners, the potential for demand erosion remains significant due to end-market price sensitivity.

Outside the U.S.–China context, geopolitical tensions and sanctions related to the Russia–Ukraine conflict have contributed to energy price volatility, shipping route and insurance constraints, and heightened compliance screening obligations for global transactions. In addition, broader trade frictions such as anti-dumping and anti-subsidy investigations, local-content policies and critical-minerals strategies in various jurisdictions can alter the economics and timing of cross-border sourcing and production. Future policy changes such as expanded tariff coverage, changes to exclusion regimes, or tightened controls on design tools, foundry technologies or materials could require us to modify sourcing, scheduling, pricing or contractual arrangements and, in certain scenarios, could adversely affect our business, financial condition and results of operations.

Our net current liabilities and net liabilities may expose us to certain liquidity risks and could restrain our operational flexibility as well as affect our ability to expand our business.

As of June 30, 2026, we recorded net current liabilities of RMB526.0 million and net liabilities of RMB504.3 million, shifting from net current assets to net current liabilities and net assets to net liabilities. This was primarily attributable to the recognition of financial liabilities in respect of redemption rights issued to investors. For details, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this document.

Net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility as well as adversely affect our ability to expand our business. Our future liquidity, and the payment of trade payables, accrued expenses and other payables as and when they become due, will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future results of operations, prevailing economic conditions, and financial, business and other factors, many of which are beyond our control. If we do not have sufficient working capital to meet future financial needs, we may need to resort to external funding. Our inability to obtain additional external borrowings on a timely basis or on acceptable terms, or at all, may also force us to abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Negative publicity, whether substantiated or not, may harm our reputation and adversely affect our business and prospects.

Our business performance and customer relationships are closely tied to our reputation in the industry. Any negative publicity, whether resulting from actual or alleged product defects, service failures, employee misconduct, data security concerns, regulatory inquiries, or associations with third parties, may damage public perception of our brand and credibility, even if such claims are unfounded or unrelated to our operations. In today's era of instant online communication and global media coverage, negative publicity can be amplified rapidly across social media platforms, industry forums, and other public channels, especially when it involves high-profile incidents or government customers.

This includes potential misconduct or inappropriate public statements made by our management, employees, customers, suppliers, or business partners. In particular, inappropriate or damaging comments posted on social media platforms by any of these parties, whether intentionally or unintentionally, could lead to widespread reputational damage. This is especially true in an age where the viral nature of social media can rapidly escalate concerns or rumors, even if they are later proven to be baseless.

Such negative publicity, whether related to our own actions or those of our key stakeholders, including employees, executives, customers, suppliers, and business partners, could significantly harm our reputation. Moreover, we are also at risk from negative publicity associated with these third parties such as issues with their operations, actions, or public statements that could indirectly affect our own brand image and public trust. A negative incident involving any of our stakeholders could, therefore, have a ripple effect, harming relationships with current customers, suppliers, and partners, and potentially deterring new business opportunities. If we are unable to respond effectively to adverse public narratives, restore stakeholder confidence, or correct misinformation in a timely manner, our ability to retain customers, win new business, attract partners, or enter into strategic collaborations may be materially and adversely affected. The negative impact could extend beyond short-term financial losses to long-term harm to our market position, leading to reduced sales, regulatory scrutiny, and difficulties in securing future business opportunities.

Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, financial condition and results of operations.

We face various risks in connection with our business. During the Track Record Period, we complied with mandatory social insurance regulations in the PRC, providing the required pension, unemployment, work-related injury, maternity, and medical insurance to our employees. Additionally, we purchased commercial insurance to cover risks associated with our employees and properties, including commercial vehicle insurance, accident insurance for employees, and transportation insurance for goods. However, we cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Any reduction or termination of our government grants and preferential tax treatment could adversely affect our financial condition.

We have historically benefited from various forms of government support, including project-specific grants, talent subsidies, equipment incentives, and preferential tax treatment such as high and new technology enterprise ("**HNTE**") status or local tax incentives. These forms of financial and policy support have contributed positively to our operating results and cash flows during the Track Record Period. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded government grants and value-added tax additional deduction amounting RMB5.4 million, RMB15.6 million, RMB11.5 million, RMB8.1 million and RMB2.3 million, respectively. However, such government support is subject to periodic review, administrative discretion, and policy changes at both the central and local levels. Many of the grants or tax benefits we receive are contingent upon our continued compliance with specific eligibility criteria. We cannot assure you that we will continue to meet such requirements in future periods, especially as our business model, operational scale, or geographic footprint evolves.

Furthermore, preferential policies may be suspended, reduced, or restructured due to changes in fiscal priorities, policy orientation, or macroeconomic conditions. In some jurisdictions, local governments may face budget constraints or apply more stringent scrutiny over incentive programs, particularly for cross-border enterprises or high-growth technology firms. If we are no longer eligible

for certain grants or tax benefits, or if existing policies are withdrawn or curtailed, we may experience a corresponding increase in our effective tax rate, higher cost of doing business, or reduced funding for research and development. Such developments could adversely affect our financial condition, profitability, and investment capacity.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensations.

We adopted the a series of share incentive schemes during the Track Record Period. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded share-based payment expenses of RMB119.3 million, RMB21.0 million, and RMB16.0 million, RMB8.0 million and RMB2.7 million, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based compensations that could have a material and adverse impact on our results of operations.

We may be subject to additional contributions of social insurance and housing provident fund and fines imposed by relevant authorities.

During the Track Record Period, we engaged third-party agencies to handle social insurance premiums and housing provident fund contributions for certain employees. This arrangement, established on the basis of practical considerations and employee agreements, failed to fully comply with all applicable PRC laws and regulations.

Additionally, we also did not provide housing provident fund contribution for one employee during the Track Record Period. According to our PRC Legal Advisers, non-compliance with requirements in relation to housing provident fund contribution may result in several potential legal consequences. If the relevant authorities determine that we make up for the required contributions under the relevant laws and regulations, it could lead to enforcement actions by the relevant housing provident fund management authorities, including fines and possible legal proceedings. For details, please refer to "Business — Employees — Social Insurance and Housing Provident Fund" in this document.

The lack of registration of our lease agreements may result in fines.

We currently lease several premises in China for various operational purposes. Under PRC laws and regulations, lease agreements of commodity housing are generally required to be registered with the local land and real estate administration bureau. However, as of the Latest Practicable Date, some of our leased properties have not been registered with the relevant PRC government authorities. We may be subject to fines if we do not rectify such non-compliance within the prescribed time frame after receiving notice 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. For details, please refer to "Business — Properties — Leased Properties" in this document.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate or plan to operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on

our reputation, business, financial condition and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws or regulations, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control. These events may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, these natural disasters, outbreaks of contagious diseases and other adverse public health developments could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

Changes in Environmental, Social and Governance ("ESG") compliance requirements could have an adverse impact on our business, operating results and financial condition.

With the rising awareness of ESG issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have a material and adverse impact on our business, results of operations and financial performance.

RISKS RELATING TO DOING BUSINESS IN CHINA AND OTHER MARKETS

We may face numerous risks associated with conducting operations in global markets.

We anticipate growth in international markets, increased international sales of our products and solutions, and enhanced international recognition. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from our international market was RMB153.5 million, RMB176.7 million, RMB432.0 million, RMB231.6 million and RMB288.9 million, accounting for approximately 28.8%, 32.0%, 62.7%, 68.6% and 69.5% of our total revenue in the corresponding year/period, respectively. We have invested resources and engaged in close collaboration with business partners outside of China to expand our international business and sales channels, these efforts may be subject to numerous risks, including related legal, regulatory, political, economic, commercial, and other risks.

Key risks involve alterations in international trade policies, such as sanctions, export/import controls, and tariffs, as well as challenges arising from conflicting legal frameworks across jurisdictions. Regulatory changes in foreign markets, particularly data privacy laws, and the complexities of complying with anti-bribery, anti-corruption, anti-money laundering, and antitrust

regulations also pose significant threats. Additional concerns include enforcing intellectual property rights, recovering overdue payments through local legal channels, and navigating geopolitical instability in our operating regions. Our financial performance is further influenced by currency fluctuations, stringent foreign exchange controls, inflation/deflation, and interest rate variations. We also face risks from trade customer insolvency, legal/political/economic uncertainties, evolving tax landscapes (such as rate adjustments, judicial rulings), customer misconduct (such as contract violations, regulatory breaches), labor disputes at suppliers/partners, and escalating costs associated with adapting to local market dynamics and maintaining effective marketing strategies. Any of these risks could adversely affect the progress of our globalization efforts, our financial condition, and other critical aspects of our business.

In particular, our cross-border technology-related collaboration with Customer Q, a U.S.-listed global wireless-technology company, is exposed to evolving U.S.-China geopolitical tensions. Adverse regulatory changes stemming from such geopolitical frictions may impair Customer Q's ability or willingness to continue our existing collaboration, including licensing, chip design service and other commercial arrangements. There exists a risk that our collaboration with Customer Q may be terminated due to U.S.-China geopolitical tensions in the future. If our collaboration with Customer Q is terminated, suspended, materially reduced or not renewed, or if Customer Q is restricted from continuing the relevant arrangements with us, our revenue from licensing and chip design services, business development, commercialization plans and financial performance may be materially and adversely affected. For an assessment of the risk of termination of our business collaboration with Customer Q amid evolving U.S.-China geopolitical tensions, see "Business — Our Business Model — Licensing and Chip Design Services."

Any downturn in regional or global economy, or deterioration of geopolitical environment could affect our business, financial condition and results of operations.

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. The continued uncertainty and potential escalation of China-U.S. trade frictions further undermine global supply chain stability, potentially compelling enterprises to restructure trade routes and elevating compliance costs. Concurrently, the spread of geopolitical conflicts and terrorism threats in specific regions have triggered significant volatility in energy and commodity markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

We are subject to numerous laws, regulations and policies at the national, regional and local levels of government in the markets where we do business.

We are subject to a variety of laws and regulations in the markets where we do business. some of which may conflict with each other and all of which are subject to change. These laws and regulations include data privacy regulations, export and import restrictions, tax laws and regulations, environmental regulations, labor laws, supply chain laws and regulations and other government requirements, approvals, permits and licenses. We also face trade barriers and trade remedies such as export requirements, tariffs, taxes and other restrictions and expenses, including antidumping and countervailing duty orders, which could increase the prices of our products and make us less competitive in some countries where we sell our products to and may have impact on our business and financial performance.

In the countries where we do business, the market for markets for cellular IoT chips is influenced by national, state and local government regulations and policies concerning the semiconductor industry. These regulations and policies could deter further investment in the research and development of cellular IoT chips. which could result in a significant reduction in the potential demand for our products. We expect that our products and their downstream application will continue to be subject to national, state and local regulations and policies relating to data privacy, IP protection and other related matters. Any new regulations or policies pertaining to our semiconductor products may result in significant additional expenses to us and customers, which could cause a significant reduction in demand for our products.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

We are a company incorporated under the laws of the PRC, and a substantial part of our assets, subsidiaries and a significant majority of our Directors and senior management, are located in China. As a result, it may not be possible for **[REDACTED]** to effect services of process upon us, or our Directors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People's Court of the PRC and the Department of Justice of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement, which was issued by the Supreme Court of the PRC on July 3, 2008 and effective from August 1, 2008. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and the Department of Justice of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement, which was issued by the Supreme Court of the PRC on January 25, 2024 and effective from January 29, 2024, seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of the PRC and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has, upon its effectiveness, superseded the 2006 Arrangement.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the "**SAFE**"); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our

ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We are subject to foreign currency risk arises from fluctuations in exchange rates between the RMB and foreign currencies. We recorded net foreign exchange gains and losses during the Track Record Period. Any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies may incur foreign exchange losses and thereby adversely affecting our business, financial condition and results of operations.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Trial Measures for the Administration on 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》) and five supporting guidelines, which had become effective on March 31, 2023, with two additional supporting guidelines being published on May 16, 2023 and May 7, 2024, respectively and coming into effect thereon (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, please refer to "Regulatory Overview — Regulations concerning overseas listing" in this document. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

Our payment of dividends is subject to restrictions under applicable laws and regulations. For example, under the current PRC law, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. Please refer to "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income Tax (Credit)/Expense" in this document. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We are also doing business in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

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

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC **[REDACTED]**'s jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to **[REDACTED]** that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such **[REDACTED]** are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual **[REDACTED]** who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such **[REDACTED]** on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號) dated June 28, 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the STA and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from

Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). On December 27, 2024, the STA, MOF and CSRC jointly issued the Announcement on Further Improving upon the Services for Collection and Administration of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies by Individuals (《關於進一步完善個人轉讓上市公司限售股所得個人所得稅有關徵管服務事項的公告》), which changed the venue of tax payment to the location of the listed company which issues the restricted shares and made further improvements on tax filings. As of the Latest Practicable Date, the aforesaid provisions have not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the **[REDACTED]** of H shares.

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

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for the Shares and the liquidity and [REDACTED] of our Shares may be volatile.

Prior to the **[REDACTED]**, there has been no **[REDACTED]** for our H Shares. The initial **[REDACTED]** for the H Shares was the result of negotiations between us and the Sole Sponsor (for itself and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** for our H Shares following the **[REDACTED]**. We cannot assure you that an active **[REDACTED]** for our H Shares will develop or be sustained after the **[REDACTED]** or that the **[REDACTED]** of our H Shares will not decline below the **[REDACTED]**. The **[REDACTED]** for our H Shares may be highly volatile and subject to wide fluctuations in response to a number of factors, some of which are beyond our control.

The [REDACTED] of the Shares may be volatile, which could result in substantial losses to you.

The **[REDACTED]** of our H Shares may be volatile and could fluctuate significantly due to factors beyond our control. Such factors include, but are not limited to, variations in our revenue, earnings and cash flow, changes in our operating results, changes in analysts' estimates, perceptions of our industry and regulatory developments in the PRC and elsewhere. The **[REDACTED]** have from time-to-time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the **[REDACTED]** of our H Shares.

Additionally, under PRC law, all existing Shareholders (including **[REDACTED]** Investors) are restricted from disposing of any of their Shares within the first 12 months following the **[REDACTED]**. This lock-up period may affect the liquidity and **[REDACTED]** of our H Shares shortly after the **[REDACTED]**. These factors, independent of our actual business performance, could contribute to substantial price volatility and potential losses for **[REDACTED]** in our H Shares.

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

The **[REDACTED]** of our H Shares in the **[REDACTED]** may be higher than the net tangible book value per H Share immediately prior to the **[REDACTED]**. As a result, **[REDACTED]** of our H Shares in the **[REDACTED]** may experience immediate dilution in net tangible book value. In addition, we may need to raise additional funds in the future and may **[REDACTED]** additional Shares or securities convertible into Shares. **[REDACTED]** of our H Shares may experience further dilution in the net tangible book value per Share if we **[REDACTED]** additional Shares or securities in the future.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares could adversely affect the [REDACTED] and dilute shareholder holdings.

The **[REDACTED]** of our H Shares and our ability to raise capital at favorable terms could be negatively impacted by the future **[REDACTED]** of substantial amounts of our H Shares in the **[REDACTED]**, especially if sold by our Directors, executive officers, or largest Shareholders, or if we **[REDACTED]** new shares or share-linked securities. The perception of such **[REDACTED]** could also exert downward pressure on our **[REDACTED]**. Additionally, if we **[REDACTED]** additional securities in the future, our existing Shareholders may experience dilution in their holdings.

We may issue new shares under any current or future share incentive schemes, further diluting Shareholder interests. These newly issued shares or share-linked securities could carry rights and privileges that take precedence over those of our H Shares. Certain shares held by our largest Shareholders are subject to lock-up periods starting from the date our Shares commence **[REDACTED]** on the Hong Kong Stock Exchange. We cannot guarantee that they will not sell shares at that time or in the future. Such **[REDACTED]**, or the potential for these shares to enter the market, could negatively affect the prevailing **[REDACTED]** of our H Shares.

Additionally, **[REDACTED]** who **[REDACTED]** to shares in the **[REDACTED]** may not be subject to any disposal restrictions on their H Shares, and they may have existing arrangements or agreements to sell part or all of their H Shares immediately after the **[REDACTED]** for various legal, regulatory, business, or market reasons. These **[REDACTED]**, especially if occurring in a short period after the **[REDACTED]**, could exert downward pressure on the **[REDACTED]** and create substantial volatility in the **[REDACTED]** of our H Shares.

The interests of our Largest Group of Shareholders may conflict with the best interests of our other shareholders.

Immediately upon completion of the **[REDACTED]**, without taking into account any Shares issued under the **[REDACTED]**, our Largest Group of Shareholders will hold an aggregate of approximately **[REDACTED]**% of our total issued share capital, giving them substantial control over our business and corporate decisions. This concentrated ownership allows our Largest Group of Shareholders to exercise significant influence over matters requiring Shareholder approval, including the election of directors, mergers, business combinations, asset acquisitions or disposals, issuance of additional Shares or other equity securities, dividend payments, and overall corporate strategy.

This level of control may lead our Largest Group of Shareholders to make decisions that serve their interests but are not necessarily aligned with those of our minority Shareholders. Additionally, this concentration of ownership may deter, delay, or prevent a change in control of our Company, which could otherwise provide Shareholders an opportunity to sell their shares at a premium. Such actions could negatively affect the **[REDACTED]** of our H Shares and limit the influence of other Shareholders on the Company's governance and future direction.

Additionally, our Shares held by our Largest Group of Shareholders are subject to certain lock-up periods. For details, please refer to "**[REDACTED]**" in this document. However, there is no assurance that after the restrictions of the lock-up periods expire, our Largest Group of Shareholders will not dispose of any Shares. **[REDACTED]** of substantial amounts of our Shares in the **[REDACTED]**, or the perception that these **[REDACTED]** may occur, may materially and adversely affect the prevailing **[REDACTED]** of our H Shares.

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecasts, and other statistics included in this document are derived from various publicly available official government sources. However, we cannot guarantee the accuracy, quality, or reliability of the underlying source materials. This data has not been independently verified by us or any other parties involved in the **[REDACTED]** and no representation is given as to their accuracy.

Additionally, we cannot assure our investors that this information has been compiled on a basis or with the same level of accuracy as similar data presented elsewhere. Therefore, **[REDACTED]** are advised to carefully consider the weight and importance they place on such facts and statistics when evaluating this document.

Our forward-looking statements are subject to uncertainties, and future results could differ materially from those expressed or implied.

This document contains forward-looking statements about our business based on management's current beliefs, assumptions, and information available at the time. Forward-looking statements are identified by terms such as "aim," "anticipate," "believe," "could," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "will," and similar expressions. These statements reflect management's views on future events, operations, liquidity, and capital resources; however, they are inherently subject to risks, uncertainties, and assumptions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results could differ significantly from those suggested by these forward-looking statements. Factors beyond our control and future business decisions could impact outcomes, many of which are discussed in the "Risk Factors" section of this document.

In light of these uncertainties, forward-looking statements should not be considered assurances of specific plans or objectives, and **[REDACTED]** are cautioned not to place undue reliance on them. All forward-looking statements in this document are qualified by these cautionary statements. Subject to ongoing disclosure obligations under the Listing Rules or Hong Kong Stock Exchange requirements, we do not intend to publicly update or revise forward-looking statements due to new information, future events, or other factors.

[REDACTED] should rely solely on this document and not on media reports when making [REDACTED] decisions.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the **[REDACTED]**. There may be additional media coverage regarding us, our business, our industry and the **[REDACTED]** subsequent to the date of this document but prior to the completion of the **[REDACTED]**. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the **[REDACTED]** has authorized the disclosure of any

such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Sole Sponsor, the **[REDACTED]**, any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the **[REDACTED]** make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Sole Sponsor, the **[REDACTED]**, any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the **[REDACTED]** disclaim responsibility for it, and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the **[REDACTED]**, our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the **[REDACTED]** of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(1) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Mr. Liu, chairman of the Board, executive Director and general manager of our Company and Ms. Lam Yin Ling (林燕玲) ("**Ms. Lam**"), our joint company secretary. Ms. Lam is situated and based in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone facsimile and email;

(2) As and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;

(3) Although our executive Directors are not ordinary residents in Hong Kong, each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;

(4) We have appointed Rainbow Capital (HK) Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and

(5) We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance adviser in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of Company Secretary. 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: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

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

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

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

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Zhou Mao (周茂) ("**Ms. Zhou**"), our secretary to the Board, as one of our joint company secretaries, considering her past working experiences within our Group and her thorough understanding of our internal administration, business operations and corporate culture. As such, although Ms. Zhou does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Ms. Zhou is capable of discharging the functions of a joint company secretary with the assistance of Ms. Lam Yin Ling (林燕玲), who meets the requirements under Rule 3.28 of the Listing Rules and has been appointed to act as the other joint company secretary and to assist Ms. Zhou in the compliance matters for the **[REDACTED]** as well as other Hong Kong regulatory requirements for an initial period of three years from the **[REDACTED]**. Over such period, we will implement the following measures to assist Ms. Zhou to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(a) Ms. Lam will assist Ms. Zhou so as to enable her to discharge her duties and responsibilities as a joint company secretary. Given Ms. Lam's relevant experiences, she will be able to advise both Ms. Zhou and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

(b) Ms. Zhou will be assisted by Ms. Lam for an initial period of three years commencing from the **[REDACTED]**, which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(c) we will ensure that Ms. Zhou has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of an issuer, and Ms. Zhou has undertaken to attend such trainings;

(d) Ms. Lam will communicate with Ms. Zhou on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Lam will work closely with, and provide assistance to Ms. Zhou with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(e) pursuant to Rule 3.29 of the Listing Rules, Ms. Lam and Ms. Zhou will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Lam and Ms. Zhou will be advised by our legal advisors as to Hong Kong laws and our compliance adviser as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the **[REDACTED]** (the "**Waiver Period**"). Pursuant to paragraph 13 under Chapter 3.10 of the Guide for New Listing Applicants, the waiver is granted on the conditions: (i) our Company appoints Ms. Lam, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary, to assist Ms. Zhou in discharging her functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Ms. Lam, during the three-year period, ceases to provide assistance to Ms. Zhou, or if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Zhou to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will demonstrate to and seek the Stock Exchange's confirmation that Ms. Zhou, having had the benefit of Ms. Lam's assistance for three years, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver wouldn't be necessary. For more details of Ms. Lam and Ms. Zhou's biographies, please refer to "Directors and Senior Management — Joint Company Secretaries".

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Liu Shi (劉石)	Room 302, No. 127, Lane 667 Jufeng Road, Pudong New District Shanghai, the PRC	Chinese
Mr. Yang Yueqi (楊月啟)	Room 502, No. 5, Lane 3336, Jinxiu Road, Pudong New Area, Shanghai, the PRC	Chinese
Ms. Zheng Hong (鄭鴻)	Room 101, No. 20 Lane 2055, Pingcheng Road Juyuan New Subdistrict, Jiading District Shanghai, the PRC	Chinese
Mr. Jiao Changjin (焦昌進)	Room 501, No. 2, Lane 160 Wubao Road, Minhang District Shanghai, the PRC	Chinese
Independent non-executive Directors		
Ms. Tang Xiaoyan (唐小燕)	Room 1001, No. 56, Lane 87, Yaohua Road, Pudong New Area, Shanghai, the PRC	Chinese
Dr. He Qin (何芹)	Room 508, Block 1, No. 333 Linping Road, Hongkou District Shanghai, the PRC	Chinese
Ms. Wu Xiaoqing (吳曉晴)	Flat A, 9/F, Tower 3A, Grand Austin, 9 Austin Rd West, Jordan, Kowloon, Hong Kong	Chinese (Hong Kong)

For further details, please refer to "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

[REDACTED]

[REDACTED]

Legal Advisers to the Company

As to Hong Kong laws:
Jun He Law Offices
7/F, AIA Central
1 Connaught Road Central
Central, Hong Kong

As to PRC laws:
JunHe LLP
26/F
HKRI Centre One,
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai, the PRC

As to U.S. outbound investment rules, sanctions and export control laws:
Han Kun LLP
425 Page Mill Rd, Suite 200, 2nd Floor
Palo Alto, CA 94306
USA

As to data compliance laws in the PRC:
Han Kun Law Offices
9/F, Office Tower C1, Oriental Plaza
1 East Chang An Ave.
Beijing, PRC

Legal Advisers to the Sole Sponsor and the [REDACTED]

As to Hong Kong laws:
Tian Yuan Law Firm LLP
Suites 3304–3309
33/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC laws:
Fangda Partners
24/F, HKRI Centre Two,
HKRI Taikoo Hui, 288 Shi Men Yi Road,
Shanghai, the PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717 Nanjing West Road Jing'an District Shanghai, the PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office and Head Office in the PRC	Rooms 707, 709, 710, Building 1, 7th Floor, No. 298 Xiangke Road, (Shanghai) Pilot Free Trade Zone the PRC
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	31/F, 148 Electric Road North Point, Hong Kong
Joint Company Secretaries	**Ms. Zhou Mao (周茂)** Room 1201 No. 1 Lane 219 Xizang North Road Jing'an District Shanghai, the PRC **Ms. Lam Yin Ling (林燕玲)** *(ACG, HKACG)* 31/F, 148 Electric Road North Point, Hong Kong
Authorized Representatives	**Mr. Liu Shi (劉石)** Room 302 No. 127 Lane 667 Jufeng Road Pudong New District Shanghai, the PRC **Ms. Lam Yin Ling (林燕玲)** 31/F, 148 Electric Road North Point, Hong Kong
Audit Committee	Ms. He Qin (何芹) *(Chairlady)* Ms. Tang Xiaoyan (唐小燕) Ms. Wu Xiaoqing (吳曉晴)
Nomination Committee	Mr. Liu Shi (劉石) *(Chairman)* Ms. Tang Xiaoyan (唐小燕) Ms. Wu Xiaoqing (吳曉晴)
Remuneration and Appraisal Committee	Ms. Tang Xiaoyan (唐小燕) *(Chairlady)* Mr. Liu Shi (劉石) Ms. Wu Xiaoqing (吳曉晴)
Strategy Committee	Mr. Liu Shi (劉石) *(Chairman)* Ms. Zheng Hong (鄭鴻) Mr. Yang Yueqi (楊月啟)
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Hong Kong

[REDACTED]

Principal Bankers	**China Merchants Bank Co., Ltd.** **Shanghai Zhangjiang Sub-branch** 1F, Building 2, German Center, No. 88 Keyuan Road, Pudong New Area, Shanghai the PRC **Bank of Communications Co., Ltd.** **Shanghai Zhangjiang Sub-branch** 1F–3F, Annex Building, Zhangjiang Tower, No. 560 Songtao Road, Zhangjiang Town, Pudong New Area, Shanghai the PRC **Industrial Bank Co., Ltd. Shanghai Zhangjiang Science and Technology Sub-branch** 1F South, No. 151 Keyuan Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Company's Website	**www.eigencomm.com** (A copy of this document is available on the Company's website. Except for the information contained in this document, none of the other information contained on the Company's website forms part of this document)

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 Sponsors, 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.*

ANALYSIS OF CELLULAR IOT CHIP MARKET

Overview of Cellular IoT Chip Market

Mobile networks are undergoing a profound transformation, evolving from traditional connectivity platforms into a unified infrastructure capable of seamless integration of sensing, computation, and intelligence. This shift is paving the way for an era of hyper-connectivity and intelligent interaction, reshaping industries and human experiences. In 2022, the total number of cellular IoT terminal users of China's three major telecom operators reached 1.9 billion, surpassing the total number of mobile phone users of 1.7 billion for the first time. This marked the first time that the scale of the terminal network for "things" exceeded that of "people". Subsequently, China's cellular IoT user base continued to grow rapidly, reaching 2.9 billion in 2025, maintaining its position as the world's largest IoT connection market.

Looking ahead to 2035, networks are expected to achieve unprecedented performance: supporting 10 million connections per square kilometer, reducing latency to below 100 microseconds, and delivering monthly average data usage of 1TB per user. Furthermore, the integration of terrestrial and satellite networks will deepen across architecture, protocols, and device testing, accelerating direct satellite-to-phone services and enabling seamless global coverage. This will foster innovative satellite-based service models and facilitate a truly interconnected, intelligent world.

Amid the rapid development of physical AI, cellular IoT chips are becoming a key infrastructure for achieving intelligence. Cellular IoT communications provide distributed intelligent terminals with highly reliable network access in all scenarios. Through integrated ground-ground networking technology, a seamless neural network is built for physical AI systems. Its low power consumption, high reliability, and strong real-time characteristics are expected to become a key enabling technology for the "intelligent connectivity" of all things.

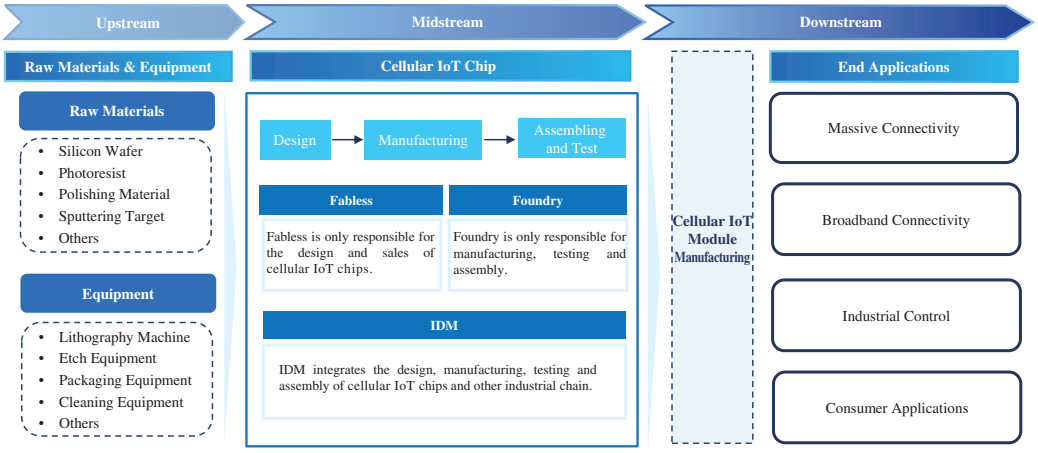
Cellular IoT chips are application-specific integrated circuits designed based on cellular mobile communication technology (2G/3G/4G/5G) standards. They primarily enable wireless connectivity for IoT devices. Based on technical characteristics and application scenarios, cellular IoT chips can be categorized as low-speed, medium-speed, high-speed, and ultra-high-speed. Low-speed chips are exemplified by NB-IoT and IoT NTN, while medium-speed chips primarily include Cat.1bis (includes Cat.1bis and Cat.1), 5G enhanced Reduced Capacity ("**5G eRedCap**") and NR NTN. High-speed chips include Cat.4 and 5G Redcap, and ultra-high-speed chips are exemplified by 5G eMBB.

Value Chain of Cellular IoT Chip Industry

The upstream of the cellular IoT chip industry chain consists of the core component supply segment, mainly including raw materials and equipment. The cellular IoT chip companies in the midstream of the value chain are responsible for designing, manufacturing, testing, and assembling of the cellular IoT chips. The Company is in the midstream of the cellular IoT chip Industry value chain. Currently, chip companies in the midstream of the industry chain are mainly operating under the fabless and foundry models. The downstream covers cellular IoT module products manufacturing with a high concentration of module manufacturers, and can be used in a wide range of application scenarios, including massive connectivity, broadband connectivity, industrial control, consumer applications, etc.

The semiconductor industry comprises mainly three business models, namely fabless, foundry and IDM. Fabless companies focus solely on chip design, without owning or operating wafer fabrication facilities. They outsource wafer manufacturing to independent foundries and entrust packaging and testing services to professional outsourced semiconductor assembly and test vendors. Foundry refers to specialized wafer manufacturing service providers which offer wafer fabrication and process technology services to fabless enterprises and IDM players, while engaging in no independent chip design or branded chip sales. IDM (Integrated Device Manufacturer) players adopt a vertically integrated model, covering the whole industrial chain including chip design, wafer manufacturing, packaging, testing and product sales in-house. To sum up, fabless companies conduct chip design, foundries provide wafer manufacturing services, and IDM enterprises integrate design, manufacturing and downstream businesses within one group.

Value Chain of Cellular IoT Chip Market



Source: Frost & Sullivan

Comparisons among Major Technology Routes of Cellular IoT Chip

Cellular IoT chips can be categorized into different technology routes. Each technology route exhibits distinct characteristics and plays a pivotal role in various applications with different features and advantages. 2G/3G have low speeds and high power consumption and are gradually being phased out. 4G technology is the cornerstone of current large-scale applications, mature in technology and with a well-developed ecosystem. 5G is the core direction for future evolution and will gradually become mainstream in medium- and high-speed scenarios. Satellite technology complements terrestrial networks, addressing coverage issues in oceans, deserts, and wilderness areas without ground networks. The features and applications of the major technology routes of cellular IoT chips are compared as follows:

Comparisons among Major Technology Routes of Cellular IoT Chip

	4G Technology			5G Technology			Satellite Technology	
	NB-IoT	Cat.1bis	Cat.4	5G RedCap	5G eMBB	5G eRedcap	IoT NTN	NR NTN
Bandwidth (Hz)	180K	20M	20M	20M	100M	5-20M	180K	Around 10M
Download Peak Data Rate (bps)	127K	10M	150M	220M	20G	10M	Around 100 K	Around 10M
Upload Peak Data Rate (bps)	159K	5M	50M	120M	10G	10M	Around 100 K	Around 10M
Power Consumption	Low	Low	Medium	Relatively Low	High	Relatively Low	Low	Relatively High
Cost	Low	Relatively Low	Medium	Relatively High	High	Medium	Relatively Low	High
Main Characteristics	Wide coverage, large-scale connections	Balanced performance	Higher data rate	Reduced complexity, cost	Ultra-high data rate	Lower bandwidth, cost-effective	Global coverage, no blind zones	Global coverage, high-speed
Application Scenario Examples	Smart meter, asset tracking, environmental monitoring	Industrial IoT, shared mobility, mobile payment terminals	Video surveillance, high-speed mobile	Industrial sensing, smart grid, internet of vehicles	Virtual reality, high-definition video, cloud PC	Simple IoT devices, low-data apps, smart wearables	Asset tracking, logistics monitoring, emergency communications	Aviation Internet, maritime broadband, future vehicle networking

Source: Frost & Sullivan

Downstream Application of Cellular IoT Chip

- ***Massive Connectivity:*** This scenario is characterized by the need to support an extremely high density of connected devices, such as smart meters, trackers, and mobile payment terminals. The primary requirement for chips in this domain is ultra-low power consumption to ensure long device lifetimes, coupled with the ability to efficiently manage a vast number of simultaneous, low-data-rate connections. Reliability and cost-effectiveness are also critical drivers for adoption in these large-scale deployments. AI is increasingly used for network optimization and predictive maintenance, helping telecoms and utilities detect anomalies and predict equipment failures.

- ***Broadband Connectivity:*** This scenario demands chips be capable of supporting applications that require high data throughput and reliable, continuous communication, including Customer Premise Equipment for providing mobile internet access, high-definition video surveillance cameras, AR and VR headsets, and in-vehicle infotainment systems. The chips for these applications prioritize high-speed data transmission, low latency, and stable performance to ensure a high-quality user experience, especially in mobile environments. AI-enhanced video analytics and on-device inference enable real-time object recognition, adaptive bandwidth control, and "intelligent connectivity".

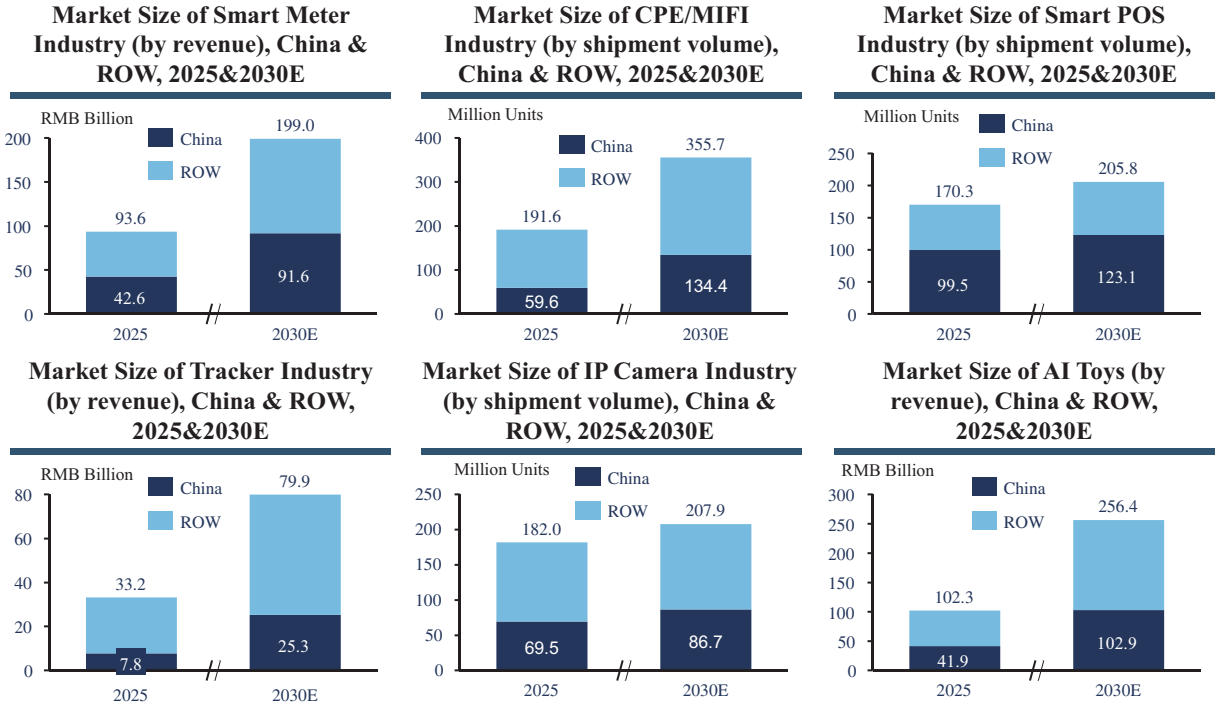
- ***Industrial Control:*** Targeting mission-critical and harsh operational environments, this scenario requires chips with high reliability, robustness, and strong interference resistance. Applications span smart grid systems for energy distribution, autonomous robots, intelligent equipment monitoring, and the emerging low-altitude economy. The chips must be designed to offer precise

control, very low latency for real-time operations, and the durability to operate in remote or challenging conditions. AI-enabled predictive control and fault diagnosis are becoming essential in industrial IoT environments. For instance, AI models embedded in control chips can detect early-stage anomalies in manufacturing lines, optimize energy usage in factories, and support autonomous decision-making for industrial robots.

- ***Consumer Applications:*** This scenario encompasses a wide range of personal and home devices that leverage cellular connectivity for enhanced functionality and convenience, including smart wearables, AI toys, PC/tablets, and health monitoring devices. Chips for these applications need to strike a balance between performance and ultra-low power consumption to ensure extended battery life. Furthermore, miniaturization and cost are significant factors for widespread adoption in the competitive consumer market. AI-integrated IoT chips enable local inference to enhance privacy and responsiveness without relying on cloud processing.

The following figure shows the market size of key downstream industries for cellular IoT chip:

Market Size of Key Downstream Industries for Cellular IoT Chip

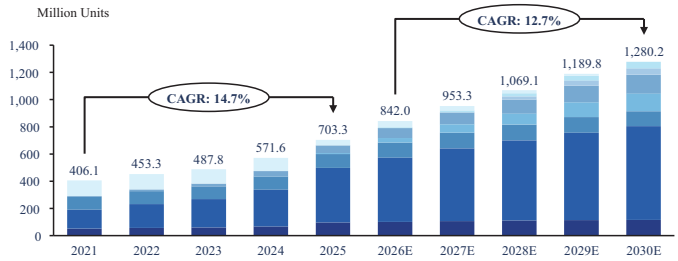


Source: Ministry of Industry and Information Technology, Frost & Sullivan

Market Size of Cellular IoT Chip Market

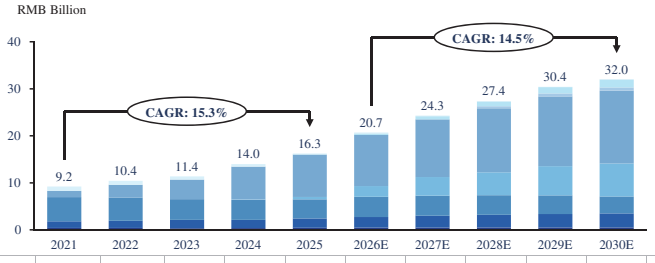
The global cellular IoT chip market exhibited high growth, the shipment volume of cellular IoT chip expanded from 406.1 million in 2021 to 703.3 million in 2025, achieving a CAGR of 14.7%. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching 1,280.2 million by 2030 with a CAGR of 12.7% from 842.0 million in 2026.

Market Size of Cellular IoT Chip (by shipment volume), Global, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 21-25	CAGR 26E-30E
NB-IoT	51.8	56.7	59.8	68.6	97.1	101.0	107.2	112.3	114.2	115.2	17.0%	3.5%
Cat.1bis	139.1	174.5	208.6	268.6	400.9	471.5	533.8	588.0	642.5	691.3	30.3%	11.5%
Cat.4	93.4	95.2	92.7	97.2	102.0	112.0	115.3	116.5	115.4	108.8	2.2%	1.3%
5G RedCap	-	-	-	1.1	7.0	33.7	62.0	80.2	107.1	128.0	N/A	78.7%
5G eMBB	6.1	13.6	22.0	40.0	56.3	72.4	87.7	104.8	123.7	140.8	74.3%	20.1%
5G eRedCap	-	-	-	-	-	-	-	21.4	35.7	44.8	N/A	N/A
Satellite IoT	-	-	-	-	1.4	7.6	15.3	24.6	35.7	48.6	N/A	103.1%
Others	115.8	113.3	104.9	96.0	38.7	43.8	31.9	21.4	15.5	2.6	-24.0%	-41.9%

Market Size of Cellular IoT Chip (by revenue), Global, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 21-25	CAGR 26E-30E
NB-IoT	0.4	0.4	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	1.6%	2.4%
Cat.1bis	1.4	1.5	1.8	1.7	2.0	2.3	2.5	2.7	2.9	3.0	9.1%	8.7%
Cat.4	5.1	4.9	4.4	4.3	4.1	4.3	4.3	4.2	4.0	3.6	-5.6%	-2.5%
5G RedCap	-	-	-	0.1	0.5	2.3	4.0	4.9	6.2	7.0	N/A	70.2%
5G eMBB	1.3	2.8	4.2	7.0	9.0	10.9	12.3	13.6	14.8	15.5	61.0%	11.5%
5G eRedCap	-	-	-	-	-	-	-	0.4	0.6	0.7	N/A	N/A
Satellite IoT	-	-	-	-	0.1	0.4	0.7	1.0	1.4	1.7	N/A	89.1%
Others	0.9	0.8	0.7	0.6	0.2	0.2	0.1	0.1	0.1	0.0	-32.4%	-47.5%

Source: Frost & Sullivan

- ***NB-IoT.*** NB-IoT chip has maintained strong momentum, the shipment volume of NB-IoT chips expanded from 51.8 million in 2021 to RMB97.1 million in 2025, reflecting a CAGR of 17.0%. Growth is supported by demand from smart meters, basement sensors, and rural deployments. The sector is projected to reach 115.2 million by 2030, with a CAGR of 3.5% from 2026.

- ***Cat.1bis.*** Cat.1bis chip remained the largest market proportion among the cellular IoT chip market, supported by well established LTE infrastructure and characterized by widespread adoption across large scale industrial and consumer applications. Its shipment volume grew from 139.1 million in 2021 to 400.9 million in 2025 with a CAGR of 30.3%, and is projected to reach 691.3 million by 2030 with a CAGR of 11.5%.

- ***Cat.4.*** Cat.4 demonstrated steady growth, with shipment volume expanded from 93.4 million in 2021 to RMB102.0 million in 2025 with a CAGR of 2.2%, supported by demand for consumer hotspots, home gateways, and connected vehicles. This sector is forecasted to increase to 108.8 million by 2030 with a moderate CAGR of 1.3% from 2026 to 2030, due to the technology substitution.

- ***5G RedCap.*** 5G RedCap emerged as a high-growth sector underpinned by a broad spectrum of industrial applications, with the power sector in particular demonstrating large scale commercial deployment. The shipment volume of 5G RedCap chips is 7.0 million in 2025, and is projected to grow to 128.0 million by 2030 with a CAGR of 78.7% from 2026 to 2030. The growth is mainly driven by the ongoing advancement of smart manufacturing, vehicular networking, and diversified intelligent terminals.

- ***5G eMBB.*** 5G eMBB showed robust growth, fueled by the need for CPE, in vehicle systems, and PCs/tablets. The shipment volume of 5G eMBB chips expanded from 6.1 million in 2021 to RMB56.3 million in 2025 with a CAGR of 74.3%. By 2030, this sector is projected to reach 140.8 million with a CAGR of 20.1% from 2026, attributable to the industry's significant transition from traditional PCs to AI enabled PCs.

- ***5G eRedCap.*** 5G eRedCap, as a further enhancement of 5G RedCap technology, aims to further reduce terminal complexity and cost. This positions it squarely for the low- and medium-speed IoT markets, which are more sensitive to cost and power consumption, and is possibly to expand in scale during the forecast period. The shipment volume of 5G eRedCap chips is expected to increase to 44.8 million in 2030.

- ***Satellite IoT.*** The satellite IoT market is projected to expand as universal connectivity demands, 5G standard integration, and broad application needs across transportation, industrial IoT, and public safety accelerate adoption. Large scale satellite constellations, ecosystem partnerships, and falling technology costs further position satellite IoT as a core element of future communication networks. The shipment volume of satellite IoT chips is expected to increase from 7.6 million in 2026 to 48.6 million in 2030, with a CAGR of 103.1%.

Market Drivers of Cellular IoT Chip Market

- ***Expanding Application Scenarios.*** The market demand for cellular IoT chips stems from the continuous expansion in both the breadth and depth of their application scenarios. The wave of digital transformation across various industries has catalyzed a widespread need for device connectivity and data interaction. An unprecedented number of devices are being integrated into the IoT ecosystem. This vision of interconnected everything is gradually becoming a reality, with each new domain of penetration and each deepening of existing scenarios directly translating into stable and diverse demand for the core connectivity component constituting the cornerstone of market development. Driven by advancements in connectivity standards like 5G RedCap and emerging technologies such as ambient energy harvesting. cellular IoT chip is rapidly expanding beyond traditional domains into emerging areas such as passive IoT, low-altitude economy, AI-Integrated edge devices, smart healthcare, etc.

- ***Advancement in Chip Technology and Manufacturing Processes.*** The continuous innovation in chip design and manufacturing technology serves as the intrinsic core driving force for industry development. Advanced process technology and architectural design enable breakthroughs in computational capabilities, integration density, and functional complexity, while significantly optimizing power consumption characteristics and physical dimensions. Such advancements empower end devices with enhanced connectivity performance, extended battery life, and more compact form factors, thereby meeting increasingly diverse and demanding application

requirements. Technological iteration not only catalyzes new application possibilities but also propels the entire industry toward higher performance, lower power consumption, and greater cost-effectiveness.

- ***Government Policy Support and Implementation of Industry Mandatory Standards.*** Government policies at all levels provide clear guidance and support for the development of IoT technology, while the formulation and implementation of mandatory industry standards directly regulate and promote the adoption of IoT technologies in specific sectors. China's Ministry of Industry and Information Technology (MIIT) released the "Notice on Promoting the Intelligent Connectivity of Everything Development of Mobile Internet of Things" in 2024, which sets ambitious goals for the mobile IoT ecosystem by 2027, including exceeding 3.6 billion mobile IoT terminal connections. The U.S. Federal Communications Commission has resumed its authority to auction mid- and low-band spectrum, providing more spectrum resources for the expansion and optimization of 5G networks, which is particularly important for RedCap devices that require reliable connectivity. Besides, Spain's Royal Decree 159/2021 introduces innovative technical requirements for V16 emergency warning lights, mandating that they integrate NB-IoT-based positioning and emergency call functions. Such top-level planning and regulatory frameworks establish stable, long-term policy expectations for the technological R&D, industrial investment, and market application of cellular IoT chips, serving as a crucial safeguard and driving force for market development.

Development Trends of Cellular IoT Chip Market

- ***Strong Demand for Low Power Consumption Chips***. The IoT market is demonstrating a broad and sustained demand for highly integrated and low power consumption chips, driven by the rapid expansion of connected devices and the need for long battery life, compact form factors, and efficient communication. These chips serve as the foundation for diverse application scenarios that require stable connectivity and energy-optimized operation. Meanwhile, the accelerating adoption of Edge-AI applications, such as intelligent sensors, smart cameras, and wearable terminals, is further reinforcing this demand. To enable real-time analytics and localized decision-making, these devices increasingly rely on compact AI computing modules embedded within cellular IoT chips, achieving on-device processing, enhanced energy efficiency, and reduced network latency across a wide range of smart-device environments.

- ***Rapid Penetration of 5G RedCap/eRedCap.*** To bridge the technical gap between high performance and low cost, 5G RedCap and its enhanced version have emerged and are accelerating their commercialization process. This technology aims to achieve the optimal balance of performance, power consumption, and cost through a streamlined architecture, thereby extending the advantages of 5G to a broader range of mid-tier IoT application domains. Industry applications are the main force in RedCap shipment, such as power, industrial wireless sensors, video surveillance, wearable devices, etc. Among them, the power industry is taking the lead in achieving large-scale shipments. Because 5G NR terminal capability is oversupply to the power communication network business, the lightweight 5G RedCap has become a key technical carrier for operators and communication equipment manufacturers to promote the intelligent construction of power grids. 5G RedCap intelligently fills the application gap between basic 4G and full-capacity 5G, providing the efficient and cost-optimized solution for IoT technology iteration. The rapid penetration and large-scale application of 5G RedCap indicate that the market is about to usher in a wave of large-scale device upgrades and replacements driven by technological innovation, injecting new growth momentum into the entire industry.

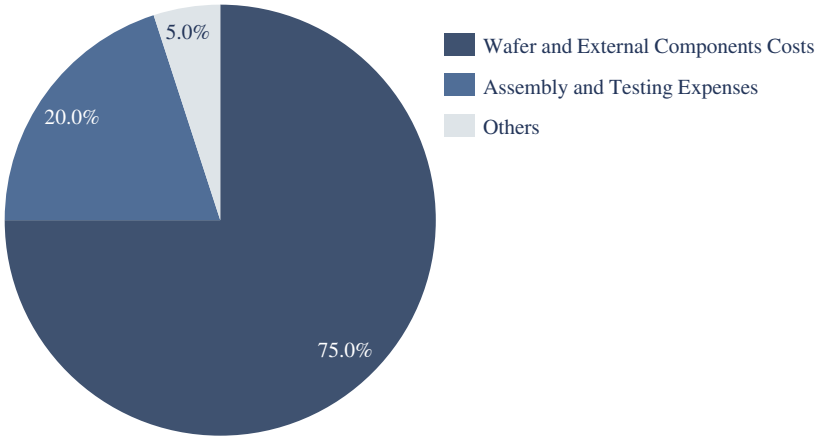
- ***Edge-AI Driving Product Upgrade.*** The migration of artificial intelligence applications from the cloud to the network edge is imposing direct requirements on the localized intelligent processing capabilities of terminal devices. This trend is driving cellular IoT chips to evolve beyond their traditional singular function of connectivity towards System-on-Chip architectures that integrate

artificial intelligence processing capabilities. Future chips will need to maintain low-power connectivity while possessing enhanced capabilities for local data perception, computation, and decision-making, thereby meeting the demands of intelligent applications that require high real-time performance and strong privacy security, ultimately guiding products towards upgrades in higher value tiers. Specifically, AI-driven edge applications such as smart vision sensors, intelligent metering, industrial inspection, and predictive maintenance are witnessing rapid adoption. The market for AIoT edge chips used in smart cameras, autonomous robots, and wearable health devices is expected to maintain double-digit annual growth during the forecast period, becoming a key catalyst for next-generation cellular IoT development.

Cost Structure of Cellular IoT Chip Market

The cost structure of cellular IoT chip mainly include wafer and external components costs as well as assembly and testing expenses. For fabless companies, the cost of procuring wafers from foundries constitutes the largest portion of the overall expenses. Wafer and external components costs account for approximately 75% of total cellular IoT chip cost in 2025. The remaining assembly and testing expenses account for about 20% of total cost of cellular IoT chip in 2025.

Cost Structure of Cellular IoT Chip Market, Global, 2025



Source: Frost & Sullivan

COMPETITIVE ANALYSIS OF CELLULAR IOT CHIP MARKET

Competitive Landscape of Cellular IoT Chip Market

The global cellular IoT chip market is characterized by intense competition, rapid growth, and a high degree of concentration, with dozens of players while only a limited number of major players dominating the industry landscape. This competitive landscape is shaped by technological innovation, cost competitiveness, and strategic focus on emerging applications across diverse global markets.

Chinese players have rapidly gained significant market share. Their core strengths include exceptional cost-performance ratio, aggressive time-to-market, and deep integration within the local supply chain and ecosystem. Chinese players excel in popular segments such as 4G Cat.1bis and NB-IoT, catering to massive IoT deployments such as smart meters, POS, and asset tracking as well as emerging AI-related applications.

The competitive landscape of China's cellular IoT chip market is characterized by a high degree of concentration and rapid technological evolution, shaped by a push for both cost leadership and indigenous innovation, with dozens of players in the market. The market is dominated by a handful of domestic players with full-mode baseband capabilities, who compete with entrenched international players for market share.

Ranking of Cellular IoT Chip Companies

In 2025, the total shipment volume of cellular IoT chips globally was 703.3 million units. The Company's global cellular IoT chips shipment volume reached 143.8 million units, accounting for 20.4% of the global cellular IoT chip market by shipment volume, ranking as the second largest player globally. The market size of global cellular IoT chip industry reached RMB16,251.3 million by revenue in 2025. The Company's revenue from cellular IoT chips was RMB629.5 million in 2025, accounting for 3.9% of the global cellular IoT chip market by revenue.

Since the downstream applications of cellular IoT chips are broad and diversified covering various speed products, the average price and profit margins of different cellular IoT chips products can vary significantly, and the high-speed products such as LTE Cat4, 5G Redcap and 5G eMBB with higher added value is expected to contribute to higher product average price and profit margins. The Company's products mainly focus on low and mid-speed cellular IoT chips with lower average price than high-speed products in 2025, and therefore the market share in terms of revenue of the Company is lower compared with the market share in terms of the shipment volume.

Ranking of Providers of Cellular IoT Chips (by shipment volume), Global, 2025

Rank	Company Name	Shipment Volume (million units)	Market Share
1	Company B	216.0	30.7%
2	**The Company**	**143.8**	**20.4%**
3	Company C	84.1	12.0%
4	Company D	63.0	9.0%
5	Company A	62.1	8.8%
	Others	134.4	19.1%
	Total	**703.3**	100.0%

Ranking of Providers of Cellular IoT Chips (by revenue), Global, 2025

Rank	Company Name	Revenue (RMB million)	Market Share
1	Company A	5,516.0	33.9%
2	Company B	1,517.7	9.3%
3	**The Company**	**629.5**	**3.9%**
4	Company C	597.3	3.7%
5	Company D	298.1	1.8%
	Others	7,692.6	47.3%
	Total	**16,251.3**	100.0%

Source: Company's Annual Reports, Frost & Sullivan

Notes:

Company A is a company headquartered in California, USA and listed on the Nasdaq, was established in 1985 and primarily offers wireless communication technologies and SoC products, including Snapdragon processors, baseband chips, and patent licensing for global telecom standards.

Company B is a company headquartered in Shanghai, China and listed on the Shanghai Stock Exchange, was established in 2015 and primarily offers wireless communication and large-scale SoC chipsets, baseband chips, non-cellular IoT solutions, and semiconductor IP licensing services.

Company C is a company headquartered in Shanghai, China, was established in 2001 and primarily offers fabless semiconductor chipsets for mobile devices and IoT applications, including multi-standard wireless communication SoCs.

Company D is a company headquartered in Shanghai, China, was established in 2017 and primarily provides AIoT cellular IoT SoC solutions such as NB-IoT, Cat.1 bis, and GNSS chips for smart devices and IoT applications.

Ranking of NB-IoT Chip Companies

In 2025, the total shipment volume of NB-IoT chips globally was 97.1 million units, accounting for approximately 14% of the global cellular IoT chip market. The Company's global NB-IoT chips shipment volume reached 39.0 million units, accounting for 40.2% of the global NB-IoT chip market by shipment volume, ranking as the second largest player globally. Other major NB-IoT chip companies include Company D, Company E, Company C, and Company A.

The market size of global NB-IoT chip industry reached RMB442.0 million in 2025, accounting for approximately 3% of the global cellular IoT chip market. The Company's revenue from NB-IoT chips was RMB161.4 million in 2025, accounting for 36.5% of the global NB-IoT chip market by revenue.

Ranking of Providers of NB-IoT Chips (by shipment volume), Global, 2025

Rank	Company Name	Shipment Volume (million units)	Market Share
1	Company D	41.0	42.3%
2	**The Company**	**39.0**	**40.2%**
3	Company E	7.9	8.2%
4	Company C	5.9	6.0%
5	Company A	0.9	0.9%
	Others	2.3	2.4%
	Total	**97.1**	100.0%

Ranking of Providers of NB-IoT Chips (by revenue), Global, 2025

Rank	Company Name	Revenue (RMB million)	Market Share
1	Company D	181.8	41.1%
2	**The Company**	**161.4**	**36.5%**
3	Company E	37.7	8.5%
4	Company C	27.9	6.3%
5	Company A	8.0	1.8%
	Others	25.2	5.7%
	Total	**442.0**	100.0%

Source: Company's Annual Reports, Frost & Sullivan

Note:

Company E is a company headquartered in Shenzhen, China, was established in 2004 and primarily offers fabless semiconductor design solutions, including SoCs for mobile devices, wireless communications, video processing, and AI applications.

Ranking of Cat.1bis Chip Companies

In 2025, the total shipment volume of Cat.1bis chips globally was 400.9 million units, accounting for approximately 57% of the global cellular IoT chip market. The Company's global Cat.1bis chips shipment volume reached 104.8 million units, accounting for 26.1% of the global Cat.1bis chip market by shipment volume, ranking as the second largest player globally. Other major Cat.1bis chip companies include Company B, Company C, Company D, and Company F.

The market size of global Cat.1bis chip industry reached RMB1,971.2 million in 2025, accounting for over 12% of the global cellular IoT chip market. The Company's revenue from Cat.1bis chips was RMB468.1 million in 2025, accounting for 23.7% of the global Cat.1bis chip market by revenue.

Ranking of Providers of Cat.1bis Chips (by shipment volume), Global, 2025

Rank	Company Name	Shipment Volume (million units)	Market Share
1	Company B	180.9	45.1%
2	**The Company**	**104.8**	**26.1%**
3	Company C	67.0	16.7%
4	Company D	14.2	3.5%
5	Company F	3.6	0.9%
	Others	30.4	7.6%
	Total	**400.9**	100.0%

Ranking of Providers of Cat.1bis Chips (by revenue), Global, 2025

Rank	Company Name	Revenue (RMB million)	Market Share
1	Company B	921.3	46.7%
2	**The Company**	**468.1**	**23.7%**
3	Company C	344.1	17.5%
4	Company D	69.8	3.5%
5	Company F	17.5	0.9%
	Others	150.4	7.6%
	Total	**1,971.2**	100.0%

Source: Company's Annual Reports, Frost & Sullivan

Note:

Company F is a company headquartered in Shenzhen, China, was established in 2021 and primarily offers mobile communication intelligent SoC chip products, including integrated AIoT Cat.1bis baseband-RF SoCs, focusing on applications for cellular IoT, mobile devices, and smart connected vehicles.

The table below summarizes the comparison between the Company and other industry major players in terms of their market position, cellular IoT chip technology routes, as well as product application scenarios.

Company	The Company	Company A	Company B	Company C	Company D	Company E	Company F
Market Position	Ranked the 3rd among global cellular IoT chip providers by revenue in 2025	Ranked the 1st among global cellular IoT chip providers by revenue in 2025	Ranked the 2nd among global cellular IoT chip providers by revenue in 2025	Ranked the 4th among global cellular IoT chip providers by revenue in 2025	Ranked the 5th among global cellular IoT chip providers by revenue in 2025	Ranked the 3rd among global NB-IoT chip providers by revenue in 2025	Ranked the 5th among global cellular IoT chip providers by revenue in 2025
Cellular IoT Chip Technology Routes	NB-IoT, Cat.1bis, etc., covering low to medium speed	NB-IoT, Cat.1bis, Cat.4, Cat.6, 5G RedCap,5G eMBB, etc., covering low to high speed	Cat.1, Cat.4, Cat.7, 5G RedCap, etc., covering medium to high speed	NB-IoT, Cat.1bis,Cat.4, Cat.6, 5GRedCap, etc., covering low to high speed	NB-IoT, Cat.1bis, etc., covering low to medium speed	NB-IoT, Cat.1bis, Cat.4, 5G RedCap, etc., covering low to high speed	Cat.1bis etc., covering medium speed
Application Scenarios	Smart meters, Alarming, trackers, mobile payment, IP Camera, AI devices, wearables, etc.	Industrial IoT, utility grids, automotives, industrial control, etc.	Industrial IoT, mobile payment, wearables, industrial control, etc.	Industrial IoT, smart meters, logistics, mobile payment, wearables, etc.	Smart meters, asset tracking, POS, mobile payment, etc.	Mobile payment, wearables, industrial control, smart meters, etc.	Wearables, mobile payment, asset tracking, industrial control, etc.

Source: Frost & Sullivan

Entry Barriers of Cellular IoT Chip Market

- ***Technology Barrier:*** The development of cellular IoT chips involves significant technological complexity, requiring deep expertise in cellular standards, such as NB-IoT, LTE, and 5G RedCap, low-power design, and integration of radio frequency (RF) and baseband functionalities. Achieving high reliability, ultra-low power consumption, and cost-effectiveness simultaneously demands prolonged R&D investment and iterative optimization. Start-ups and new entrants often struggle to master these core technologies, facing challenges in performance stability and compatibility, which creates a high barrier to innovation and market entry.

- ***Customer and Operator Certification Barrier:*** Cellular IoT chips must undergo rigorous certification processes from mobile operators and meet industry-specific standards. These certifications are time-consuming, costly, and require extensive field testing to ensure interoperability as well as network compatibility. Additionally, downstream customers, including module makers and OEMs, often require long-term validation for stability and durability. The lack of certification can severely limit market access, making it difficult for new players to gain trust and adoption.

- ***Industry Chain Barrier:*** Established chip companies benefit from mature supply chain relationships with foundries, assembling and test services, and module manufacturers, enabling cost control and stable production capacity. New entrants, however, face challenges in securing competitive wafer allocation, advanced process access, and economies of scale. Moreover, tight collaboration with module makers and OEMs is essential for design-in and market penetration, which requires time and proven performance to build, creating a high barrier to ecosystem integration.

- ***Talent Barrier:*** The design of cellular IoT chips requires highly specialized talent with expertise in communication protocols, analog circuit design, low-power optimization, system architecture, etc. Such professionals are scarce and often concentrated in leading semiconductor companies. Recruiting and retaining experienced teams demands significant financial resources and competitive incentives. For new entrants, building a capable team from scratch is both time-consuming and costly, forming a critical barrier to developing competitive products.

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 cellular IoT chip industry for the use in this Document, which was commissioned by us for a fee of RMB600,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China's government policies on cellular IoT chip industry will remain consistent during the forecast period, (iii) global and China's on cellular IoT chip industry will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summaries the principal PRC laws, regulations and rules relevant to the Company's business.

Regulatory System of the Integrated Circuit Industry

The primary regulatory authority of the integrated circuit industry in China is the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**"). The self-regulatory organization of the industry is the China Semiconductor Industry Association (the "**CSIA**").

The primary responsibilities of the MIIT include proposing new industrialization development strategies and policies, coordinating and resolving major issues in the new industrialization process, formulating and organizing the implementation of development plans for relevant industries, promoting strategic adjustment and optimization, upgrading of the industrial structure; formulating and organizing the implementation of industry plans, programs, and industrial policies for relevant industries, proposing policy suggestions for optimizing industrial layout and structure, drafting relevant laws and regulations, formulating rules, developing industry technical specifications and standards and organizing their implementation, and guiding quality management in the industry, etc.

The primary responsibilities of the CSIA include implementing relevant government policies and regulations, undertaking consulting research projects or providing services for the semiconductor industry, conducting in-depth research on major issues concerning the overall situation, strategy, and foresight of the semiconductor industry, tracking topical and thorny issues encountered in the industry development, proposing policy recommendations to relevant government departments to promote the development of the related industry; conducting statistical analysis of industry data as authorized; assisting the government in formulating/revising industry standards, national standards, as well as recommended standards, promoting the implementation of such standards; safeguarding the legitimate rights and interests of members, opposing unfair competition, protecting intellectual property rights, participating in promoting and organizing the formulation of industry regulations and conventions, and promoting the establishment and improvement of market mechanisms, etc.

The MIIT and the CSIA constitute the management system for the integrated circuit industry in China. Integrated circuit enterprises operate autonomously in the market under the constraints of the industry regulatory authority and the self-regulatory organization.

Regulations on the Integrated Circuit Industries

The integrated circuit industry is one of the pillar industries of the national economy. The State Council of the People's Republic of China (the "**State Council**") and several ministries and agencies under its leadership had issued a series of regulations aimed at promoting the development of the integrated circuit industry, which include the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (《國務院關於加快培育和發展戰略性新興產業的決定》), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (《國務院關於印發進一步鼓勵軟體產業和積體電路產業發展若干政策的通知》), the Outline for Promoting the Development of the National Integrated Circuit Industry (《國家積體電路產業發展推進綱要》), "Made in China 2025" (《中國製造(2025)》), the Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (《新時期促進積體電路產業和軟體產業高品質發展的若干政策》).

The Catalog of Key Products and Services in Strategic Emerging Industries (2016 version) (《戰略性新興產業重點產品和服務指導目錄(2016版)》), promulgated and implemented by the National Development and Reform Commission (the "**NDRC**") on January 25, 2017, listed integrated circuit chip design and services, as well as major integrated circuit products such as communication chips, multimedia chips, industrial control chips and automotive electronic chips, in the catalog of key products in strategic emerging industries, urging all departments and regions to better guide the work related to strategic emerging industries, further direct the flow of social resources, and give play to the leading and driving role of strategic emerging industries in economic growth, transformation and upgrading, and promoting high-quality development.

Pursuant to the Notice on Issues Concerning Corporate Income Tax Policies for Integrated Circuit Manufacturers (《關於積體電路生產企業有關企業所得稅政策問題的通知》) jointly promulgated by the Ministry of Finance (the "**MOF**"), the State Taxation Administration of the People's Republic of China (the "**STA**"), the NDRC and the MIIT on March 28, 2018, certain integrated circuit manufacturing enterprises enjoy enterprise income tax exemptions or reductions. According to the Announcement on Income Tax Policies for Integrated Circuit Design and Software Enterprises (《關於積體電路設計和軟體產業企業所得稅政策的公告》) jointly promulgated by the MOF and the STA on May 17, 2019, legally established integrated circuit design enterprises and software enterprises satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires. In accordance with the Announcement on Corporate Income Tax Policies for Promoting the High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進積體電路產業和軟體產業高品質發展企業所得稅政策的公告》) jointly promulgated by the MOF, the STA, the NDRC and the MIIT on December 11, 2020, state-encouraged integrated circuit design, equipment, materials, packaging, testing enterprises and software enterprises are, from their profit-making year, exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year; enterprises or projects that satisfied the conditions under the original policies and had entered the incentive period in or before 2019 may, provided that they also satisfy the foregoing provisions, enjoy the relevant preferences in accordance with the Announcement, whereby the periodic exemption/reduction incentives may be calculated pursuant to the Announcement, allowing them to enjoy the preferences for the remaining period until its expiry.

Pursuant to the Notice by the MOF, the General Administration of Customs of the People's Republic of China (the "**GACC**") and the STA of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (《財政部、海關總署、稅務總局關於支持積體電路產業和軟體產業發展進口稅收政策的通知》) jointly promulgated on March 16, 2021, and the Notice by the MOF, the NDRC, the MIIT, the GACC and the STA of the Measures for the Administration of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (《財政部、國家發展改革委、工業和信息化部、海關總署、稅務總局關於支持積體電路產業和軟體產業發展進口稅收政策管理辦法的通知》) jointly promulgated on March 22, 2021, from July 27, 2020 to December 31, 2030, the integrated circuit industry is subject to certain installment tax payment policies and import tariff exemption policies.

On March 12, 2026, the National People's Congress of the People's Republic of China (the "**NPC**") approved the Outline of the 15th Five-year Plan for National Economic and Social Development (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》), which provides that the PRC shall adopt extraordinary measures to promote, across the entire industrial chain, decisive breakthroughs in the research and development of key and core technologies in key areas such as integrated circuits, industrial mother machines, high-end instruments, basic software, advanced materials and biomanufacturing.

Pursuant to the Notice of the MOF and the STA on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (《財政部、稅務總局關於積體電路企業增值稅加計抵減政策的通知》), which was promulgated on April 20, 2023, from January 1, 2023 to December 31, 2027, enterprises engaged in the design, production, packaging and testing, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

Regulations on Import and Export of Goods and Technologies

In accordance with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the Standing Committee of the National People's Congress of the People's Republic of China (the "**NPCSC**") on May 12, 1994 and last amended on December 27, 2025, which became effective on March 1, 2026, and the Notice of the Enterprise Management and Inspection Department on Matters Related to the Filing of the Consignees and Consignors of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the GACC on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required. In the case of importing or exporting freely traded technologies, the contracts thereof shall be filed with the department of foreign trade under the State Council or the authority it entrusts with such filing.

Pursuant to the Regulations of the People's Republic of China 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, effective as of January 1, 2002 and last amended on March 10, 2024, which came into effect on May 1, 2024, except for those explicitly prohibited or restricted by laws or administrative regulations, the State Council permits the free import and export of goods and maintains a fair, free and orderly import and export trade order.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the NPCSC on January 22, 1987 and last amended on April 29, 2021, which became effective on the same date, the customs of the People's Republic of China is the state authority responsible for the supervision and control over all arrivals in and departures from the customs territory. The customs shall, in accordance with relevant laws and administrative regulations, exercise its various powers of supervision and control, including supervising and controlling the means of transport, goods, luggage, postal items and other articles entering or leaving the territory, assessing and collecting customs duties and other taxes and fees, investigating and suppressing smuggling, compiling customs statistics and handling other customs matters.

The Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (the "**Export Control Law**") promulgated by the NPCSC on October 17, 2020, and effective as of December 1, 2020, imposes comprehensive state controls on the export of dual-use items, military products, nuclear items, and other goods, technologies, and services related to safeguarding national security and interests and fulfilling international non-proliferation obligations. The comprehensive control system includes the state export control administrative authorities, in accordance with the Export Control Law and relevant laws and administrative regulations, formulating and adjusting the export control list of controlled items in accordance with export control policies and prescribed procedures in conjunction with relevant departments, and promptly publishing the same. Furthermore, based on the needs of safeguarding national security and interests or fulfilling international obligations such as non-proliferation, and upon approval by the SC, or upon approval by the SC and the Central Military Commission, the state export control administrative authorities may implement temporary control on goods, technologies, and services not included in the export control list, and shall announce such measures.

Other Significant PRC Regulations Affecting Our Business Operations in the PRC

Laws and regulations relating to Company Law and foreign investment

The formation, operation and management of enterprises in the PRC are governed by the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the NPCSC on December 29, 1993, effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively. Under the Company Law, companies are categorized into two types, i.e. limited liability companies and companies limited by shares. The Company Law also applies to foreign-invested limited liability companies and companies limited by shares. Under the Company Law, if there are other provisions in the laws relating to foreign investment, such provisions shall prevail.

On March 15, 2019, the NPC promulgated the Law of the People's Republic of China on Foreign Investment (《中華人民共和國外商投資法》) (the "**FIL**"). The FIL took effect on January 1, 2020 and has become the fundamental law regulating foreign-invested enterprises wholly or partially invested by foreign investors. In accordance with the FIL and the Regulations for the Implementation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019, which came into effect on January 1, 2020, foreign investment refers to the investment activities carried out directly or indirectly in the PRC by foreign natural persons, enterprises or other organizations (hereinafter referred to as "**foreign investors**"), including the following circumstances: (I) foreign investors alone or jointly with other investors establish foreign-invested enterprises within the territory of the People's Republic of China; (II) foreign investors acquire shares, equity, property shares or other similar interests in enterprises within the territory of the People's Republic of China; (III) foreign investors alone or jointly with other investors invest in new construction projects within the territory of the People's Republic of China; (IV) other forms of investment prescribed by the laws, administrative regulations or the State Council.

The PRC implements a pre-access national treatment plus negative list management system for foreign investment, which means that foreign investors and their investments are given treatment no less favorable than that accorded to domestic investors and their investments at the stage of investment access; the so-called negative list refers to the special access management measures that the State has stipulated to be applied to foreign investment in specific areas, and the State grants national treatment to foreign investment that is not on the negative list.

The Catalogue of Industries Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) issued by the NDRC and the Ministry of Commerce on December 15, 2025 (effective February 1, 2026), and the Special Administrative Measures for Foreign Investment Entry (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單) (2024年版)》) issued by the NDRC and the Ministry of Commerce on September 6, 2024 (the "**Negative List**"), which became effective on November 1, 2024, together constitute the Catalogue of Industries Encouraging Foreign Investment and the Special Administrative Measures for Foreign Investment Access to Industries Restricted or Prohibited for Foreign Investment, of which the Negative List has uniformly listed the special administrative measures in respect of foreign investment access, such as shareholding requirements and senior management requirements. Fields outside the Negative List are managed in accordance with the principle of consistency between domestic and foreign investments.

The Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) were issued by the Ministry of Commerce and the State Administration for Market Supervision and Administration on December 30, 2019 and came into effect on January 1, 2020. According to the Measures for the Reporting of Foreign Investment Information, foreign investors carrying out investment activities directly or indirectly in the PRC shall report investment information to the

competent commerce department by the foreign investor or foreign-invested enterprise in accordance with the Measures. When submitting annual reports, foreign-invested enterprises shall report basic information about the enterprise, information about investors and their de facto controllers, information about the enterprise's operation and assets and liabilities, and information about obtaining relevant industry licenses if special administrative measures for foreign investment access are involved.

Laws and regulations relating to intellectual property

Patent

In accordance with the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "**Patent Law**") promulgated by the NPCSC on March 12, 1984, as amended on September 4, 1992, August 25, 2000, December 27, 2008, October 17, 2020, and with the latest amendment effective on June 1, 2021, and the Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, as last amended on December 11, 2023, and as last amended and effective on January 20, 2024, inventions are defined as inventions, utility models and exterior designs. Inventions and utility models for which patents are granted shall possess novelty, inventiveness and utility. The Patent Office under China National Intellectual Property Administration is responsible for uniformly accepting, examining and approving patent applications. The term of a patent right for an invention is twenty years, the term of a patent right for a utility model is ten years, and the term of a patent right for an exterior design is fifteen years, all calculated from the date of application.

Trademark

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the NPCSC on August 23, 1982, as subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, respectively, and lately revised on June 26, 2026 with the latest revision to take effect on January 1, 2027, and the Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, effective on September 15, 2002, as amended on April 29, 2014 and last amended and effective on May 1, 2014, the validity period of a registered trademark is ten years from the date of approval of registration. If the registered trademark expires and needs to be used continuously, the trademark registrant shall, within twelve months prior to the expiration date, go through the renewal procedures in accordance with the provisions of the law; if it fails to do so within this period, it may be given a grace period of six months. Each renewal of registration is valid for ten years, calculated from the day after the expiration of the previous validity of the trademark. Failure to apply for renewal procedures at the end of the period will lead to cancelation of the registered trademark.

Copyright

The Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), promulgated by the NPCSC on September 7, 1990 and last amended on November 11, 2020, with the latest amendment taking effect on June 1, 2021, and the Regulations for the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013, with the latest amendment taking effect on March 1, 2013, provide for the legal protection of copyrights, as well as the categorization of works, and the acquisition of copyrights and the protection of copyrights and their related rights.

Domain Name

The Measures for the Administration of Internet Domain Names (《互聯網功能變數名稱管理辦法》) issued by the MIIT on August 24, 2017, which took effect on November 1, 2017, and the Rules for the Implementation of the Registration of National Top-Level Domain Names (《國家頂級功能變數名稱註冊實施細則》) issued by China Internet Network Information Center (the "**CNNIC**") on June 18, 2019, provide legal protection for domain names. The MIIT is the regulatory body responsible for the administration of Internet domain names in the PRC, and CNNIC is responsible for the registration and administration of national top-level domain names. Domain name registration is handled through domain name registration service organizations established in accordance with relevant regulations. Upon successful registration, the applicant shall become the domain name holder.

Layout-Designs of Integrated Circuits

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (積體電路佈圖設計保護條例) (the "**Protection Regulations**") promulgated by the State Council on April 2, 2001 and effective as of October 1, 2001, layout-designs created by PRC natural persons, legal persons, or other organizations shall enjoy the exclusive rights of layout-designs in accordance with the Protection Regulations. The exclusive right of a layout-design shall be established upon registration with the administrative department for intellectual property under the State Council. Unregistered layout-designs are not protected by the Protection Regulations. The term of protection for the exclusive right of a layout-design shall be ten years, counting from the date of filing an application for registration or from the date of its first commercial exploitation anywhere in the world, whichever expires earlier. However, no matter whether it has been registered or put into commercial exploitation, a layout-design shall no longer be protected by the Protection Regulations fifteen years after the date of the completion of its creation.

Trade Secrets

In accordance with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) promulgated by the NPCSC on September 2, 1993 and amended on November 4, 2017, April 23, 2019 and June 27, 2025, respectively, with the latest amendment effective on October 15, 2025 and the Supreme People's Court's Provisions on Several Issues Concerning the Application of Law to the Trial of Civil Cases Involving Infringement of Trade Secrets (《最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定》), which were issued by the Supreme People's Court on September 10, 2020 and have come into effect on September 12, 2020, "trade secret" refers to the technical information, business information and other commercial information that is not known to the public, has commercial value, and is likely to create commercial interests or profits for the lawful owner or holder of the same and has been subject to the corresponding confidentiality measures taken by the owner. Pursuant to the Anti-Unfair Competition Law of the People's Republic of China, operators shall not commit the following acts of infringing upon the commercial secrets of others: (I) acquiring the commercial secrets of the right holder by theft, bribery, fraud, coercion, electronic intrusion or other improper means; (II) disclosing, using or permitting other people to use the commercial secrets of the right holder acquired by the means mentioned in the preceding paragraph; (III) violating the obligation of confidentiality or the requirements on keeping commercial secrets of the right holder, disclose, use or allow others to use the trade secrets in their possession; (IV) abetting, inducing, helping others to violate the obligation of confidentiality or violation of the requirements of the right holder to keep trade secrets, to obtain, disclose, use or allow others to use the right holder's trade secrets. If the third party knows or should know the above violations, but still obtains, uses or allows others to use the trade secrets, it is regarded as the infringement of trade secrets. The person whose trade secret has been infringed may request administrative corrective measures, and the supervisory authority shall order the cessation of the illegal behavior and impose a fine on the infringer.

Regulations on foreign exchange

The principal law regulating foreign exchange in China is the Regulations of the People's Republic of China on Foreign Exchange Control (中華人民共和國外匯管理條例) (the "**Foreign Exchange Control Regulations**"). The Foreign Exchange Administration Regulations were promulgated by the State Council on January 29, 1996 and came into effect on April 1, 1996, and were amended on January 14, 1997 and August 5, 2008, respectively. Under the Foreign Exchange Administration Regulations, the State does not impose restrictions on international payments in foreign currencies and foreign currency transfers under the current account. Foreign currency transactions under the capital account are still subject to restrictions and the approval or registration procedures of the General Administration of Foreign Exchange of the People's Republic of China (the "**SAFE**") or its local branches and other relevant Chinese government agencies.

In accordance with the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) issued by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, foreign-invested enterprises may purchase, sell or repatriate foreign currency at banks authorized to conduct foreign exchange business only after they have provided valid business certification documents and, in the case of capital account transactions, have obtained the approval of the SAFE or its local branch.

The SAFE issued the Circular of the State Administration of Foreign Exchange on the Reform of the Management of Foreign Exchange Capital Fund Settlement 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》) on March 30, 2015 (the "**SAFE Circular No. 19**"), which came into effect on June 1, 2015. Pursuant to SAFE Circular 19, foreign exchange capital funds in the capital account of a foreign-invested enterprise for which the foreign exchange bureau has confirmed the rights and interests of the monetary contribution (or for which the bank has registered the monetary contribution) may be settled at the bank in accordance with the actual operational needs of the enterprise. At the same time, the use of such RMB amounts shall still be subject to the restrictions set out in SAFE Circular No. 19.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Management Policy of Capital Account Settlement (《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 "**SAFE Circular No. 16**") issued by the SAFE on June 9, 2016, and amended on December 4, 2023, if there is any inconsistency between the previous circular (e.g., SAFE Circular No. 19) and SAFE Circular No. 16, SAFE Circular No. 16 shall prevail. SAFE Circular No. 16 will standardize the settlement of foreign exchange for all domestic institutions. In addition, the use of foreign exchange earnings from capital items by domestic institutions shall comply with the principles of truthfulness and self-consumption within the scope of business operation. SAFE Circular No. 16 reiterates that the foreign exchange income from capital items of domestic institutions and the RMB funds derived from their foreign exchange settlement may be used for expenditures under the current account within the scope of their own operations, as well as for expenditures under the capital account as permitted by laws and regulations. The use of RMB funds derived from foreign exchange earnings from capital items and their settlement by domestic institutions shall comply with the following provisions: (I) they shall not be used directly or indirectly for expenditures outside the scope of business of the enterprise or prohibited by national laws and regulations; (II) unless otherwise expressly provided, they shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings not higher than Level 2); (III) they shall not be used for the release of loans to non-affiliated enterprises except for cases expressly permitted by the scope of business; (IV) they shall not be used for the purchase of residential properties not for self-use (except for enterprises engaging in real estate development and real estate leasing).

Based on the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management to Support the Development of Foreign-Related Businesses (《國家外匯管理局關於優化外匯管理支援涉外業務發展的通知》) issued by the SAFE on April 10, 2020, the SAFE will push forward the reform of facilitating the payment of income under capital accounts on a nationwide basis. Provided that the use of funds is genuine, compliant and in line with the existing regulations for the management of the use of income under capital accounts, eligible enterprises will be allowed to use the income under capital accounts such as capital funds, foreign debt and income from overseas listing for domestic payments without having to provide materials proving authenticity to the banks on a case-by-case basis beforehand.

Distribution of dividends

Pursuant to the provisions of the 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.

On January 26, 2017, the SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Management and Improving the Examination of Authenticity and Compliance (《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》), which stipulates that when banks handle profit remittance business exceeding US$50,000 equivalent (excluding) for domestic institutions, they shall audit, in accordance with the principle of authentic transaction, the board of directors' resolution on profit distribution (or the partners' resolution on profit distribution), the original tax filing form, and the audited financial statements, and the amount of the current remittance and the date of remittance on the original tax filing form shall be affixed with an endorsement. The domestic organization shall make up for the losses of previous years in accordance with the law before remitting the profits.

Regulations concerning enterprise income tax and value-added tax

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "**EIT Law**") promulgated by the Standing Committee of the NPCSC on March 16, 2007, effective as of January 1, 2008, and last amended on December 29, 2018, enterprises are classified as resident enterprises and non-resident enterprises; the enterprise income tax rate for resident enterprises is 25%, and the enterprise income tax rate for non-resident enterprises is 20%. According to the EIT Law and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Implementation Regulations**") (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007, effective as of January 1, 2008, and last amended on April 23, 2019, resident enterprises shall pay enterprise income tax on their income derived from both inside and outside China. A non-resident enterprise that has established an organ or establishment in China shall pay enterprise income tax on the income derived by such organ or establishment from sources within China, as well as on income derived from sources outside China but which is effectively connected with such organ or establishment. A non-resident enterprise that has not established an organ or establishment in China, or which has established an organ or establishment but the income derived has no effective connection with such organ or establishment, shall pay enterprise income tax on its income derived from sources within China, but such tax shall be levied at a reduced rate of 10%.

In accordance with the EIT Law and the Regulations for the Implementation of the EIT Law, dividends, bonuses and other equity investment income between qualified resident enterprises are tax-exempt income.

Value-Added Tax

Pursuant to the PRC Value-added Tax Law (《中華人民共和國增值税法》) promulgated by the Standing Committee of the National People's Congress on December 25, 2024, which came into effect on January 1, 2026, as well as the Implementation Regulations for the Value-added Tax Law of the PRC (《中華人民共和國增值税法實施條例》) promulgated by the State Council on December 25, 2025, which came into effect on January 1, 2026, all entities selling goods, providing services or importing goods within the PRC shall pay value-added tax ("**VAT**"). The VAT rate for general VAT taxpayers engaging in sale of goods, provision of processing, repair and replacement services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the VAT rate for general VAT taxpayers engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, the transfer of land use rights, and the sale or importation of certain goods as specified in the PRC Value-added Tax Law, was adjusted to 9%.

Taxation on dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) (the "**Individual Income Tax Law**") promulgated by NPCSC on September 10, 1980, last amended on August 31, 2018 with the latest amendment becoming effective on January 1, 2019, and the Regulations on the Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) (the "**Implementation Regulations of the Individual Income Tax Law**") promulgated by the State Council on January 28, 1994, last revised on December 18, 2018 with the latest revision becoming effective on January 1, 2019, individual investors shall pay individual income tax at a rate of 20% on dividend income received from enterprises within China (regardless of whether the place of payment is within China), which shall be withheld and paid by enterprises in China, except for the income exempted from tax stipulated in international conventions and agreements signed by the PRC government, as well as other tax-free income and tax reductions stipulated by the State Council.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**") signed on August 21, 2006, the PRC government may impose a tax on dividends paid by Chinese companies to Hong Kong residents in accordance with PRC laws, but the tax imposed (if the beneficial owner of the dividend is not a company that directly holds at least 25% equity interest in the company paying the dividend) should not exceed 10% of the total amount of the dividend. However, according to the Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》第五議定書) (the "**Fifth Protocol to the Arrangement**") that came into effect on December 6, 2019, notwithstanding the other provisions of the Arrangement, if it is reasonably ascertained, having regard to all relevant facts and circumstances, that one of the main purposes of any arrangement or transaction directly or indirectly inducing a benefit under the Arrangement is to obtain the concessions, the concessions shall not be granted in respect of the relevant proceeds unless it can be established that the grant of the benefit in such circumstances is in accordance with the purpose and objective of the relevant provisions of the Arrangement.

In addition, the application of the dividend clause under tax agreements is subject to the provisions of the PRC tax laws and regulations, including the guidelines set forth in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》). Compliance with these regulations is essential for determining the tax treatment applicable to dividends under the Arrangement.

Corporate Investors

According to the Enterprise Income Tax Law (《企業所得税法》) and the Regulation on the Implementation of the Enterprise Income Tax Law (《企業所得税法實施條例》), nonresident enterprises shall pay enterprise income tax on their income derived from China (including dividends, bonuses and other equity investment income paid by Chinese enterprises). However, if a non-resident enterprise has not established an office or establishment in China, or if it has established an office or establishment but the income obtained has no actual connection with the office or establishment, it shall be levied enterprise income tax at a reduced rate of 10%. The above-mentioned income tax payable by non-resident enterprises shall be withheld at source, and the income payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or payment due at the time of payment or due for payment. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-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税有關問題的通知》) issued by the State Administration of Taxation on November 6, 2008 further stipulated that when Chinese resident enterprises distribute dividends to H-share holders which are overseas non-resident enterprises for 2008 and subsequent years, enterprise income tax will be withheld and paid at a uniform rate of 10%.

Under the Arrangement, the PRC government can tax dividends paid by Chinese companies to Hong Kong residents in accordance with PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax levied shall not exceed: (I) 5% of the total amount of the dividends if the beneficial owner is a company that directly owns at least 25% of the equity of the company paying the dividends, or (II) in other cases, 10% of the total dividend amount.

In addition, according to the Notice on Issues Concerning the Application of Dividend Clauses of Tax Agreements (《關於執行税收協定股息條款有關問題的通知》), if a Chinese resident company pays dividends to a Hong Kong resident, and the Hong Kong resident (or dividend recipient) is the beneficial owner of the dividend, then the Hong Kong resident shall obtain the dividend. This dividend can enjoy agreed treatments, that is, the income tax payable by Hong Kong residents in China will be calculated according to the tax rate stipulated in the agreements. If the tax rate stipulated in the agreement is higher than the tax rate stipulated in domestic tax laws of the People's Republic of China, the taxpayer can still pay tax determined under domestic tax laws of the People's Republic of China. According to the dividend provisions of relevant tax agreements, if a Hong Kong resident directly owns more than a certain proportion of the equity of a Chinese resident company that pays dividends, the dividends obtained by the Hong Kong resident may be taxed at the rate specified in the tax agreements. If a Hong Kong resident needs to enjoy the benefits of this tax treaty, the following conditions must be met at the same time: (I) according to the provisions of the tax agreements, the Hong Kong resident receiving dividends should be a company; (II) all the ownership rights and interests of Chinese resident companies directly owned by the Hong Kong resident and the proportion of shares with voting rights shall comply with the prescribed proportion; (III) at any time within 12 consecutive months before receiving dividends, the proportion of equity directly owned by the Hong Kong resident in the Chinese resident company shall comply with the proportion stipulated in the tax agreements. Transactions or arrangements with the main purpose of obtaining preferential tax status should not constitute a reason for implementing agreed treatments. If a taxpayer improperly enjoys tax agreed treatments due to such transactions or arrangements, the competent tax authorities have the right to make adjustments.

Tax Agreements

Non-Chinese resident investors who live in countries that have signed double taxation agreements with China or who live in Hong Kong or the Macau Special Administrative Region can enjoy preferential tax rates on dividends from Chinese companies. China has entered into double taxation avoidance arrangements with Hong Kong and the Macao Special Administrative Region respectively, and has entered into double taxation avoidance agreements with several other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the U.S. Non-Chinese resident enterprises that have obtained preferential tax rates under relevant tax agreements or arrangements may apply to the Chinese tax authorities for a refund of the difference between the withholding tax and the tax calculated based on the preferential tax rates stipulated in the relevant tax agreements or arrangements. The application is subject to approval by the Chinese tax authorities.

Tax related to share transfers

Individual Investors

According to the Individual Income Tax Law (《個人所得税法》) and the Implementation Regulations of the Individual Income Tax Law (《個人所得税實施條例》), income from the transfer of property (including income from the transfer of securities, equity, and partnership property shares by individuals) is subject to individual income tax at a rate of 20%. According 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税的通知》) jointly issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998, starting from January 1, 1997, individual income tax continues to be exempted on the income obtained by individuals from transferring shares of listed companies.

Corporate Investors

According to the Enterprise Income Tax Law (《企業所得税法》) and the Regulations on the Implementation of the Enterprise Income Tax Law (《企業所得税法實施條例》), non-resident enterprises shall pay enterprise income tax on their income derived from China (including income from the transfer of equity investments in Chinese enterprises). For a non-resident enterprise having no office or establishment in China, or if an office or establishment has been established in China but the income obtained has no actual connection with the office or establishment, the enterprise income tax shall be levied at a reduced rate of 10%. The above-mentioned income tax payable by non-resident enterprises shall be withheld at source, and the income payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid or due for payment at the time it is paid or due for payment.

Product Liability

Pursuant to the Product Quality Law of the People's Republic of China (《中華人民共和國產品品質法》) promulgated by the NPCSC on February 22, 1993, and last amended on December 29, 2018, the production or sale of products that do not comply with the standards and requirements for safeguarding human health and personal and property safety is prohibited. Products shall not contain unreasonable dangers that threaten personal or property safety. If a personal injury or damage to the property of others is caused by a defect in a product, the victim may claim compensation from the producer of the product or from the seller of the product. If a producer or seller produces or sells non-compliant products, it shall be ordered to cease production and sale, the illegally produced or sold products shall be confiscated, and a fine shall be imposed; if there are illegal gains, such gains shall also be confiscated; if the circumstances are serious, the business license shall be revoked.

According to the relevant provisions of the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**"), if harm is caused to another person due to a defect in a product, the infringed party may claim compensation from the producer of the product or from the seller of the product. If the producer or seller, knowing that the product has a defect, continues to produce or sell it, or fails to take effective remedial measures as required by the Civil Code, thereby causing the death of another person or serious harm to their health, the infringed party has the right to claim corresponding punitive damages.

Labor, social insurance and housing provident fund

The Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the NPCSC on July 5, 1994 and last amended on December 29, 2018 and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), promulgated on June 29, 2007, effective on January 1, 2008, last amended on December 28, 2012 and effective on July 1, 2013 stipulate the relationship between employers and employees, and specifies the terms and conditions of employment contracts.

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the NPCSC on October 28, 2010, effective on July 1, 2011, and last revised on December 29, 2018, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and revised on March 24, 2019, as well as the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1994 and revised on March 24, 2002 and March 24, 2019, employers shall pay social insurance premiums such as basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance for their employees, as well as contribute to housing provident funds.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance premiums need not be paid, the court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance premiums in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the Labor Contract Law, the court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Regulations concerning information security and data privacy

Data Security and Cross-Border Data Transfer

The NPCSC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

The Regulations on Promoting and Regulating the Cross-border Flow of Data (《促進和規範數據跨境流動規定》) promulgated by the CAC and effective on March 22, 2024 stipulates that if a data handler provides data overseas and meets one of the following conditions, it shall apply for cross-border data transfer security assessment to the cyberspace administration of the State through the local provincial cyberspace administration: (1) critical information infrastructure operators provide personal information or important data overseas; (2) data handlers other than critical information infrastructure operators provide important data overseas, or have provided overseas personal information of more than 1 million people (excluding sensitive personal information) or sensitive personal information of more than 10,000 people since January 1 of that year.

Personal Information Protection

According to the Civil Code, personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people's personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPCSC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPCSC on November 7, 2016 and last amended on October 28, 2025, which became effective on the January 1, 2026, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

On September 24, 2024, the State Council issued the Regulation on the Administration of Cyber Data Security (《網路數據安全管理條例》) (the "**Cyber Data Security Regulation**"), which became effective from January 1, 2025. The Cyber Data Security Regulation stipulated certain requirements on network data processing activities, the security and protection of network data, and the reasonable and effective use of network data, and further shed light on the protection of personal information, security of important data, management of cross-border security of network data and obligations of network platform service providers.

Regulations concerning overseas listing

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**"), last revised by the NPCSC on December 28, 2019 and effective as of March 1, 2020, comprehensively regulates the activities of the securities market in the PRC, including the issuance and trading of securities, acquisitions of listed companies, disclosure of information, investor protection, stock exchanges, securities companies, securities registration and clearing institutions, securities service agencies, securities associations and securities regulatory authorities. The Securities Law further stipulates that domestic enterprises that directly or indirectly issue securities abroad or list

their securities abroad shall comply with the relevant provisions of the State Council, and that the specific provisions for subscription and trading of shares of domestic companies in foreign currencies shall be separately stipulated by the State Council. The China Securities Regulatory Commission (the CSRC) is a securities regulatory body established by the State Council, which is responsible for supervising and managing the securities market in accordance with the law, maintaining market order and safeguarding the legal operation of the market.

According to the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) issued by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023 and effective from March 31, 2023 (hereinafter referred to as the "**Management Trial Measures**"), where domestic enterprises seek overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Management Trial Measures. If an issuer procures an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting application documents for overseas securities issuance and listing. If the filing materials are complete and comply with regulations, the CSRC will complete the filing within 20 working days from the date of receipt of the filing materials and publicize the filing information through its website.

According to the Management Trial Measures, overseas securities issuance and listing is not allowed if one of the following circumstances exists: (I) financing through listing is explicitly prohibited by laws, administrative regulations or relevant national regulations; (II) the overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the law; (III) a domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the order of the socialist market economy in the last three years; (IV) a domestic enterprise is under formal investigation according to the law for being suspected of any crime or major violation of laws and regulations, but no clear conclusions have been made; or (V) there is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder or the actual controller.

Confidentiality and Archives Management for Overseas Listing

According to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the Overseas Securities Offering 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》) jointly issued by the CSRC and other departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the People's Republic of China and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing. A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly undergo the relevant procedures in accordance with the relevant regulations of the state.

Regulations Concerning H-share Full Circulation

According to the Management Trial Measures, for a domestic company undertaking direct offering and listing of securities overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares to be listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and authorize the domestic company to file with the CSRC on their behalf.

According to the Guidelines for H-share Companies to Apply for Full Circulation of Domestic Unlisted Shares (《H股公司境內未上市股份申請"全流通"業務指引》) issued by the CSRC on November 14, 2019 and revised on August 10, 2023, "full circulation" means listing and circulation of domestic unlisted shares of H-share companies (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders) on the Hong Kong Stock Exchange. Shareholders of domestic unlisted shares may, under the premise of complying with the relevant laws and regulations and the requirements of the policies on management of state-owned assets, foreign investment, and industry regulation, among others, determine the amount and proportion of shares whose circulation is applied for on their own through consultation, and entrust H-share companies with undergoing the recordation formalities with the CSRC. A domestic unlisted company limited by shares may undergo the recordation formalities with the CSRC in respect of "full circulation" while applying for overseas initial public offering and listing. A shareholder of domestic unlisted shares shall, according to the relevant business rules of China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), handle registration of transfer of shares, undergo the formalities of registration of shares, and quotation and listing of shares, among others, according to the relevant provisions of the Hong Kong market, and conduct information disclosure according to the law and regulations. H -share companies should submit relevant status reports to the CSRC within 15 days after the shares involved in the application are transferred to the CSDC.

On December 31, 2019, the CSDC and Shenzhen Stock Exchange jointly issued the Implementation Rules for H-Share Full Circulation Business (《H股"全流通"業務實施細則》), which are applicable to cross-border transfer registration, depository and holding, details maintenance, transaction entrustment and instruction transmission, settlement, clearing participant management, nominee holder services and other related operations involved in H-Share Full Circulation Business.

On February 7, 2020, CSDC issued the Guidelines for H-share Full Circulation Business (《H股"全流通"業務指南》), which apply to relevant businesses such as preparation for participating in H-share Full Circulation business, account arrangements, cross-border transfer registration and overseas centralized deposit, initial maintenance and change maintenance of domestic shareholding details, corporate actions, clearing and settlement, and risk management measures involved in H-share Full Circulation business. On the same day, China Securities Depository and Clearing (Hong Kong) Company Limited issued the China Securities Depository and Clearing (Hong Kong) Company Limited Guidelines for H-share Full Circulation Business (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》), which apply to relevant businesses such as share custody and deposit, agent services, settlement arrangements, and risk management measures involved in H-share Full Circulation business.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

Businesses operating in the United States are subject to a variety of federal, state and local laws and regulations ("**U.S. Regulations**"). The U.S. Regulations expected to be material to our operations are those relating to, among others, corporate income tax and contract law as described below.

Corporate Income Tax

U.S. corporate income tax is imposed at the federal level on all entities treated as corporations and by 44 states and the District of Columbia. The U.S. corporate income tax (CIT) rate is based on a progressive rate schedule; however, an alternative minimum tax provides for a flat rate with fewer deductions. Certain localities also impose corporate income tax. U.S. corporate income tax is imposed on all domestic corporations and on foreign corporations having income effectively connected with a U.S. trade or business.

Contract Law

Contract law in the U.S. governs the obligations established by agreements between private parties. Whether these agreements are express or implied, they create legally enforceable rights and duties. The law of contracts varies from state to state. Each state has its own set of rules and principles governing contracts. However, there are certain areas where federal contract law applies nationwide.

According to our U.S. legal advisers, during the Track Record Period and up to the Latest Practicable Date, we were not engaged in a U.S. trade or business for U.S. federal income tax purposes, and were not subject to U.S. federal corporate income tax on a net-income basis or related U.S. filing obligations. We have complied, in all material respects, with applicable U.S. laws and regulations, and have not been subject to any material penalty, investigation or enforcement action by U.S. authorities during the Track Record Period and up to the Latest Practicable Date.

U.S. EXPORT CONTROL LAWS AND OUTBOUND INVESTMENT RULES

U.S. Export Controls Laws and Regulations

The U.S. export controls regime is a system of laws and regulations administered primarily by the BIS to protect national security and advance U.S. foreign policy objectives. These controls are implemented through the EAR, which govern the movement of commercial and dual-use items, software, and technology that are subject to U.S. jurisdiction.

The EAR applies to three categories of transactions:

- Exports: shipments or transmissions of items from the United States to a foreign destination.
- Reexports: shipments or transmissions of U.S.-origin items, or items otherwise subject to the EAR, from one foreign country to another.
- In-country transfers: releases or shipments of such items within a single foreign country to a different end user or for a different end use than originally authorized.

For EAR purposes, the term "items" is broad and includes physical commodities (such as circuit boards or hardware), software, and technology (such as blueprints, design plans, technical data, or know-how). The method of transmission does not affect whether a transaction is controlled. For example, an export can occur through regular mail, hand-carriage, fax, email, cloud upload/download, or even a phone conversation.

In addition to direct exports from the United States, the EAR also extends to certain foreign-produced items:

- Under the Foreign Direct Product ("**FDP**") Rule, foreign-made items may be subject to the EAR if they are the direct product of specified U.S. technology or software, or are produced in a plant or by equipment that is itself a direct product of such U.S. technology or software. Several China-specific FDP rules extend these controls further by applying to items that meet both a defined product scope (based on ECCNs or technical parameters) and a defined destination or end-user scope (such as shipment to designated Chinese companies or entities).

- Under the De Minimis Rule, a foreign-made item may be subject to the EAR if it contains more than a threshold percentage of controlled U.S.-origin content. The threshold is generally 25% for most countries (including China), and 10% for comprehensively sanctioned countries such as Iran and North Korea. Only controlled content (i.e., items that would require a license if exported directly from the United States to the destination country) is counted toward this threshold.

Whether a license is required for an item subject to the EAR depends on several factors: the item's classification on the CCL, its destination, the end use in the transaction, and the identity of the end user. Not every transaction involving items subject to the EAR requires a license, and some transactions may qualify for specific license exceptions. However, transactions involving restricted destinations, prohibited end uses, or designated end users (such as those on the Entity List) typically require a license, which may be subject to a policy of denial.

Final Rule by the U.S. Department of the Treasury

On October 28, 2024, the U.S. Department of the Treasury (the "**Department of Treasury**") issued the "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Final Rule**") to implement an outbound investment program that restricts investments by U.S. Persons and U.S.-controlled entities. The Final Rule became effective on January 2, 2025. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**") was passed by the U.S. congress and became law. The COINS Act directs the U.S. Secretary of the Treasury to issue regulations restricting United States outbound investments in countries of concern involving certain technologies and will supersede the Final Rule. It was instructed that the regulations implementing the relevant provisions of the new law will be issued within 450 days of its enactment (i.e., before March 2027). The Final Rule remains in effect until the regulations implementing the COINS Act are issued.

Application Scope of the Final Rule

The Final Rule applies to investments by U.S. Persons as to "covered transactions" involving "covered foreign person" associated with a "country of concern" in "covered activities." Below are certain key concepts for the application of the Final Rule:

- "Covered Transactions" under the Final Rule include (1) acquisition of an equity interest or contingent equity interest; (2) provision of a loan or a similar debt financing arrangement that affords the U.S. Person an interest in profits, right to appoint members of the board of directors (or equivalent), or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan; (3) conversion of a contingent equity interest; (4) greenfield and brownfield investments; (5) entrance into a joint ventures; and (6) acquisition of a limited partner or equivalent interest in a venture capital fund, private equity fund, fund of funds, or other pooled investment fund.

- "Covered Foreign Person" under the Final Rule include (1) an entity that is (a) established or with principal place of business in China (including Hong Kong or Macau) or (b) 50% owned by an entity described in (a) above, the Chinese government, or a citizen or a permanent resident of China, where in both cases, the entity engages in a "covered activity"; (2) an entity with Chinese ties, meaning an entity that (a) has certain governance, voting or equity interests, or management rights in an entity identified in (1) above, and (b) attributes more than 50% of its revenues, net income, capital expenditures, and operating expenses to the entity identified in (1) above; and (3) an entity described in (1) (a) and (b) above that participates in a joint venture that engages, or plans to engage, in a "covered activity".

- "Country of Concern" is the People's Republic of China, including Hong Kong and Macau.

- "Covered Activities" refer to activities in three sensitive sectors: (1) semiconductors and microelectronics sector, (2) quantum information technologies sector and (3) artificial intelligence sector that pertain to specified categories of national security technologies and products.

Main Restrictions under the Final Rule

The Final Rule prohibits or requires notification of certain investments by U.S. Persons in Covered Foreign Persons. Moreover, it prohibits U.S. Persons from knowingly directing investments in Covered Foreign Persons by non-U.S. investors if such investments would be prohibited if undertaken by a U.S. Person. Among the three sensitive sectors covered by the Final Rule, the sector that is relevant to our Group is the semiconductors and microelectronics sector.

In the semiconductors and microelectronics sector, "prohibited transactions" include covered transactions involving a covered foreign person that engages in:

- developing or producing any electronic design automation software for the design of integrated circuits or advanced packaging;

- developing or producing certain front-end semiconductor fabrication equipment or equipment for volume advanced packaging;

- designing any integrated circuit that meets or exceeds the performance parameters in ECCN 3A090.a, or integrated circuits designed for operation at or below 4.5 Kelvin;

- fabricating logic integrated circuits using a non-planar transistor architecture or with a technology node of 16/14 nanometers or less; NAND memory integrated circuits with 128 layers or more; or DRAM integrated circuits using a technology node of 18 nanometer half-pitch or less;

- packaging any integrated circuit using advanced packaging techniques; or

- developing, installing, selling, or producing any supercomputer enabled by advanced integrated circuits meeting specified theoretical compute capacity.

"Notifiable transactions" with respect to the semiconductors and microelectronics sector include covered transactions involving a covered foreign person that engages in:

- designing any integrated circuit that is not otherwise described in the prohibited categories above;

- fabricating any integrated circuit that is not otherwise described in the prohibited categories above; or

- packaging any integrated circuit that is not otherwise described in the prohibited categories above.

Certain transactions that would have been considered prohibited or notifiable transactions may be exempted from the prohibition or notification requirements and may fall into "excepted transaction" under the Final Rule. The exemptions include (1) investments in publicly traded securities, (2) securities issued by investment companies, (3) certain limited partner or equivalent investments, (4) derivatives, (5) full buyouts from a person of a country of concern, (6) intracompany transactions, (7) certain syndicated debt financings, (8) equity-based compensation, and (9) certain transactions involving a person of a country or territory outside of the U.S. based on a determination by the U.S. Secretary of the Treasury.

The publicly traded securities exemption applies to securities traded on a securities exchange in any jurisdiction, as long as (i) the trade does not afford the U.S. Person rights beyond standard minority shareholder protections with respect to the covered foreign person and (ii) the shares are officially available for public trading after the initial public offering. On December 23, 2025, the U.S. Department of the Treasury issued new guidance regarding the Final Rule through "Frequently Asked Questions". The new guidance clarified 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 the Final Rule, regardless of when a subscription agreement for such equity interest is entered into, as long as the transaction does not afford the U.S. Person rights beyond standard minority protections with respect to the issuer of such securities. Therefore, U.S. Persons may be able to rely on the publicly traded securities exemption for their **[REDACTED]** of our H Shares in the **[REDACTED]** if the relevant requirements are met. However, whether a transaction meets the requirements of the "publicly traded securities" exemption is highly fact-specific; any **[REDACTED]** seeking to rely on this exemption must consult their own legal advisors to make their own determinations as to the availability of the exemption for a particular transaction and their obligations under the Final Rule.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Below is a summary of certain laws and regulations in Hong Kong which are expected to be applicable to our business in Hong Kong:

Business Registration Ordinance

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every entity which carries on a business in Hong Kong to apply for a business registration.

Sale of Goods Ordinance

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The ordinance also sets out certain implied terms or conditions and warranties generally 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 contract for the 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; and

(iv) where there is a contract for sale by sample, (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negatived or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Import and Export Ordinance

The Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) (the "**IERR**"), imposes duties on importers and exporters to complete declaration with the Customs and Excise Department.

Under Section 6C of the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "**IEO**"), no person shall import any article prescribed in Schedule 1 of the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) (the "**IEGR**") except under and in accordance with an import license. Under Section 6D of the IEO, no person shall export any article specified in the second column of Schedule 2 of the IEGR except under and in accordance with an export license issued by the Director-General of Trade and Industry. Such import and export licenses are issued under Section 3 of the IEO.

Under Section 6A of the IEO, no person shall import to or export from Hong Kong any article prescribed in Schedule 1 to the Import and Export (Strategic Commodities) Regulations (Chapter 60G of the Laws of Hong Kong) except under and in accordance with an import or export license issued by the Director-General of Trade and Industry. Any person who contravenes this section commits an offense and is liable on summary conviction to a fine of HK$500,000 and to imprisonment for 2 years, and on conviction on indictment to an unlimited fine and to imprisonment for 7 years.

Under Regulations 4 and 5 of the IERR, any person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specified body with the Commissioner of Customs and Excise (the "**Commissioner**"). Exempted articles include transshipment cargo, transit cargo, articles for personal use or gifts. The declaration must follow the requirements that the Commissioner may specify and lodged within 14 days of such import or export. Any person who is required to lodge an import or export declaration but fails to do so without reasonable excuse shall be liable on summary conviction to a fine of HK$2,000, and, commencing on the day following the date of conviction, to a fine of HK$100 in respect of every day the declaration is still not lodged.

Inland Revenue Ordinance

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**IRO**") imposes taxes on property, earnings and profits in Hong Kong. The IRO provides, *inter alia*, that persons (which in addition to individuals include corporations, partnerships, trustees and bodies of persons) carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

To the best knowledge of the Directors, as advised by our Hong Kong legal advisors, during the Track Record Period and up to the Latest Practicable Date, our business has complied, in all material respects, with applicable Hong Kong laws and regulations and has not been subject to any material litigation in Hong Kong.

OUR HISTORY

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. Our chip portfolio spans low, medium, and high-speed wireless transmission, optimizing the "PPA (Power, Performance, and Area/Cost)" balance. Our history traces back to February 21, 2017, when Mr. Liu, our founder, chairman of the Board and general manager founded our Company. Led by our founder and research and development team with deep industry expertise and a strong track record, we continuously drive innovation in chip design and manufacturing technology. We offer cellular IoT chips that span all transmission speed domains, from low to high, supporting a broad array of real-world applications. On April 18, 2023, our Company was converted into a joint stock company with limited liability.

Milestones

The following sets out a summary of our key development milestones:

Year	Milestones
2018	Our Company was awarded Excellent Product Award Certificate (優秀產品獎證書) for our ultra-low power consumption product Narrowband cellular IoT chip EC616 (窄帶蜂窩物聯網芯片EC616) at the 20th China Hi-Tech Fair 2018 (第二十屆中國國際高新技術成果交易會) issued by China International High-Tech Achievements Fair Organizing Committee (中國國際高新技術成果交易會組委會).
2020	Our Company was awarded "2020 Best Domestic Communication Chip Product Award (2020年度最佳國產通訊類芯片產品獎)" and "2020 Most Innovative IC Design Enterprise Award (2020年度最具創新精神 IC 設計企業獎)" by Xinshiye (芯師爺) at the Munich South China Electronics Show (慕尼黑華南電子展). Our Company established a long-term strategic partnership with Qualcomm.
2021	Our Company was awarded "The top ten cutting-edge startups worth watching in the 5G ecosystem in 2021 (2021年5G生態最值得關注的十大新銳創業企業)" on 2021 Demo China (創新中國峰會) and Judges of the 2021 Qualcomm Ventures-Tencent 5G Ecosystem Plan Entrepreneurship Competition (2021高通創投-騰訊5G生態計劃創業大賽評委).
2022	Our Company's NB-IoT chip achieved the top global ranking in shipment volume. Our Company achieved the sales of over 10 million Cat.1bis chips in 2022.
2023	Our Company's NB-IoT chip continued to maintain the top global ranking in shipment volume.
2024	Our Company's NB-IoT chip continued to maintain the top global ranking in shipment volume. Our Company's Cat.1bis chip achieved the second global ranking in shipment volume.

Year	Milestones
	Our Company was awarded "National Specialized, Refined, Special and New Key Little Giant (國家專精特新重點"小巨人")" by Ministry of Industry and Information Technology (工業和信息化部) and Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會).
	Our Company was recognized as "Shanghai Enterprise Technology Center (上海市企業技術中心)" by Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會).
2025	Our Company was awarded "Shanghai Technology Giant (上海市科技小巨人)" by Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會) and Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會).

ESTABLISHMENT AND DEVELOPMENT OF THE COMPANY

A. Establishment of our Company and capital increase and equity transfer in June 2017

Our Company was established on February 21, 2017. Upon establishment, the registered capital of our Company was RMB200,000 and our Company had two Shareholders at the time, namely Mr. Liu and Mr. Xia Bin (夏斌), who had worked at Marvell for over 10 years and was formerly the ASIC Director at Marvell, holding 50.5% and 49.5%, respectively.

Pursuant to an equity transfer agreement dated June 21, 2017, Mr. Liu and Mr. Xia Bin each transferred 5% equity interest of our Company to another co-founder, Mr. Xiong Haifeng (熊海峰) for a consideration of RMB10,000 each, with reference to their respective contribution to the registered capital of our Company. Mr. Xiong is a seasoned semiconductor professional with over 20 years of experience, having previously held positions at Marvell, Atmel, and HiSilicon. Further, it was agreed among the Shareholders immediately after the transfer that they will inject additional capital at RMB1 per each registered capital for a total consideration of RMB3,300,000, specifically RMB1,519,000, RMB1,451,000 and RMB330,000 by Mr. Liu, Mr. Xia Bin and Mr. Xiong Haifeng, respectively. Accordingly, our registered capital increased from RMB200,000 to RMB3,500,000. Upon completion, our registered capital was owned as to 46%, 44% and 10% by Mr. Liu, Mr. Xia Bin and Mr. Xiong Haifeng, respectively.

B. Series Seed Investments and equity transfer from June 2017 to February 2018

i. Series Seed Investments in June 2017 and in February 2018

In June 2017 and February 2018, we and our then Shareholders entered into capital increase agreements with three **[REDACTED]** Investors (collectively the "**Series Seed Investments**"), pursuant to which they subscribed for the increased registered capital of RMB1,429,739 for a total consideration of RMB50,000,000. See "— **[REDACTED]** Investments" in this section for further details.

ii. Equity transfer in February 2018

On February 3, 2018, Changgu Fangshi entered into an equity interest transfer agreement whereby it transferred all its equity interests to Changgu Yingshi for a consideration of approximately RMB25,000,000 and assumed the obligation to subscribe to the remaining portion of the Changgu Fangshi's registered capital contribution, totaling RMB10,000,000. The general partner of Changgu Yingshi and Changgu Fangshi is Shanghai Yungu Investment Center (Limited Partnership)* (上海允谷投資中心(有限合夥)). The latest settlement date of the equity transfer was February 11, 2018.

C. Series Angel Investments, capital reduction and equity transfers from May 2018 to August 2019

i. Series Angel Investments in May 2018

On May 25, 2018, we and our then Shareholders entered into capital increase agreements with six **[REDACTED]** Investors (collectively the "**Series Angel Investments**"), pursuant to which they subscribed for the increased registered capital of RMB591,569 for a total consideration of RMB36,000,000. See "— **[REDACTED]** Investments" in this section for further details.

ii. Capital changes in March and June 2019

On March 6, 2019, our then Shareholders resolved to approve a reduction of our registered capital of RMB1,540,000 due to Mr. Xia Bin's divestment in our registered capital.

On June 27, 2019, our then Shareholders resolved to approve the capital injections of RMB798,000 and RMB742,000 by Eigen Chengzhi and Eigen Jihui, our Employees Shareholding Platforms, respectively. Upon completion of the aforementioned changes, Mr. Xia Bin ceased to be our Shareholder and the total registered capital remained unchanged at RMB5,521,308.

iii. Equity transfers in April and August 2019

From April 12 to April 30, 2019, Mr. Xiong Haifeng entered into equity transfer agreements and transferred a total of RMB330,697 of our registered capital of to eight Shareholders for a total consideration of RMB6,000,000, which was determined upon taking into account the status of our Group's business development at the time and the commercial consideration between the relevant parties. The latest settlement date of the equity transfers was June 17, 2019. On August 8, 2019, our then Shareholders resolved to approve the transfers a total of RMB193,022 of our registered capital from Mr. Liu, Mr. Xiong Haifeng, Eigen Chengzhi and Eigen Jihui to eight Shareholders at nil consideration as a result of the valuation adjustment mechanism set out in the investments agreements. See "— **[REDACTED]** Investments" in this section for further details.

D. Series A Investments and equity transfers from October 2019 to April 2020

On October 11, 2019, we and our then Shareholders entered into capital increase agreements with six **[REDACTED]** Investors (collectively the "**Series A Investments**"), pursuant to which they subscribed for the increased registered capital of RMB1,022,465 for a total consideration of RMB100,000,000. See "— **[REDACTED]** Investments" in this section for further details.

On March 11, 2020 and April 30, 2020, two of our Shareholders, Shenzhen Jiangu and Shanghai Xiangchuang, respectively, entered into equity transfers agreements and disposed part of their equity interests in us to Xiamen Xingwang Internet No. 2 Investment Partnership (Limited Partnership)* (廈門興旺互聯二號投資合夥企業(有限合夥)) ("**Xingwang Internet**"), which was determined upon taking into account the status of our Group's business development at the time and the commercial consideration between the relevant parties.

E. Series A+ and B Investments in October 2020

On October 29, 2020, we and our then Shareholders entered into a capital increase agreement with (i) five of the Series A Investors (collectively, "**Series A+ Investment**") and (ii) eight **[REDACTED]** Investors (collectively, "**Series B Investment**"), respectively, pursuant to which they subscribed for the

increased registered capital of RMB344,409 and RMB1,509,662 for a total consideration of RMB50,000,000 and RMB263,000,000, respectively. See "— **[REDACTED]** Investments" in this section for further details.

F. Series C Investments and equity transfers from January 2022 and January 2023

i. Series C Investments in January 2022

On January 6, 2022, we and our then Shareholders entered into a capital increase agreement with 12 **[REDACTED]** Investors (collectively, "**Series C Investments**"), pursuant to which they subscribed for the increased registered capital of RMB1,716,893 for a total consideration of RMB920,000,000. See "— **[REDACTED]** Investments" in this section for further details.

ii. Equity transfers in December 2022 and January 2023

On December 27, 2022, Liyang Fanxing entered into an equity transfer agreement with Xingwang No. 5 (defined as below) to dispose part of its equity interests in us. From December 29, 2022 to January 6, 2023, Changgu Yingshi entered into equity transfer agreements with five investors to dispose part of its equity interests in us. The equity transfers were determined upon taking into account the status of our Group's business development at the time and the commercial consideration between the relevant parties. See "— **[REDACTED]** Investments" in this section for further details.

G. Conversion into joint stock limited liability company in April 2023

Pursuant to Shareholders' resolutions passed on April 10, 2023, our Shareholders approved our conversion into a joint-stock company with limited liability with a registered share capital of RMB1,263,765,500.

H. Capital increase in the Shares of our Company in May 2023 and Capitalization Issue in May 2023

On May 15, 2023, our Company further increased our registered capital from approximately RMB10,114,737 to RMB10,620,474 pursuant to which Mr. Liu, Eigen Chengzhi and Eigen Jihui each subscribed to our 202,295, 171,157 and 132,285 Shares, totalling to 505,737 Shares.

On May 30, 2023, our Company agreed to use RMB19,379,526 from its capital reserve as of April 30, 2023, to convert into share capital proportionally to all Shareholders, totaling 19,379,526 shares. Upon completion of this conversion of capital reserve, our registered capital will increase from RMB10,620,474 to RMB30,000,000, and the total number of our Shares increased from 10,620,474 to 30,000,000.

I. Share Transfers in November 2025

On November 24, 2025, Fupu Collaborative and Fupu Changhong entered into a share transfer agreement with Cathay Growth Fund II, pursuant to which, Cathay Growth Fund II agreed to acquire a total of 300,000 Shares (150,000 Shares from each of Fupu Collaborative and Fupu Changhong) for an aggregate consideration of RMB30,000,000, with RMB15,000,000 payable to each transferor, which was determined upon taking into account the status of our Group's business development at the time and the commercial consideration between the relevant parties. The latest settlement date of the equity transfers was November 28, 2025.

CAPITALIZATION TABLE

The following table sets out the shareholding structure of our Company and as at the Latest Practicable Date and immediately after the **[REDACTED]** (assuming (i) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**; and (ii) **[REDACTED]** is not exercised).

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Percentage of total number of Shares as at the Latest Practicable Date	Number of Shares immediately after the [REDACTED]	Percentage of total number of H Shares immediately after the [REDACTED] (assuming [REDACTED] is not exercised)
Our Largest Group of Shareholders	*9,835,770*	*32.79%*	**[REDACTED]**	**[REDACTED]**%
– Mr. Liu	4,868,441	16.23%	**[REDACTED]**	**[REDACTED]**%
– Eigen Chengzhi	2,613,296	8.71%	**[REDACTED]**	**[REDACTED]**%
– Eigen Jihui	2,354,033	7.85%	**[REDACTED]**	**[REDACTED]**%
Wang Xin	*4,418,444*	*14.73%*	**[REDACTED]**	**[REDACTED]**%
– Changgu Yingshi	3,910,368	13.03%	**[REDACTED]**	**[REDACTED]**%
– Ningbo Junyi	508,076	1.69%	**[REDACTED]**	**[REDACTED]**%
SVF II	2,635,741	8.79%	**[REDACTED]**	**[REDACTED]**%
Vertex Ventures China	1,544,423	5.15%	**[REDACTED]**	**[REDACTED]**%
QM152	1,479,652	4.93%	**[REDACTED]**	**[REDACTED]**%
Shanghai Renjin	*1,159,366*	*3.86%*	**[REDACTED]**	**[REDACTED]**%
– Jinglun Investment	1,053,936	3.51%	**[REDACTED]**	**[REDACTED]**%
– Huifu Xinxin	105,430	0.35%	**[REDACTED]**	**[REDACTED]**%
Guanggu Fenghuo	1,035,784	3.45%	**[REDACTED]**	**[REDACTED]**%
Xiong Mingwang	*945,621*	*3.15%*	**[REDACTED]**	**[REDACTED]**%
– Xingwang Internet	840,191	2.80%	**[REDACTED]**	**[REDACTED]**%
– Liyang Fanxing	52,715	0.18%	**[REDACTED]**	**[REDACTED]**%
– Xingwang No. 5	52,715	0.18%	**[REDACTED]**	**[REDACTED]**%
Yidun Media	810,721	2.70%	**[REDACTED]**	**[REDACTED]**%
Zhangjiang Torch	772,211	2.57%	**[REDACTED]**	**[REDACTED]**%
Guangzhou Fupu	*842,006*	*2.81%*	**[REDACTED]**	**[REDACTED]**%
– Fupu Collaborative	435,624	1.45%	**[REDACTED]**	**[REDACTED]**%
– Fupu New Century	263,573	0.88%	**[REDACTED]**	**[REDACTED]**%
– Fupu Changhong	142,809	0.48%	**[REDACTED]**	**[REDACTED]**%
Yu Jia and Xu Jing	*549,287*	*1.83%*	**[REDACTED]**	**[REDACTED]**%
– Qiming Rongxin	263,573	0.88%	**[REDACTED]**	**[REDACTED]**%
– Qiming Rongqian	166,233	0.55%	**[REDACTED]**	**[REDACTED]**%
– Qiming Rongkai	119,481	0.40%	**[REDACTED]**	**[REDACTED]**%

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Percentage of total number of Shares as at the Latest Practicable Date	Number of Shares immediately after the [REDACTED]	Percentage of total number of H Shares immediately after the [REDACTED] (assuming [REDACTED] is not exercised)
Cai Mingpo	*824,081*	*2.75%*	**[REDACTED]**	**[REDACTED]%**
– Cathay Growth Fund II	507,793	1.69%	**[REDACTED]**	**[REDACTED]%**
– Cathay Growth Fund I	316,288	1.05%	**[REDACTED]**	**[REDACTED]%**
Shenzhen Municipal People's Government SASAC	*627,799*	*2.09%*	**[REDACTED]**	**[REDACTED]%**
– Jiequan Hongtu	502,240	1.67%	**[REDACTED]**	**[REDACTED]%**
– Shenzhen Innovation Investment	125,559	0.42%	**[REDACTED]**	**[REDACTED]%**
Yunhui Investment	*372,933*	*1.24%*	**[REDACTED]**	**[REDACTED]%**
– Yunhui Wulianwang	291,860	0.97%	**[REDACTED]**	**[REDACTED]%**
– GQC Yunxin	81,073	0.27%	**[REDACTED]**	**[REDACTED]%**
CICC Qizhi	486,433	1.62%	**[REDACTED]**	**[REDACTED]%**
Beiguang Wenzi	378,658	1.26%	**[REDACTED]**	**[REDACTED]%**
GF Qianhe	263,573	0.88%	**[REDACTED]**	**[REDACTED]%**
Lianchuang Juntan	234,249	0.78%	**[REDACTED]**	**[REDACTED]%**
Aifu Liangchuang	162,145	0.54%	**[REDACTED]**	**[REDACTED]%**
Shenzhen Cornerstone	158,146	0.53%	**[REDACTED]**	**[REDACTED]%**
Wuhu Siyuan	158,146	0.53%	**[REDACTED]**	**[REDACTED]%**
Huzhou Jingchuang	142,858	0.48%	**[REDACTED]**	**[REDACTED]%**
Shanghai Xiangchuang	83,262	0.28%	**[REDACTED]**	**[REDACTED]%**
Qiaobei Jingrui	78,691	0.26%	**[REDACTED]**	**[REDACTED]%**
Other public H Shareholders	0	0.00%	**[REDACTED]**	**[REDACTED]%**
Total:	**30,000,000**	**100%**	**[REDACTED]**	**[REDACTED]%**

Our PRC Legal Advisers has confirmed that the abovementioned equity transfers, capital reduction, capital increase, **[REDACTED]** Investments and joint-stock conversion have been properly and legally completed and settled and all requisite regulatory approvals have been obtained in accordance with the applicable PRC laws and regulations.

PREVIOUS SSE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the Shanghai Stock Exchange in the PRC ("**SSE Listing Attempt**"). On June 15, 2023, our Company engaged Huatai United Securities Co., Ltd.* (華泰聯合證券有限責任公司) ("**Tutoring Company**") to provide guidance and preliminary compliance advice in regard to the requirements of the CSRC. Due to market conditions and our strategic considerations, we adjusted our **[REDACTED]** plan. Our Company had not submit a formal listing application under the SSE Listing Attempt nor received any comments or inquiries from the relevant regulatory authorities in relation to such attempt.

As our Directors believe that **[REDACTED]** on the Stock Exchange can enable us to access overseas financing opportunities and **[REDACTED]** in the international capital market and facilitate our strategy of expansion into overseas market, our Directors decided to apply for a **[REDACTED]** on the Stock Exchange. To the best of the Directors' knowledge and belief, they consider that (i) there are no matters relating to the SSE Listing Attempt or there are no outstanding, material or unresolved differences, issues, enquiries or matters between the Company and the parties relating to the SSE Listing Attempt that may affect the suitability of the Company's **[REDACTED]** on the Stock Exchange; (ii) there were no dispute or disagreement with the Tutoring Company and that they are not aware of any other matters relating to the SSE Listing Attempt that require the attention of **[REDACTED]**; (iii) there are no matters relating to the SSE Listing Attempt that will have any material adverse impact on the Company's **[REDACTED]** on the Stock Exchange.

Based on the independent due diligence conducted by the Sole Sponsor with the assistance of the Sole Sponsor's onshore and offshore counsel teams, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the SSE **[REDACTED]** Attempt.

[REDACTED] INVESTMENTS

Our **[REDACTED]** Investments consist of Series Seed Investments, Series Angel Investments, Series A Investments, Series A+ Investments, Series B Investments and Series C Investments and certain equity transfers.

The table below summarizes the principal terms of the **[REDACTED]** Investments:

	Series Seed Investments	Equity Transfer in February 2018	Series Angel Investments	Equity Transfer in April 2019	Equity Transfer in August 2019	Series A Investments	Equity Transfer in March and April 2020	Series A+ Investments	Series B Investments	Series C Investments	Equity Transfer in December 2022	Equity Transfer in January 2023	Share Transfers in November 2025
Date of agreement(s)	June 21, 2017 and February 14, 2018	February 3, 2018	May 25, 2018	From April 12 to April 30, 2019	August 8, 2019	October 11, 2019	March 11, 2020; April 30, 2020	October 29, 2020	October 29, 2020	January 6, 2022	December 27, 2022	From December 29, 2022 to January 6, 2023	November 24, 2025
Name of investors	Changgu Fangshi, Changgu Yingshi and Ningbo Junyi	Changgu Yingshi	Fupu Collaborative, Fupu Changhong, Shenzhen Jiangu, Lianchuang Juntan, Beiguang Wenzi and Shanghai Xiangchuang	Changgu Yingshi, Fupu Collaborative, Shenzhen Jiangu, Ningbo Junyi, Fupu Changhong, Lianchuang Juntan, Beiguang Wenzi and Shanghai Xiangchuang	Changgu Yingshi, Fupu Collaborative, Shenzhen Jiangu, Ningbo Junyi, Fupu Changhong, Lianchuang Juntan, Beiguang Wenzi and Shanghai Xiangchuang	Vertex Ventures China, Zhangjiang Torch, Guanggu Fenghuo, Jiequan Hongtu, Beiguang Wenzi and Shenzhen Innovation Investment	Xingwang Internet	Vertex Ventures China, Zhangjiang Torch, Guanggu Fenghuo, Jiequan Hongtu and Shenzhen Innovation Investment	QM152, Jinglun Investment, Yidun Media, CICC Qizhi, Yunhui Wulianwang, Aifu Liangchuang, GQC Yunxin and Xingwang Internet	SVF II, Cathay Growth Fund I, GF Qianhe, Qiming Rongxin, Fupu New Century, Guanggu Fenghuo, QM152, Shenzhen Cornerstone, Wuhu Siyuan, Huifu Xinxin, Liyang Fanxing and Qiaobei Jingrui	Xingwang No. 5	Qiaobei Jingrui, Cathay Growth Fund II, Qiming Rongqian, Qiming Rongkai and Huzhou Jingchuang	Cathay Growth Fund II
Latest settlement date	March 21, 2018	February 11, 2018	June 25, 2018	June 17, 2019	–	February 13, 2020	May 6, 2020	January 8, 2021	December 2, 2020	April 14, 2022	September 22, 2023	January 13, 2023	November 28, 2025
Total amount of registered capital subscribed for *(RMB)*	1,429,739	10,000,000	591,569	330,697	193,022	1,022,465	240,039	344,409	1,509,662	1,716,893	18,662	234,478	300,000
Total consideration paid *(RMB)*	50,000,000	25,000,000	36,000,000	6,000,000	–	100,000,000	23,476,498	50,000,000	263,000,000	920,000,000	10,000,000	127,500,000	30,000,000
Approximate cost per Share *(RMB)*[1]	12.38	0.89	21.54	6.42	–	34.62	34.62	51.39	61.67	189.70	189.70	192.50	100.00
Discount to the **[REDACTED]**[2]	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	–	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%

	Series Seed Investments	Equity Transfer in February 2018	Series Angel Investments	Equity Transfer in April 2019	Equity Transfer in August 2019	Series A Investments	Equity Transfer in March and April 2020	Series A+ Investments	Series B Investments	Series C Investments	Equity Transfer in December 2022	Equity Transfer in January 2023	Share Transfers in November 2025
Basis of consideration	The consideration of **[REDACTED]** Investments was determined based on arm's length negotiations between our Company and the **[REDACTED]** Investors with reference to our Company's business development stage, financial performance and the timing of the investments and the prospects of our business.												
Use of proceeds from the **[REDACTED]** Investments	As of the Latest Practicable Date, we had utilized all of the proceeds from the **[REDACTED]** Investments for the development and operation of our principal business and other general working capital purposes.												
Strategic benefits to our Company	Our Directors are of the view that our Group could benefit from the additional capital provided by the **[REDACTED]** Investors and their knowledge and experience. Moreover, the investments by the **[REDACTED]** Investors demonstrated their confidence in the business operations of our Group and served as an endorsement of our performance and prospects. Additionally, the investments made by the **[REDACTED]** Investors, including reputable professional investment companies and institutional funds, as well as state-owned enterprises which are ultimately owned by the local governments, are beneficial to the business development of our Group.												
Special rights	Pursuant to the Shareholders' agreement and the amendments thereto from time to time and capital increase agreements, the **[REDACTED]** Investors were entitled to certain special rights, such as repurchase rights, liquidation preference rights, inspection rights and anti-dilution rights. On January 30, 2023, the Company and the **[REDACTED]** Investors entered into the termination agreement (the "**Termination Agreement**"), agreeing that the redemption rights granted by the Company to the certain **[REDACTED]** investors, have been irrecoverably terminated and shall be void ab initio. As advised by the PRC Legal Advisers, (i) Article 143 of the Civil Code of the PRC that a civil juristic act is valid if the following conditions are met: the actor has the corresponding capacity for civil conduct; the expression of intent is genuine; and the act does not violate mandatory provisions of laws or administrative regulations and does not contravene public order or good morals. Article 562 of the Civil Code of the PRC further stipulates that parties may terminate a contract upon mutual agreement. The Termination Agreement from the relevant **[REDACTED]** Investors do not violate PRC laws and regulations and is binding on the relevant **[REDACTED]** Investors; and (ii) the redemption rights granted to the **[REDACTED]** Investors to the relevant transaction documents entered into between the Company and the **[REDACTED]** Investors (the "**Prior Redemption Rights**") are irrecoverably terminated and deemed *avoid ab initio*. The **[REDACTED]** Investors did not exercise any redemption rights. Pursuant to a supplemental agreement to the termination agreement (the "**Supplemental Agreement**") entered into between our Company and the **[REDACTED]** Investors on November 27, 2025, the Company granted repurchase rights (the "**New Redemption Rights**") to the **[REDACTED]** Investors, the New Redemption Rights granted by our Company shall automatically terminate at the time when our Company submits its application for the **[REDACTED]** of our Shares on the Stock Exchange (the "**Submission**"), provided in the event where the Submission is withdrawn, terminated, rejected, refused or lapsed within a prescribed period of time, such repurchase rights shall automatically be reinstated in full. Pursuant to the Supplemental Agreement, all other special rights granted to the **[REDACTED]** Investors will be automatically terminated immediately upon **[REDACTED]** on the Stock Exchange, the Supplement Agreement do not violate PRC laws and regulations and is binding on the contracting parties.												
Lock-up period	Pursuant to the applicable PRC laws, each of the existing Shareholders of the Company (including the **[REDACTED]** Investors) are subject to a lock-up period of 12 months following the **[REDACTED]**.												

Notes:

(1) The calculation is based on the amount of consideration paid divided by the number of Shares as adjusted after Capitalization Issue.

(2) The discount percentages are based on an **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative range of the **[REDACTED]** and the exchange rate of HKD1 to RMB0.8650.

Compliance with [REDACTED] Investment Guidance

On the basis that (i) the considerations for the **[REDACTED]** Investments were settled at least 28 clear days before the date of the **[REDACTED]** or at least 120 clear days before the **[REDACTED]**; (ii) the settlement of the consideration for the **[REDACTED]** Investments or divestments complies with Chapter 4.2 of the Guide for New Listing Applicants; and (iii) all the special rights granted to the **[REDACTED]** Investors shall cease to be effective and be terminated before the **[REDACTED]**, the Sole Sponsor confirms that the **[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Public Float

With respect to the indicative **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** (being the low-end, mid-point and the high-end of the **[REDACTED]**, respectively), the expected **[REDACTED]** of the Company's H Shares would be **[REDACTED]**. Pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum number of H Shares held by the public at the time of **[REDACTED]** as a percentage of the total number of shares in the class to which H Shares belong is determined at the higher of: (i) the percentage that would result in the expected **[REDACTED]** of such securities held by the public to be HK$**[REDACTED]** at the time of **[REDACTED]**; and (ii) **[REDACTED]**%.

Based on the **[REDACTED]**, the percentage of number of H Shares held by the public that would result in the **[REDACTED]** of H Shares held by the public to be HK$**[REDACTED]** will be approximately **[REDACTED]**% (applying the low-end **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**), **[REDACTED]**% (applying the mid-point **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**) and **[REDACTED]**% (applying the upper-end **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**), respectively. With respect to the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** (being the low-end and the mid-point of the **[REDACTED]**), since each of the aforementioned percentage is higher than 15%, the minimum prescribed **[REDACTED]** percentage of H Shares upon **[REDACTED]** would be approximately **[REDACTED]**% and **[REDACTED]**%, respectively, pursuant to Rule 19A.13A(1) of the Listing Rules. With respect to the indicative **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the high-end of the **[REDACTED]**), since the aforementioned percentage is lower than 15%, the minimum prescribed **[REDACTED]** percentage of H Shares upon **[REDACTED]** would be 15%, pursuant to Rule 19A.13A(1) of the Listing Rules.

Following the completion of the **[REDACTED]** and filing procedure with the CSRC, **[REDACTED]** Domestic Unlisted Shares held by the part of the existing Shareholders will be converted into H Shares on a one-for-one basis and **[REDACTED]** on Stock Exchange for **[REDACTED]**.

(a) (i) Mr. Liu, Eigen Chengzhi and Eigen Jihui, our Largest Group of Shareholders, (ii) Changgu Yingshi, our substantial Shareholder, and Ningbo Junyi, a shareholder which is accustomed to take instructions from the close associate of Changgu Yingshi, will be deemed as our core connected persons. Accordingly, a total of **[REDACTED]** Domestic Unlisted Shares held by them which will be converted into H Shares and **[REDACTED]** on the Stock Exchange will not be counted towards the public float, representing approximately **[REDACTED]**% of our share capital in aggregate;

(b) a total of **[REDACTED]** Domestic Unlisted Shares held by **[REDACTED]** Shareholders will be converted into H Shares and **[REDACTED]** on the Stock Exchange, and therefore will be counted as part of the public float, representing approximately **[REDACTED]**% of our share capital in aggregate.

Based on the above and assuming (i) an indicative **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** (being the low-end, mid-point and the high-end of the **[REDACTED]**, respectively) and (ii) immediately upon completion of the **[REDACTED]** and the conversion of Domestic Unlisted Shares into H Shares, taking into account

[REDACTED] H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), an aggregate of **[REDACTED]** H Shares will count towards the public float of our Company for the purpose of Rule 19A.13A(1) of the Listing Rules, representing approximately **[REDACTED]**% of the total issued Shares of our Company, the **[REDACTED]** of the H Shares held by the public at the time of **[REDACTED]** will be approximately HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]**, respectively. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A of the Listing Rules.

Free Float

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of **[REDACTED]**, this will normally mean that the portion of H shares for which **[REDACTED]** is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of **[REDACTED]**, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of **[REDACTED]** (excluding treasury shares), with an expected **[REDACTED]** at the time of **[REDACTED]** of not less than HK$50 million; or (b) have an expected **[REDACTED]** at the time of **[REDACTED]** of not less than HK$600 million.

It is expected that immediately following completion of the **[REDACTED]**, a **[REDACTED]** of not less than HK$**[REDACTED]** of the H Shares **[REDACTED]** on the Stock Exchange are not subject to such disposal restrictions at the time of the **[REDACTED]** (assuming (i) an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the low end of the indicative **[REDACTED]**, and (ii) the **[REDACTED]** is not exercised). Accordingly, our Company will be able to satisfy the requirements under Rule 19A.13C of the Listing Rules.

Information about our principal [REDACTED] Investors

We set out below a description of our principal **[REDACTED]** Investors, being private equity funds or corporations that have made meaningful investments in our Company and each or in aggregate holding more than 1% of our total issued share capital immediately prior to the **[REDACTED]**.

Changgu Yingshi and Ningbo Junyi

Changgu Yingshi is a PRC-based limited partnership principally engaged in industrial management and investment management. As at the Latest Practicable Date, Changgu Yingshi was owned as to approximately 1% by Shanghai Yungu Investment Center (Limited Partnership)* (上海允谷投資中心(有限合夥)) ("**Shanghai Yungu**") as its general partner, and 65.67% and 33.33% by Wang Xin (王新) and three individuals each holding less than 25% of equity interests in Changgu Yingshi, respectively as its limited partners. Shanghai Yungu was ultimately controlled by Wang Xin. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners and Wang Xin are independent third parties.

Ningbo Junyi is a PRC-based limited partnership principally engaged in industrial management and investment management. As at the Latest Practicable Date, Ningbo Junyi was owned as to approximately 1% by Shanghai Junyi Investment Co., Ltd.* (上海鈞毅投資管理有限公司) ("**Shanghai Junyi**") as its general partner, and 99% by Wang Xin as its limited partner. Shanghai Junyi was ultimately controlled by Wang Xin. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners and Wang Xin are independent third parties.

SVF II

SVF II is a Singapore-based Company Limited By Shares principally engaged in investment activities. As at the Latest Practicable Date, SVF II was ultimately controlled by Softbank Group Corp., a company listed on the Tokyo Stock Exchange (Stock Code: 9984). To the best of the knowledge of the Directors after making due enquiries, all shareholders of SVF II are independent third parties.

Vertex Ventures China

Vertex Ventures China IV, L.P. is an exempted limited partnership registered in the Cayman Islands. It is a venture capital fund which business is to carry out investment activities principally in high-growth innovative start-ups across Chinese Mainland, covering the fields of semiconductor, robotics, AI, consumer technologies, medical technologies and devices, and other sectors applicable to technology. Its general partner is Vertex Ventures China GP IV L.P., whose general partner is Vertex China GP IV Ltd ("**Vertex China**"), with Tay Choon Chong as the sole ultimate beneficial owner of Vertex China. As at the Latest Practicable Date, and to the best of the knowledge of the Directors after making due enquiries, all general and limited partners of Vertex Ventures China IV, L.P. and Tay Choon Chong are independent third parties.

QM152

QM152 Limited is a company incorporated under the laws of Hong Kong and is owned by Qiming Venture Partners VII, L.P. and Qiming VII Strategic Investors Fund, L.P.. Qiming Venture Partners VII, L.P. and Qiming VII Strategic Investors Fund, L.P. are exempted limited partnerships registered under the laws of the Cayman Islands. Qiming GP VII, LLC is the general partner of Qiming Venture Partners VII, L.P. and Qiming VII Strategic Investors Fund, L.P.. To the best of the knowledge of the Directors after making due enquiries, all shareholders of QM152 and Qiming GP VII, LLC are independent third parties.

Jinglun Investment and Huifu Xinxin

Jinglun Investment is a PRC-based limited partnership principally engaged in industrial investment and investment management. As at the Latest Practicable Date, Jinglun Investment was owned as to approximately 0.01% by Shanghai Renjin Investment Management Center (Limited Partnership)* (上海仁金投資管理中心(有限合夥)) ("**Shanghai Renjin**") as its general partner and 75.67% and 24.32% by Huitianfu Capital Management Co., Ltd.* (匯添富資本管理有限公司) ("**Huitianfu Capital**") and 10 individuals, each of whom holds less than 5% equity interests of Jinglun Investment, respectively as its limited partners. Shanghai Renjin was owned as to 50% and 50% by Liang Jianping (梁建萍) and Shanghai Renren Asset Management Co., Ltd.* (上海仁仁資產管理有限公司), which was in turn owned as to 95% and 5% by Liang Jianping (梁建萍) and Liang Jin (梁晉). Huitianfu Capital was wholly owned by Huitianfu Fund Management Co., Ltd.* (匯添富基金管理股份有限公司). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Jinglun Investment and Liang Jianping are independent third parties.

Huifu Xinxin is a PRC-based limited partnership principally engaged in equity investment, investment management and asset management activities. As at the Latest Practicable Date, Huifu Xinxin was owned as to approximately 0.05% by Shanghai Renjin as its general partner, and 99.95% by 11 individuals, respectively as its limited partners. None of the 11 individuals held more than 20% of equity interests in Huifu Xinxin. Shanghai Renjin was ultimately controlled by Liang Jianping. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Huifu Xinxin and Liang Jianping are independent third parties.

Guanggu Fenghuo

Guanggu Fenghuo is a PRC-based limited partnership principally engaged in equity investment activities and related consulting services. As at the Latest Practicable Date, Guanggu Fenghuo was owned as to approximately 1.00% by Wuhan Guangguhe Fund Management Co., Ltd.* (武漢光谷豐禾私募基金管理有限公司) ("**Wuhan Guangguhe**") as its general partner and 64.65% and 34.35% by Wuhan Guanggu Fenghuo Optoelectronics Information Industry Investment Fund Partnership (Limited Partnership)* (武漢光谷烽火光電子信息產業投資基金合夥企業(有限合夥)) and Fiberhome Telecommunication Technologies Co., Ltd (烽火通信科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600498) ("**Fiberhome Telecommunication**"), respectively as its limited partners. Wuhan Guangguhe was owned as to 60% by Wuhan Guanggu Fenghuo Venture Capital Fund Management Co., Ltd.* (武漢光谷烽火創業投資基金管理有限公司) ("**Guanggu Limited**"), which was ultimately controlled by China Information and Communication Technology Group Co., Ltd.* (中國信息通信科技集團有限公司) ("**CICT**"). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Guanggu Fenghuo and CICT are independent third parties.

Xingwang Internet, Xingwang No. 5 and Liyang Fanxing

Xingwang Internet is a PRC-based limited partnership principally engaged in investment in non-publicly traded corporate equities and related consulting services. As at the Latest Practicable Date, Xingwang Internet was owned as to approximately 1.02% by Xiamen Xingwang Zhicheng Investment Management Co., Ltd.* (廈門興旺至誠投資管理有限公司) ("**Xingwang Zhicheng**") as its general partner and 98.98% by nine corporations, none of which held more than 30% of equity interests in Xingwang Internet as its limited partners. Xingwang Zhicheng was ultimately controlled by Xiong Mingwang (熊明旺). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Xingwang Internet and Xiong Mingwang are independent third parties.

Xingwang No. 5 is a PRC-based limited partnership principally engaged in socio-economic consulting services; business management consulting; advisory and planning services; engaging in investment activities with self-owned funds. As at the Latest Practicable Date, Xingwang No. 5 was owned as to approximately 0.10% by Shenzhen Qianhai Xingwang Investment Management Co., Ltd.* (深圳前海興旺投資管理有限公司) ("**Shenzhen Qianhai Xingwang**") as its general partner, and 99.90% by Yifei (Haikou) Consulting Management Co., Ltd*. (亦非(海口)諮詢管理有限公司) ("**Haikou Yifei**") as its limited partner. Shenzhen Qianhai Xingwang was owned 60%, 20% and 20% by Shenzhen Xingwang Management Consulting Center (Limited Partnership)* (深圳興旺管理諮詢中心(有限合夥)), Li Yuanfei (黎媛菲) and Xiong Mingwang, respectively. Shenzhen Qianhai Xingwang was ultimately controlled by Xiong Mingwang. Haikou Yifei was wholly owned by Fu Shuimei (傅水梅). To the best of the knowledge of the Directors after making due enquiries, all of the limited partners, Fu Shuimei are all independent third parties.

Liyang Fanxing is a PRC-based limited partnership principally engaged in enterprise management consulting; information technology consulting services; investment activities with self-owned funds, etc.. As at the Latest Practicable Date, Liyang Fanxing was owned as to approximately 0.50% by Xiong Mingwang (熊明旺) as its general partner, and 99.50% by Hangzhou Zhihe Equity Investment Co., Ltd. (杭州致和股權投資有限公司) ("**Hangzhou Zhihe**") as its limited partner. Hangzhou Zhihe was owned as to 98% by He Xiangyang (何向陽), an independent third party.

Yidun Media

Yidun Media is a PRC-based limited partnership principally engaged in entrusted management of equity investment funds and equity investment. As at the Latest Practicable Date, Yidun Media was owned as to approximately 0.50% by Shenzhen China Merchants Jintai Capital Management Co., Ltd.* (深圳市招商金台資本管理有限責任公司) ("**Jintai Capital**") as its general partner and 49.58% and 49.93% by Shenzhen Guidance Fund Investment Co., Ltd.* (深圳市引導基金投資有限公司) ("**Shenzhen Guidance Fund**") and three corporations/funds, none of the other three corporations/funds held more than 25% of equity interests in Yidun Media, respectively as its limited partners. Jintai Capital was owned as to 50.10% and 49.90% by People's Daily Media Technology Co., Ltd.* (人民日報媒體技術股份有限公司) and China Merchants Capital Management Co., Ltd.* (招商局資本管理有限責任公司) ("**CMCM**") respectively. CMCM was wholly-owned by China Merchants Capital Investment Co., Ltd.* (招商局資本投資有限責任公司) ("**CMCI**"). Shenzhen Guidance Fund was wholly owned by Shenzhen Municipal Finance Bureau (深圳市財政局). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Yidun Media are independent third parties.

Zhangjiang Torch

Zhangjiang Torch is a company incorporated in the PRC principally engaged in venture capital, venture capital management and investment consulting. As at the Latest Practicable Date, Zhangjiang Torch was wholly owned by Shanghai Zhangjiang Torch Venture Capital Co., Ltd.* (上海張江火炬創業園投資開發有限公司), which in turn was wholly-owned by Shanghai Pudong Kechuang Group Co., Ltd.* (上海浦東科創集團有限公司) ("**Pudong Kechuang**"). Pudong Kechuang was owned as to 90% and 10% by Shanghai Pudong New Area SASAC (上海市浦東新區國有資產監督管理委員會) and Shanghai Municipal Finance Bureau (上海市財政局), respectively. To the best of the knowledge of the Directors after making due enquiries, all of the shareholders of Zhangjiang Torch are independent third parties.

Fupu Collaborative, Fupu Changhong and Fupu New Century

Fupu Collaborative is a PRC-based limited partnership principally engaged in industry investment. As at the Latest Practicable Date, Fupu Collaborative was owned as to approximately 0.46% by Guangzhou Fupu Daohe Investment Management Co., Ltd.* (廣州復樸道和投資管理有限公司) ("**Guangzhou Fupu**") as its general partner and 99.54% by 16 individuals and corporations/funds, respectively as its limited partners. None of the 16 individuals and corporations/funds held more than 30% of equity interests in Fupu Collaborative. Guangzhou Fupu was owned as to 51% and 49% by Beijing Fupu Daohe Investment Management Co., Ltd.* (北京復樸道和投資管理有限公司) ("**Beijing Fupu**") and Mao Xiangyu (毛向宇), respectively. Beijing Fupu was owned as to 38%, 30.50% and 31.50% by Zhao Zhijian (趙志堅), Wang Junfeng (王軍峰) and three individuals, each holding less than 20% of Beijing Fupu. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Fupu Collaborative, Mao Xiangyu and Zhao Zhijian are independent third parties.

Fupu Changhong is a PRC-based limited partnership principally engaged in commercial services. As at the Latest Practicable Date, Fupu Changhong was owned as to approximately 1% by Beijing Fupu as its general partner, and 64% and 35% by Hangzhou Fupu Private Fund Management Co., Ltd.* (杭州復樸私募基金管理有限公司) ("**Hangzhou Fupu**"), and two entities as its limited partners, none of the 2 entities held more than 20% of equity interests in Fupu Changhong. Hangzhou Fupu is 90% owned by Beijing Fupu. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Fupu Changhong are independent third parties.

Fupu New Century is a PRC-based limited partnership principally engaged in business services. As at the Latest Practicable Date, Fupu New Century was owned as to approximately 1% by Guangzhou Fupu as its general partner and 99% by Nanchang New Century Venture Capital Co., Ltd.* (南昌新世紀創業投資有限責任公司) ("**Nanchang New Century**") as its limited partner. Nanchang New Century is wholly owned by Nanchang Industrial Investment Group Co., Ltd.* (南昌市產業投資集團有限公司), the largest shareholder of which was Nanchang Municipal People's Government (南昌市人民政府), which held 91% of its equity interests. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Fupu New Century are independent third parties.

Qiming Rongxin, Qiming Rongqian and Qiming Rongkai

Qiming Rongxin is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Qiming Rongxin was owned as to (i) approximately 1.01% by Beijing Qiyao Investment Management Partnership (Limited Partnership)* (北京啟耀投資管理合夥企業(有限合夥)) ("**Beijing Qiyao**") as its general partner, and (ii) approximately 98.99% by 32 limited partners, none of which held more than 30% of partnership interests in Qiming Rongxin. Beijing Qiyao was ultimately controlled by Yu Jia (于佳) and Xu Jing (徐靜). To the best of the knowledge of the Directors after making due enquiries, all of the above entities and individuals are independent third parties.

Qiming Rongqian is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Qiming Rongqian was owned as to (i) approximately 1.01% by Suzhou Qikun Venture Capital Partnership (Limited Partnership)* (蘇州啟坤創業投資合夥企業(有限合夥)) ("**Suzhou Qikun**") as its general partner, and (ii) approximately 98.99% by 35 limited partners, none of which held more than 30% of partnership interests therein. Suzhou Qikun was ultimately controlled by Yu Jia (于佳) and Xu Jing (徐靜). To the best of the knowledge of the Directors after making due enquiries, all of the above entities and individuals are independent third parties.

Qiming Rongkai is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Qiming Rongkai was owned as to (i) approximately 2.90% by Suzhou Qikun as its general partner, (ii) 30% by Kunshan Industrial Development Investment Fund Partnership (Limited Partnership)* (昆山市產業發展投資母基金合夥企業(有限合夥)) and (iii) approximately 67.11% by 14 other limited partners, none of which held more than 30% partnership interests therein. To the best of the knowledge of the Directors after making due enquiries, all of the above entities are independent third parties.

Cathay Growth Fund I and Cathay Growth Fund II

Cathay Growth Fund I is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Cathay Growth Fund I was owned as to 0.40% by Cathay Growth (Suzhou) Business Consulting Co., Ltd.* (凱輝成長(蘇州)商務諮詢有限公司) ("**Cathay Suzhou Business**") as its general partner and 68.70% and 30.90% by Jinjiang Cathay Industrial Fund Partnership (Limited Partnership)* (晉江凱輝產業基金合夥企業(有限合夥)) ("**Jinjiang Cathay**") and 11 individual and corporations as its limited partners. None of the 11 individuals/corporations held more than 20% of equity interests in Cathay Growth Fund I. Cathay Suzhou Business was ultimately controlled by Mr. Cai Mingpo (蔡明潑).

Cathay Growth Fund II is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Cathay Growth Fund II was owned as to 0.40% by Shanghai Cathay Jingzhuo Enterprise Management Partnership (Limited Partnership)* (上海凱輝璟琢企業管理合夥企業(有限合夥)) ("**Cathay Jingzhuo**") as its general partner and 99.60% by 27 individual and corporations as its limited partners. None of the 27 individuals/corporations held more than 20% of equity interests in Cathay Growth Fund II. Cathay Jingzhuo was ultimately controlled by Mr. Cai

Mingpo (蔡明潑). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Cathay Growth Fund I and Cathay Growth Fund II and Mr. Cai Mingpo are independent third parties.

Jiequan Hongtu and Shenzhen Innovation Investment

Jiequan Hongtu is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Jiequan Hongtu was owned as to approximately 1.70% by Jiangsu Red Land Intelligent Entrepreneurship Investment Management Enterprise (Limited Partnership)* (江蘇紅土智能創業投資管理企業(有限合夥)) ("**Jiangsu Red Land**") as its general partner and 34.47% and 63.83% by Shenzhen Innovation Investment and six corporations/funds, each holding less than 30% equity interests of Jiequan Hongtu respectively as its limited partners. Jiangsu Red Land is owned 70% by Shenzhen Venture Capital Red Soil Private Equity Investment Fund Management (Shenzhen) Co., Ltd* (深創投紅土私募股權投資基金管理(深圳)有限公司), which is wholly owned by Shenzhen Innovation Investment. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Jiequan Hongtu are independent third parties.

Shenzhen Innovation Investment is a PRC-based limited liability company principally engaged in venture capital. As at the Latest Practicable Date, Shenzhen Innovation Investment was owned as to approximately 28.20% by Shenzhen Municipal People's Government SASAC (深圳市人民政府國有資產監督管理委員會), and the remaining 71.80% by 12 corporations held no more than 25% of equity interests in Shenzhen Innovation Investment, respectively as its shareholders. Shenzhen Innovation Investment was ultimately controlled by Shenzhen Municipal People's Government SASAC. To the best of the knowledge of the Directors after making due enquiries, all of the shareholders are independent third parties.

Yunhui Wulianwang and GQC Yunxin

Yunhui Wulianwang is a PRC-based limited liability company principally engaged in equity investment. As at the Latest Practicable Date, Yunhui Wulianwang was owned as to 0.33% by Dongtai Yunchang Investment Management Partnership Enterprise (Limited Partnership)* (東台雲暢投資管理合夥企業(有限合夥)) ("**Yunchang Investment**") as its general partner and 99.59% and 0.08% by Wuxi IoT Industry Investment Management Partnership Enterprise (Limited Partnership)* (無錫物聯網產業投資管理合夥企業(有限合夥) and one entity. The general partner of Yunchang Investment was Beijing Yunhui Private Equity Fund Management Co., Ltd.* (北京雲輝私募基金管理有限公司) ("**Yunhui Investment**"), which was controlled by Li Xing (李星), Duan Aimin (段愛民), Zhu Feng (朱鋒) and Xiong Yanpin (熊焱嬪), each of whom is an independent third party to the best of the knowledge of the Directors.

GQC Yunxin is a PRC-based limited liability company principally engaged in equity investment. As at the Latest Practicable Date, GQC Yunxin was owned as to 1.67% by Yunhui Investment as its general partner and 98.33% by four individuals as its limited partners. None of the four individuals held more than 30% of equity interests in GQC Yunxin. To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Yunhui Wulianwang and GQC Yunxin are independent third parties.

CICC Qizhi

CICC Qizhi is a limited partnership established in the PRC, whose general partner is CICC Private Equity Management Co., Ltd. (中金私募股權投資管理有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司), an investment bank whose shares are listed on the Shanghai Stock Exchange (stock code: 601995) and the Main Board of the Stock Exchange (stock code: 3908). Major limited partners of CICC Qizhi include

(1) Shanghai Greenland Equity Investment Management Co., Ltd. (上海綠地股權投資管理有限公司), a company ultimately controlled by Greenland Holdings Corporation Limited (綠地控股集團股份有限公司) whose shares are listed on the Shanghai Stock Exchange (stock code: 600606), holding 18.64% limited partnership interest in CICC Qizhi, and (2) CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啓融(廈門)股權投資基金合夥企業(有限合夥)), a limited partnership managed by its general partner, CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited, holding 14.26% limited partnership interest in CICC Qizhi. CICC Qizhi has 39 other limited partners, each holding less than 10% limited partnership interest in CICC Qizhi. To the best of the knowledge of the Directors after making due enquiries, all of the above entities are independent third parties.

Beiguang Wenzi

Beiguang Wenzi is a PRC-based limited partnership principally engaged in investment and asset management. As at the Latest Practicable Date, Beiguang Wenzi was owned as to approximately 0.83% by Beijing Beiguang Wenzi Gehua Investment Management Center (Limited Partnership)* (北京市北廣文資歌華投資管理中心(有限合夥)) ("**Beiguang Investment Management**") as its general partner and 49.58% by Beijing Broadcasting Group Co., Ltd.* (北京廣播集團有限公司), 33.06% by Beijing Gehua CATV Network Co., Ltd. (北京歌華有線電視網絡股份有限公司) (a company listed on the Shanghai Stock Exchange (Stock Code: 600037)) and 16.53% by one corporation as its limited partners. Beiguang Investment Management was ultimately controlled by Huang Hao (黃昊). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Beiguang Wenzi and Huang Hao are independent third parties.

GF Qianhe

GF Qianhe is a company incorporated in the PRC principally engaged in investment and asset management. As at the Latest Practicable Date, GF Qianhe was wholly owned by GF Securities Co., Ltd. (廣發證券股份有限公司) ("**GF Securities**") (a company listed on the Shenzhen Stock Exchange (Stock Code: 000776) and the Stock Exchange of Hong Kong (Stock Code: 01776)). To the best of the knowledge of the Directors after making due enquiries, GF Securities is an independent third party.

Lianchuang Juntan

Lianchuang Juntan is a PRC-based limited partnership principally engaged in investment and asset management. As at the Latest Practicable Date, Lianchuang Juntan was owned as to approximately 2% by Shanghai Lianchuang Juntan Investment Management Co., Ltd.* (上海聯創君潭投資管理有限公司) ("**Shanghai Lianchuang**") as its general partner and 98% by Zhou Shuiwen (周水文) as its limited partner. Lianchuang Juntan was ultimately controlled by Zhou Shuiwen (周水文). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Lianchuang Juntan and Zhou Shuiwen are independent third parties.

Aifu Liangchuang

Aifu Liangchuang is a PRC-based limited partnership principally engaged in investment and asset management. As at the Latest Practicable Date, Aifu Liangchuang was owned as to approximately 1% by Shanghai Huiqi Investment Management Co., Ltd.* (上海匯祺投資管理有限公司) ("**Shanghai Huiqi**") as its general partner, and 39.59% by Li Gang (李剛) and 59.41% by three individuals, none of these three individuals held more than 30% of equity interests in Aifu Liangchuang as its limited partners. Shanghai Huiqi was ultimately controlled by Cao Hui (曹輝). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Aifu Liangchuang and Cao Hui are independent third parties.

Shenzhen Cornerstone

Shenzhen Cornerstone is a PRC-based limited partnership principally engaged in investment and asset management. As at the Latest Practicable Date, Shenzhen Cornerstone was owned as to approximately 1% by Shenzhen Lingxin Cornerstone Equity Investment Fund Management Partnership (Limited Partnership)* (深圳市領信基石股權投資基金管理合夥企業(有限合夥)) ("**Lingxin Cornerstone**") as its general partner, and 30% by China SME Development Fund Co., Ltd. (國家中小企業發展基金有限公司), 30% by Shenzhen Huitong Jinkong Fund Investment Co., Ltd.* (深圳市匯通金控基金投資有限公司) and 39% by three corporations, none of which held more than 30% of equity interests in Shenzhen Cornerstone as its limited partners. Lingxin Cornerstone was ultimately controlled by Zhang Wei (張維). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Shenzhen Cornerstone and Zhang Wei are independent third parties.

Wuhu Siyuan

Wuhu Siyuan is a PRC-based limited partnership principally engaged in investment and asset management. As at the Latest Practicable Date, Wuhu Siyuan was owned as to approximately 0.53% by Xizang Xuze Venture Capital Co., Ltd.* (西藏旭澤創業投資有限公司) ("**Xizang Xuze**") as its general partner; and 47.61% by Zhang Feilian (張飛廉) and 51.86% by 3 corporations and 16 individuals as its limited partners, none of the 3 corporations and 16 individuals held more than 30% of equity interests in Wuhu Siyuan. Xizang Xuze was ultimately controlled by Wu Jianbin (吳建斌). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Wuhu Siyuan and Wu Jianbin are independent third parties.

Huzhou Jingchuang

Huzhou Jingchuang is a PRC-based limited partnership principally engaged in investment and asset management. As at the Latest Practicable Date, Huzhou Jingchuang was owned as to approximately 0.08% by Yijing (Jiaxing) Investment Management Co., Ltd.* (沂景(嘉興)投資管理有限公司) ("**Jiaxing Yijing**") as its general partner, and 99.92% by Huzhou Jingyuan Equity Investment Partnership (Limited Partnership)* (湖州景源股權投資合夥企業(有限合夥)) as its limited partner. Jiaxing Yijing was ultimately controlled by Zhang Jianqun (張劍群). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Huzhou Jingchuang and Zhang Jianqun are independent third parties.

Shanghai Xiangchuang

Shanghai Xiangchuang is a company incorporated in the PRC principally engaged in investment and startup incubation services. As at the Latest Practicable Date, Shanghai Xiangchuang was owned as to 99% by Chen Hua (陳華) and 1% by one individual shareholder, respectively. To the best of the knowledge of the Directors after making due enquiries, all of the shareholders of Shanghai Xiangchuang are independent third parties.

Qiaobei Jingrui

Qiaobei Jingrui is a PRC-based limited partnership principally engaged in proprietary capital investment and venture capital related businesses. As at the Latest Practicable Date, Qiaobei Jingrui was owned as to approximately 0.62% by Shanghai Qiaobei Investment Management Partnership (Limited Partnership)* (上海喬貝投資管理合夥企業(有限合夥)) ("**Shanghai Qiaobei**") as its general partner, and 99.38% by 5 corporations and 6 individuals, none of which held more than 30% of equity interests in Qiaobei Jingrui as its limited partners. Shanghai Qiaobei was ultimately controlled by Niu Jijing (鈕薊京). To the best of the knowledge of the Directors after making due enquiries, all of the general and limited partners of Qiaobei Jingrui and Niu Jijing are independent third parties.

OUR SUBSIDIARIES

As at the Latest Practicable Date, we have established two wholly-owned subsidiaries to expand our business development. The principal business activities, date and place of establishment of our subsidiaries are set forth below:

Name of Subsidiary	Principal business activities	Date and place of establishment
Nanjing Eigen	Research and development and design of chips	August 18, 2021, the PRC
Eigencomm Hong Kong	No material operations	July 18, 2024, Hong Kong

OUR EMPLOYEES SHAREHOLDING PLATFORMS

In 2017 and 2023, the Group respectively adopted share incentive schemes (the "**Share Incentive Schemes**") for the purpose of awarding the employees and directors of the Group to secure their services and incentive their maximum effort towards the Group's success. As of the Latest Practicable Date, there are no outstanding, unexercised options or awards under the Share Incentive Schemes.

As at the Latest Practicable Date, we had established Eigen Chengzhi, Eigen Jihui, Aiqi Genyuan and Aihe Genli as our Employees Shareholding Platforms, of which Eigen Chengzhi and Eigen Jihui were registered Shareholders of our Company. Details of the Employees Shareholding Platforms are as follows:

(i) ***Eigen Chengzhi***: As at the Latest Practicable Date, Eigen Chengzhi was owned as to (i) approximately 1.79% by Mr. Liu as the executive general partner(1), (ii) approximately 3.29% by Mr. Yang Yueqi (楊月啟) as limited partner, who is our executive Director, (iii) approximately 0.75% by Mr. Jiao Changjin (焦昌進) as limited partner, who is our executive Director and employees' representative Director and (iv) approximately 4.21% and 89.96% by Aiqi Genyuan and 41 other individuals, as the other limited partners, none of these 41 individuals holds 30% or more of the interests therein. All the 41 individuals are either current or former employees of our Company and are independent third parties. The details of Aiqi Genyuan is as follows:

(1) ***Aiqi Genyuan:*** As at the Latest Practicable Date, Aiqi Genyuan was owned as to (i) approximately 8.55% by Mr. Liu as the executive general partner, (ii) approximately 0.44% by Ms. Hao Lu (郝路), our financial director, as its limited partner, (iii) approximately 4.28% by Ms. Zhou Mao (周茂), supervisor of one of our subsidiaries, as its limited partner, (iv) approximately 0.36% by Ms. Zheng Hong (鄭鴻) as limited partner, who is our executive Director and (v) approximately 42.41% and 43.95% by Ms. Shi Lu (施璐) and 34 other individuals as the other limited partners, none of these 34 individuals holds 30% or more of the interests therein. All the 34 individuals and Ms. Shi Lu (施璐) are either current or former employees of our Company and are independent third parties.

Note:

(1) Under the PRC Partnership Enterprise Law, a limited partnership shall have one or more partners as "general partner(s)", each of whom bears unlimited joint and several liability for the debts of the partnership. Where there are multiple general partners, one (or more) may be appointed as the "executive general partner", who has the authority to manage the day-to-day affairs of the partnership and to represent the partnership in external matters. General partners that are not designated as executive general partners do not participate in the routine management of the partnership but remain liable as general partners. For the Company's employee shareholding platforms, Mr. Liu is the sole general partner for each of Eigen Chengzhi, Eigen Jihui, Aiqi Genyuan and Aihe Genli, and as the sole general partner, he ex officio acts as the executive general partners to these employee shareholding platforms.

(ii) ***Eigen Jihui***: As at the Latest Practicable Date, Eigen Jihui was owned as to (i) approximately 1.98% by Mr. Liu as the executive general partner, (ii) approximately 0.43%, by Ms. Hao Lu (郝路), our financial director as limited partner, (iii) approximately 0.01% by Ms. Zhou Mao (周茂), supervisor of one of our subsidiaries, as limited partner and (iv) approximately 21.73% and 75.84% by Aihe Genli and 26 other individuals, as the other limited partners, none of these 26 individuals holds 30% or more of the interests therein. All the 26 individuals are either current or former employees of our Company and are independent third parties. The details of Aihe Genli is as follows:

(1) ***Aihe Genli:*** As at the Latest Practicable Date, Aihe Genli was owned as to (i) approximately 11.99% by Mr. Liu as the executive general partner, (ii) approximately 6.39% by Ms. Zheng Hong (鄭鴻) our executive Director, as its limited partner and (iii) approximately 81.62% by 48 other individuals as the other limited partners, none of these 48 individuals holds 30% or more of the interests therein. All the 48 individuals are either current or former employees of our Company and are independent third parties.

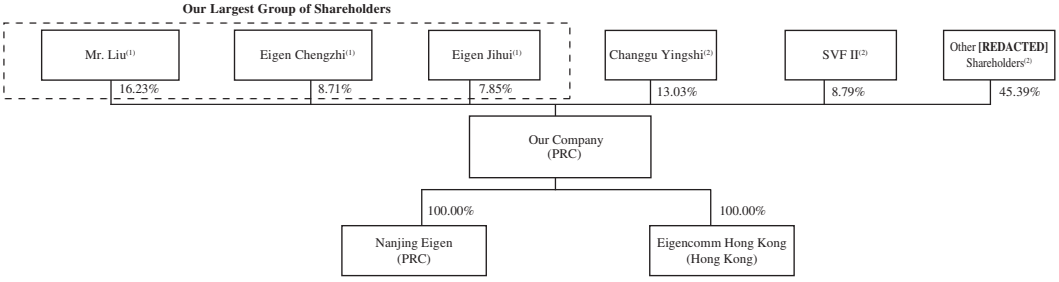
MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as at the Latest Practicable Date, our Group did not have any major acquisitions, disposals or mergers.

CORPORATE STRUCTURE OF THE COMPANY

Corporate Structure Immediately Before the [REDACTED]

The following chart illustrates the shareholding structure and corporate structure of our Group as at the Latest Practicable Date:



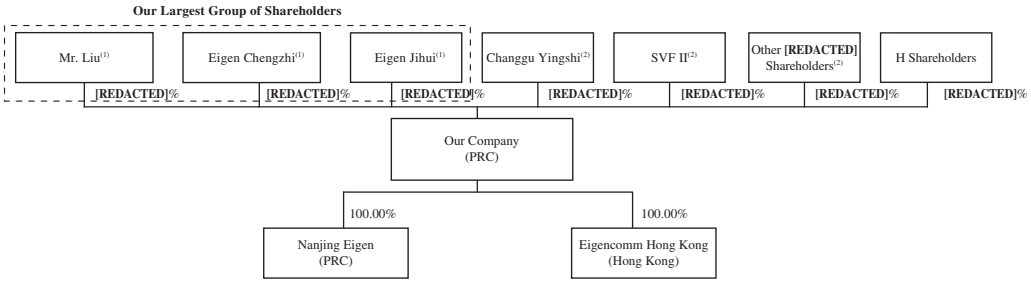
Note:

(1) Our Largest Group of Shareholders include Mr. Liu, Eigen Chengzhi and Eigen Jihui, our Employees Shareholding Platforms, each of which is managed by Mr. Liu as their general partner. As at the Latest Practicable Date, our Largest Group of Shareholders were collectively entitled to exercise the voting rights of approximately 32.79% of our Company's total issued Shares. Upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), they will collectively exercise voting rights of approximately **[REDACTED]**% of our total issued Shares. Please refer to "Relationship with our Largest Group of Shareholders" and " Substantial Shareholders" for further details.

(2) For details of the principal **[REDACTED]** Investors, please refer to the paragraph headed "Information about our principal **[REDACTED]** Investors" above. Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), an aggregate of **[REDACTED]** Shares will be held by the **[REDACTED]** Investors, out of which, an aggregate of **[REDACTED]** H Shares (to be converted from Domestic Unlisted Shares), representing approximately **[REDACTED]**% of the enlarged registered share capital of our Company. Further details on H Shares to be converted from Domestic Unlisted Shares upon **[REDACTED]** and held by each of the **[REDACTED]** Investors are set out in "Share Capital" in this document.

Corporate Structure Immediately Following the Completion of the [REDACTED]

The following chart illustrates the shareholding structure and corporate structure of our Group immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no changes in the following shareholdings since the Latest Practicable Date):



Note: Please refer to the notes (1) and (2) to the paragraph headed "Corporate Structure Immediately Before the **[REDACTED]**" above for more information.

OVERVIEW

Who We Are

Cellular IoT chips are application-specific integrated circuits designed based on cellular mobile communication technology (2G/3G/4G/5G) standards. They primarily enable wireless connectivity for IoT devices.

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. Headquartered in Shanghai, we primarily operate our business in Chinese Mainland. 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-Al and Open-CPU technologies. 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.

Core Technologies

At the heart of our business lies a comprehensive suite of proprietary technologies and patents, which form the cornerstone of our competitive edge in the cellular IoT chip industry. These technologies are designed to address the evolving demands of next-generation communication systems, enabling superior performance across diverse IoT applications.

The following are the core technologies that underpin our innovative products:

- **Advanced Cellular Communication Algorithm:** Our advanced algorithm forms the foundation of cellular communication systems, optimizing 4G/5G radio performance. This technology enhances sensitivity and reliability in weak signal environments, enabling high throughput with efficient resource utilization. The algorithm also significantly reduces network access latency, ensuring that data transmission is both fast and stable. Our advanced algorithm performance far exceeds industry standards.

- **Integrated Modem Baseband, Radio Transceiver, and Power Management Chip Design:** We pioneered the single-chip integration of baseband, RF, and power management, a rare feat for Cat.1bis device chips. Building on this core technology, we are also currently the world's only chip provider that has realized full monolithic integration of baseband, RF and power-management functions within Cat.4 device chips. For NB-IoT, this integration extends to include the power amplifier, RF front-end filters, and antenna switches. This high level of integration simplifies packaging, reduces BOM costs, and facilitates easier module design.

- **Super Power Saving Technology:** Our power-saving innovations combine several key technologies, such as precise power and clock domain design, a unique power control algorithm, efficient hardware circuits, and full system optimization. Our chips achieve significant reductions in power consumption, providing extended device lifetime, which makes our products particularly suited for low-power, long-life applications, aligning with the global demand for IoT solutions.

- **Ultra Low-Cost Solution:** To enable large-scale IoT deployments, achieving cost-efficiency is critical. We leverage advanced technologies, including new process platforms, hardware acceleration for baseband processing, resource sharing, low-cost packaging, and specialized RF link design. This comprehensive approach allows us to drive down the per-unit cost of devices, making them more affordable and scalable for diverse industries.

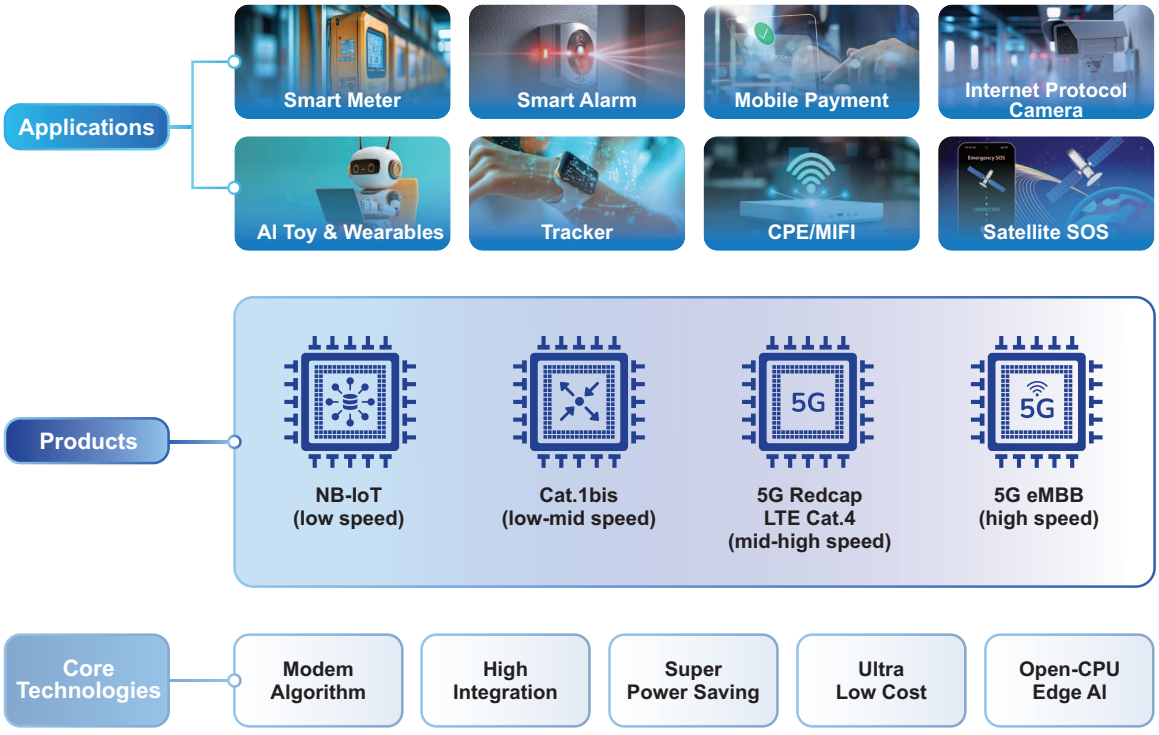
- **Scalable Open-CPU and Edge-AI Capability:** Our products offer adaptable system configurations, including scalable CPU power, memory resources, and Edge-AI capabilities. This flexibility allows for Edge-AI integration into various end-use applications, empowering devices with programmable features that enhance processing power, energy efficiency, and user flexibility. As the world moves toward edge computing and AI-enabled devices, we provide the necessary foundation for "intelligent connectivity", allowing real-time data processing at the edge.

These core technologies are the result of our extensive research and development efforts, reflecting our commitment to driving innovation in the cellular IoT chip industry. By embedding these technologies in our products, we are not just responding to current market needs but anticipating the future. Our technologies support a low-power, and highly efficient IoT ecosystem, paving the way for a truly interconnected world, where intelligent devices communicate effortlessly across industries, communities, and cities.

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.

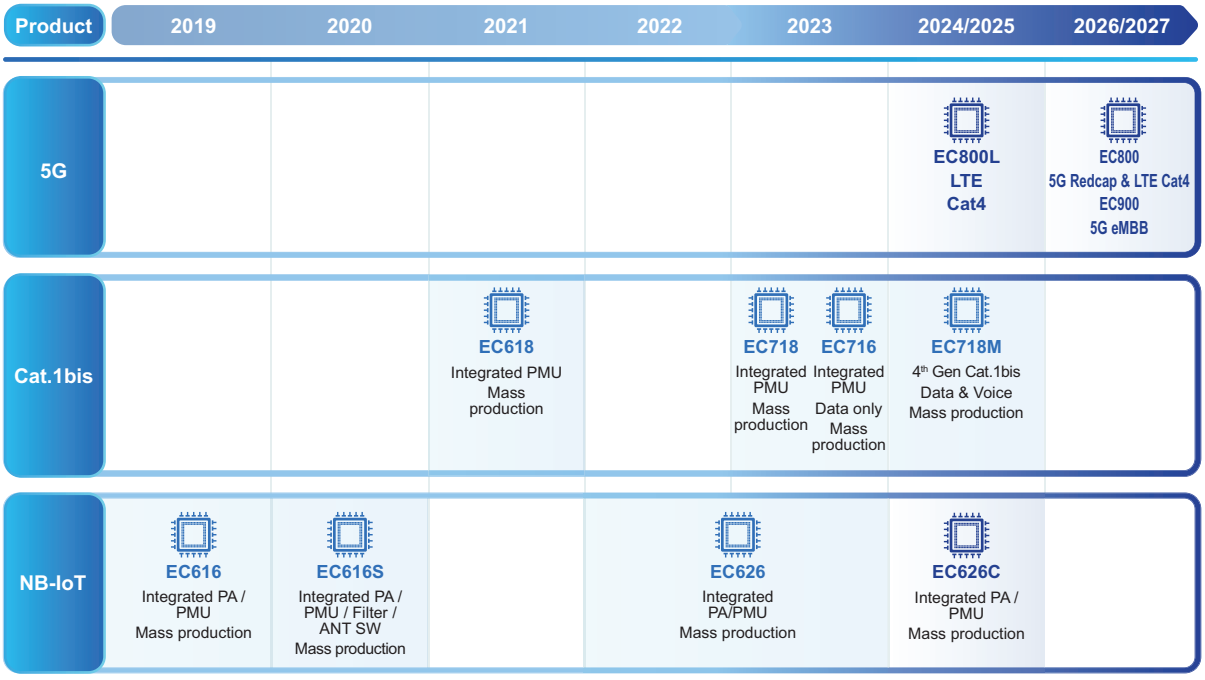
Our products are integral to sectors involving data transmission, and we continue to expand our footprint across mass connectivity, industrial control, broadband connectivity, consumer electronics, and satellite communications.



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-rate, 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 RedCap (Reduced Capability)/LTE Cat.4 and 5G eMBB (enhanced Mobile Broadband)**: 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, as well as 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.



Our focus is on achieving the optimal "PPA balance," ensuring that we deliver products with high performance, low power consumption, and cost-effectiveness to meet diverse application needs across all scenarios. According to the F&S Report, we ranked second globally in the cellular IoT chip industry by shipment volume. In the same year, we also ranked second globally for NB-IoT products and second globally for Cat.1bis products.

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.

The next generation of high and ultra-high data-rate products will pose more stringent PPA challenges. We will leverage our established core strengths while continuing to innovate in ultra-high integration, superior communication performance, ultra-compact form factors, and extreme cost efficiency. In addition, we are advancing our Open-CPU capabilities with a focus on Edge-AI to enable new application scenarios and accelerate module development. Meanwhile, we are extending our product offerings from terrestrial to satellite connectivity. These initiatives ensure we remain at the forefront of the industry development, with our products serving as foundational building blocks for "intelligent connectivity."

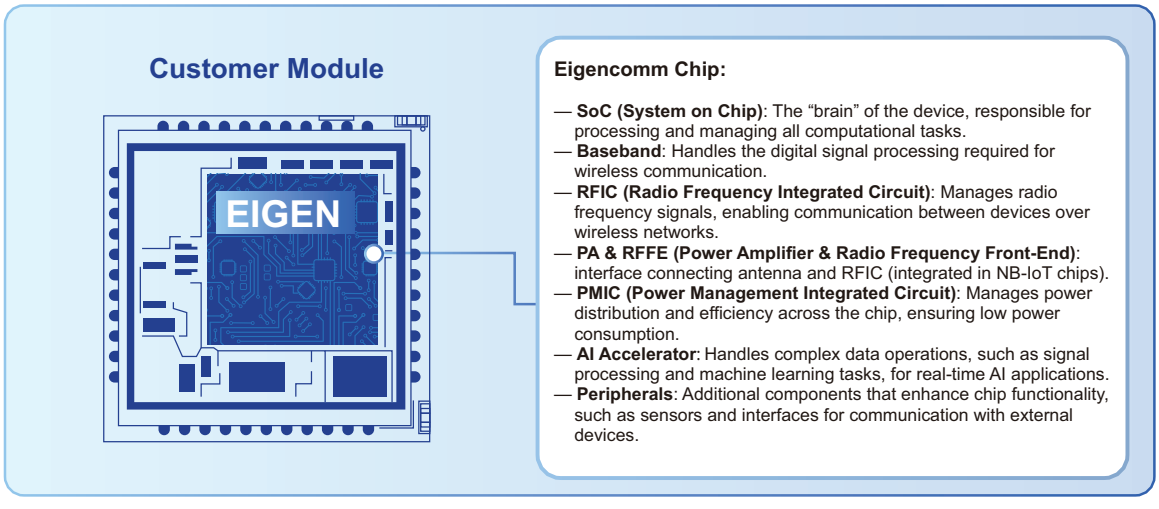
Beyond chip sales, we also generate revenue through license services, together with design services provided to Customer Q, a global semiconductor leader. These services complement our core business, further diversify our engagement models, and create added value for customers by enabling broader adoption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

Our Core Position in the Industry Chain

As a fabless company, we focus on the design, research, and sales of chips, outsourcing manufacturing to trusted foundries. Our primary customers are communication module manufacturers, who depend on our chips as essential components for their products.

Our chips serve as the "main chip" in communication modules, and designing and developing them requires specialized expertise. It presents significant challenges to integrate SoC, modem baseband, radio transceiver, and power management into a single chip, alongside developing the necessary communication firmware and application software. Only a select few companies can design such complex cellular IoT chips and create a comprehensive product portfolio that spans multiple communication standards, including NB-IoT, Cat.1bis, LTE Cat.4 and 5G.

The performance, cost, and power consumption of our chips directly influence the functionality, competitiveness, size, and development complexity of the entire communication module. Our highly integrated design minimizes the number and cost of external PCB components required for the module, enabling our customers to develop new devices quickly and efficiently. Typically, our chips account for 60%–75% of the total bill of materials ("**BOM**") cost for the communication module. With our chips, customers can focus on their device applications, while we manage the complexity of ensuring the communication system operates seamlessly.



Our Customers

We have established a globally recognized brand and earned the trust of leading industry players. We cover six out of the top ten module manufactures globally. Our products are designed to address highly price-sensitive cellular IoT applications, where customers place strong emphasis on overall system cost, power efficiency and reliability. While we operate in a competitive industry characterized by ongoing ASP pressure and limited bargaining power as a fabless company, we primarily focus on delivering cost-effective solutions at the system level through design and integration rather than solely through supply-chain leverage. In this context, "cost-effective" refers to our ability to achieve an optimized balance of power consumption, performance and integration in our chip designs, which can lower our chip costs and simplify module design, collectively reducing customers' total BOM, and improve energy efficiency in end devices. This design-driven efficiency allows our customers to enhance the competitiveness of their end products even in an environment of declining market prices, notwithstanding our exposure to wafer procurement costs and intense competition within the cellular IoT chip industry.

Our direct customers refer to customers that contract directly with us. Under our direct sales channel, all customers are direct customers. Under our channel sales channel, our direct customers refer to the channel partners that contract directly with us, while end customers refer to the underlying customers of such channel partners. The table below sets forth certain key operating metrics relating to our direct customers and end customers during the Track Record Period.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Number of direct customers	30	24	37	37
Average revenue per customer *(RMB'000)*	17,769.2	23,016.8	18,632.2	11,239.1
Customer Retention rate[(1)]	100.0%	70.0%	53.3%	56.7%
Net Dollar Retention Rate[(2)]	—	94.0%	84.9%	85.1%

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Number of end customers	29	27	34	37
Average revenue per customer *(RMB'000)*	18,381.9	20,459.4	20,276.2	11,239.1
Customer Retention rate[(1)]	100.0%	82.8%	69.0%	69.0%
Net Dollar Retention Rate[(2)]	—	98.4%	122.7%	120.8%

Notes:

(1) Customer retention rate = number of customers in the 2023 cohort that remained active (i.e., generated revenue) in the relevant year/period ÷ total number of customers in the 2023 cohort × 100%.

(2) Net Dollar Retention Rate = revenue in the relevant year/period generated from customers that also generated revenue in the immediately preceding year ÷ revenue in the immediately preceding year/period generated from the same customer cohort × 100%.

The number of our direct customers decreased from 30 in 2023 to 24 in 2024, primarily reflecting changes in our sales channel mix and customers' procurement arrangements, with certain customers increasingly purchasing through their appointed channel partners rather than contracting directly with us. The number of direct customers increased to 37 in 2025, mainly due to an expanded base of contracting counterparties and broader customer coverage as our commercialization continued to scale. The number of direct customers remained stable at 37 for the six months ended June 30, 2026. Our 2023-cohort customer retention rate decreased from 70.0% in 2024 to 53.3% in 2025, before recovering to 56.7% for the six months ended June 30, 2026. Our net dollar retention rate decreased from 94.0% in 2024 to 84.9% in 2025, before rebounding to 85.1% for the six months ended June 30, 2026, primarily due to changes in the procurement mix and contribution among our direct customer base.

The number of end customers decreased slightly from 29 in 2023 to 27 in 2024, followed by an increase to 34 in 2025 and 37 for the six months ended June 30, 2026, reflecting continued penetration of our products among downstream application customers through channel arrangements. End-customer retention remained higher than direct-customer retention, with the 2023-cohort retention rate at 82.8% in 2024, 69.0% in 2025 and 69.0% for the six months ended June 30, 2026, reflecting continued activity among a substantial portion of end customers. End-customer net dollar retention rate increased to 122.7% in 2025 from 98.4% in 2024, indicating revenue expansion among end customers that remained active in both years, which is consistent with increased procurement volumes among certain continuing end customers. End-customer net dollar retention rate decreased slightly to 120.8% for the six months ended June 30, 2026.

Our Market Opportunities and Growth Drivers

In 2022, the total number of cellular IoT terminal users across China's three major telecom operators reached 1.84 billion, surpassing the 1.68 billion mobile phone users for the first time. This marked the moment when the scale of the IoT terminal network, represented by "things," exceeded the scale of the "people" network. Since then, the number of cellular IoT users in China has continued to grow rapidly, reaching 2.99 billion in 2025, maintaining its position as the world's largest IoT connection market.

- **Expanding application scenarios:** The wave of digital transformation sweeping across industries has significantly increased the demand for device connectivity and data interaction. An increasing number of terminal devices are being integrated into the IoT ecosystem, bringing the vision of "intelligent connectivity" closer to reality. As new fields emerge (such as the expansion from traditional industrial monitoring to low-altitude transportation) and existing scenarios deepen (such as upgrading from simple device status collection to intelligent predictive analysis), the demand for "connectivity" as a core component grows in both stability and diversity. Cellular IoT chips serve as the foundation for this connectivity, becoming the cornerstone of market development. The vast number of IoT devices creates extensive market demand, with each application scenario requiring different performance capabilities from cellular IoT chips. Our comprehensive product portfolio is designed to meet these diverse, multi-layered needs.

- **Network upgrades driving replacement demand:** The existing 2G and 3G mobile communication networks are being gradually phased out and replaced by more efficient networks. This macro-level industrial transition directly necessitates the technological upgrades and replacements of current IoT devices. A large number of existing devices must migrate to solutions based on 4G and 5G mobile communication technologies, creating a substantial, mandatory replacement market driven by technological iteration. Our product portfolio effectively supports both 4G and 5G networks, ensuring precise alignment with market demand.

- **Overseas market demand accelerates the global expansion of Chinese companies:** The international market is currently experiencing rapid development in the adoption and application of IoT technology. China's mature ecosystem and comprehensive advantages within the industrial supply chain enable domestic companies to meet global market demands, driving the expansion of Chinese companies overseas. Entering international markets provides broader growth opportunities while enhancing the global development and competitiveness of domestic cellular IoT chip technologies. We have consistently supported our module customers in their international expansion, while actively driving product certifications and establishing overseas sales channels to build a global sales network.

- **Advancements in chip technology and manufacturing processes:** Continuous innovation in chip design and manufacturing technology is the core driver of industry growth. Advanced process technologies and architectural designs enable breakthroughs in computational power, integration density, and functional complexity, while significantly optimizing power consumption and physical size. These advancements allow terminal devices to achieve stronger connectivity performance, longer battery life, and more compact designs, meeting the increasingly diverse and demanding application requirements. Technological iteration not only unlocks new application possibilities but also propels the industry toward higher performance, lower power consumption, and better cost efficiency. We remain committed to the optimal "PPA" design philosophy, supported by robust research and development capabilities, giving us a competitive advantage in the market.

- **AI-powered product demand growth:** The rise of edge computing is driving the demand for localized intelligence in terminal devices to enhance AI capabilities. This trend is transforming cellular IoT chips from traditional connectivity solutions to SoC architectures that integrate AI processing capabilities. Future chips will need to maintain low-power connectivity while enhancing local data sensing, computation, and decision-making to meet the needs of intelligent applications requiring high real-time performance and strong privacy protection. This evolution will push products toward higher-value tiers. We are incorporating Edge-AI into chips, enabling specialized voice and video signal processing as well as deep learning tasks, thereby improving Edge-AI processing capabilities and efficiency.

STRENGTHS

Leadership in Cellular IoT Chip Industry

The global cellular IoT chip market is highly competitive, with rapid growth and a high degree of concentration, dominated by a few key players. According to the F&S Report, we have firmly positioned ourselves at the top of this competitive landscape, with our NB-IoT chip shipment volume reaching 39.0 million units in 2025, capturing 40.2% of the global NB-IoT market. This dominant market share underscores our leadership in delivering low-power, long-range connectivity products that meet the growing demand for massive IoT deployments, including applications in smart metering, asset tracking, environmental monitoring, and industrial automation. Our early market entry and continuous innovation have made us the preferred supplier for module manufacturers and systems integrators globally, reinforcing our competitive edge in the NB-IoT space.

In addition to our leadership in NB-IoT, we have also emerged as a strong contender in the Cat.1bis chip market, further solidifying our industry leadership. Our Cat.1bis chips provide exceptional cost-effectiveness without compromising on performance. According to the F&S Report, our Cat.1bis chip shipments reached 104.8 million units in 2025, accounting for 26.1% of the global Cat.1bis market and positioning us as the second-largest player globally in this segment. This innovation enables us to cater to a wide range of applications, including POS terminals, trackers, IPCs, wearables, and AI-enabled IoT devices, and drives the next generation of advanced communication technologies.

Innovation-Driven Industry Benchmark with Proven Licensing Capability

We are an innovation-driven enterprise at the forefront of research and development, led by a founder and research and development team with deep industry expertise and a strong track record. All of our core technologies are developed in-house, forming a comprehensive intellectual property ("**IP**") system that underpins our technological leadership.

After carefully selection and consideration, Customer Q signed a strategic cooperation agreement with us. Under this agreement, we licensed three of chips design technology packages to Customer Q, allowing them to commercialize these products in overseas markets. This collaboration is rare in China, marking Customer Q's first-ever acquisition of licensed technology from a Chinese cellular IoT chip company, further validating our technology and market position.

As of the Latest Practicable Date, we have accumulated 37 authorized patents, including 33 invention patents. During the Track Record Period, we incurred research and development expenditures of approximately RMB186.1 million, RMB138.9 million, RMB134.9 million, RMB68.0 million and RMB69.1 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 34.9%, 25.1%, 19.6%, 20.2% and 16.6% of our total revenue for the same periods.

We have also received numerous prestigious recognitions that highlight our position in the industry, such as the "Shanghai Manufacturing Single Item Champion Enterprise (上海市製造業單項冠軍)," "Shanghai Science and Technology Little Giant (上海市科技小巨人)," "National Key Specialized, Refined, Distinctive, and Innovative Little Giant (國家專精特新重點小巨人)," and "Shanghai Municipal Enterprise Technology Center (上海市企業技術中心)." These accolades reinforce our status as a leading innovator in the cellular IoT chip industry.

Extensive Product Matrix Covering Full-Scene Application Needs

Since our inception, we have focused on the cellular IoT chip industry, an area of significant core value and technical barriers. Through continuous refinement, research and development investment, and technological innovation, we have consistently optimized and iterated our products. Driven by market-driven demand and self-initiated technological innovation, our product matrix now covers the full range of cellular IoT applications. We offer a comprehensive selections, including NB-IoT, Cat.1bis, and 5G RedCap/LTE Cat.4 products, with more than ten distinct models designed to meet the diverse needs of the IoT landscape.

Our products are renowned for their exceptional low power consumption, a defining characteristic of our brand. Furthermore, we distinguish ourselves through high integration, cost-efficiency, and superior performance, delivering substantial value to niche industries and specific customer needs. This has been instrumental in fostering the rapid growth of the cellular IoT ecosystem.

Our NB-IoT and Cat.1bis products have already gained strong market validation and widespread customer recognition. Building on the success of these products, we are well-positioned to leverage customer loyalty and product stickiness, strengthening our competitive advantage in the 5G product segment. This will allow us to expand our application scenarios across new industries and create further growth opportunities.

Exceptional Commercialization Capability and Premium Customer Base

We have demonstrated exceptional commercialization capabilities, with our products achieving market success at a pace far exceeding industry standards. This has been made possible by our strong competitive edge, solid customer relationships, and outstanding industry reputation. For instance, after mass-producing our first NB-IoT product in the third quarter of 2020, we reached over 4 million units in monthly orders by April 2021, setting a new benchmark in speed to market. Similarly, following the official mass production of our first Cat.1bis product in the third quarter of 2022, we quickly scaled to 1 million units shipped per month. According to the F&S Report, we ranked second globally in NB-IoT shipments in 2025, while our Cat.1bis product achieved second place globally in market share.

Our NB-IoT and Cat.1bis products have not only established a strong brand reputation but have also cultivated deep customer loyalty, allowing us to further strengthen customer stickiness and build long-term relationships. This first-mover advantage positions us to rapidly commercialize our upcoming 5G RedCap products, leveraging the strong customer base we've already developed.

Our wide customer coverage and industry reputation have been instrumental in driving our growth. Leveraging our product advantages, we have expanded our customer base to include over 40 module customers. This strong customer foundation has been further bolstered by our strategic partnership with Customer Q, a global semiconductor leader, through which we have successfully licensed our IP and jointly explored overseas markets. We have also secured strong relationships with four of the top five module manufacturers in China's cellular IoT industry, collaborating closely on product definition and iterations to ensure continuous improvement and alignment with market demands.

Our customer loyalty is a key pillar of our success. More than 80% of customers purchasing over RMB100,000 in 2023 have continued to buy from us in subsequent years/periods, demonstrating our ability to foster long-term relationships. This combination of rapid product commercialization, broad customer reach, and strong customer loyalty positions us for sustained success and continued growth in the cellular IoT chip market, allowing us to capitalize on the increasing demand for connected devices.

Outstanding Research and Development Team and Strong Shareholder Support

Our research and development team is the backbone of our success. From top to bottom, we boast a team of highly qualified and experienced professionals, ensuring that we stay ahead in a rapidly evolving market. Leading this exceptional team is Mr. Liu Shi, our founder, chairman, and CEO. A renowned global expert in telecommunications and semiconductor systems, Mr. Liu holds a master's degree in electronic engineering from Fudan University. As a "Zhangjiang Talent", he has shaped the vision and direction of our company, leveraging his expertise to spearhead breakthroughs in cellular IoT chip technology. Our research and development personnel represent over 80% of our workforce, and the team is renowned for its high caliber and deep technical expertise. On average, our research and development team members possess more than 13 years of experience in integrated circuit design, with 100% holding undergraduate degrees, more than 60% with master's degrees, and more than 2% with PhDs. Our efficient, comprehensive research and development structure, encompassing algorithm & architecture, RF & Analog design, digital design, firmware, software, hardware, and quality assurance, ensures we meet the full range of technological challenges and deliver cutting-edge products to our customers.

In addition, we are also backed by strong shareholder support, which plays a critical role in accelerating our growth and innovation. Our shareholder base includes prominent industry investors, public and private equity funds, national-level funds, and state-owned enterprises, all of which provide not only financial resources but also valuable strategic insights. With over RMB1.4 billion raised across six rounds of financing, our investors have enabled us to leverage synergies between research and development and commercialization, ensuring the rapid development and market deployment of our products. This powerful support strengthens our competitive position and ensures our sustained success in the global cellular IoT market.

STRATEGIES

Expanding Research and Development Investment and Advancing Our Product Portfolio

We plan to significantly increase our research and development investment, aiming to further enhance and expand our product offerings. A major focus of this effort is the upcoming launch of our 5G RedCap/LTE Cat.4 dual-mode product, which combines the benefits of both 5G RedCap and LTE Cat.4 technologies. This integration offers an optimal balance between network coverage and scenario compatibility, while also providing significant advantages in terms of cost and power efficiency compared to traditional Cat.4 products. The 5G RedCap technology, designed specifically for IoT applications, supports download speeds of up to 220 Mbps and upload speeds of up to 110 Mbps, making it ideal for industrial IoT applications that require low latency and high reliability, such as smart manufacturing, remote monitoring, and connected vehicles. On the other hand, Cat.4 technology supports download speeds up to 150 Mbps and upload speeds up to 50 Mbps, commonly used in applications such as Mi-Fi devices and high-definition IPCs. While Cat.4 offers lower speeds, it excels in providing broader network coverage, cost-effectiveness, and compatibility with existing LTE infrastructure. For details, please refer to "Industry Overview — Analysis of Cellular IoT Chip Market — Development Trends of Cellular IoT Chip Market" in this document.

Our 5G RedCap/LTE Cat.4 dual-mode product ensures seamless operation across both 4G and 5G networks, providing flexibility in areas where 5G networks are still under deployment. This dual-mode capability guarantees reliable connectivity for devices in various environments, even in areas with limited 5G coverage. The product also delivers superior performance while maintaining low power consumption and reduced costs, making it ideal for large-scale IoT deployments, particularly in price-sensitive markets. By integrating both technologies into a single chip, our product is able to deliver the benefits of 5G's speed and low latency while retaining the cost efficiency and extensive coverage that Cat.4 provides. This makes the 5G RedCap/LTE Cat.4 dual-mode product an excellent fit for a wide range of IoT applications.

Furthermore, we will continue to strengthen the technical services for our NB-IoT and Cat.1bis product lines. By consistently improving our software and offering ongoing updates, we plan to solidify our position as the market leader in medium- and low-speed data transmission, ensuring that we maintain a strong competitive advantage in these essential segments.

In addition, we have started to focus resources on the development of our 5G eRedCap and 5G eMBB series. These products are estimated to address a wide range of market needs, from gigabit-level transmissions to cost-effective, wide-coverage solutions, fuelling diverse applications across industries.

Enhancing Terminal Application Scenarios and Embracing Edge-AI Capability

We are dedicated to ongoing product innovation and iteration, with the goal of expanding our reach across diverse terminal application scenarios. By optimizing our product features based on specific customer needs and application requirements, we aim to enter and grow in emerging markets. Key sectors include financial payment devices, in-vehicle T-Box systems, CPE/MIFI, industrial automation, drone cellular module, in-car dash cameras, AI-enabled IoT devices, vehicle trackers, wearable devices, and satellite communications.

Building on our cellular IoT chips, we have developed an in-house AI accelerator, which serves as a co-processor, handling complex computations needed for on-device AI deep learning well as voice & video process. By offloading these tasks from the main CPU, the approach improves both the application performance and the power efficiency.

Furthermore, we have made substantial progress in the Open-CPU space, earning the trust of our clients. We will continue to enhance and refine our Open-CPU capabilities, offering flexible, platform-based solutions that empower our clients and drive further innovation across their applications.

Building a Global Collaborative Ecosystem

We are committed to deepening our integration with global ecosystem partners to drive industry development and foster long-term, mutually beneficial collaborations.

- **Industry trends and customer demand**: We will focus on capturing the latest industry trends and aligning our product development with customer needs. By facilitating the deployment of new products with existing clients and expanding our customer ecosystem, we aim to increase our market share across the industry.

- **Expanding overseas markets**: Our strategy includes a strong emphasis on developing international markets. We plan to advance overseas operator certifications and module testing, creating a dual-cycle model that integrates both domestic and international operations. We are already in discussions with several overseas clients and anticipate securing orders soon.

- **Global supply chain advantage**: Our global supply chain, supported by multiple chip manufacturing partners both domestically and internationally, is an advantage that ensures a secure supply across both local and global markets. We will continue to strengthen relationships with these partners to ensure stable production capacity and cost advantages. Additionally, we are exploring collaborative development opportunities with suppliers to further enhance the overall competitiveness of our products.

Fostering and Attracting Top Talent

Our team's stability and the continuous cultivation of talent have always been core drivers of our competitive edge. To sustain our innovation capabilities, we plan to strengthen our systems, talent development programs, and recruitment strategies.

- **Recruitment and talent development**: We will refine our recruitment and training systems to attract senior talent with strong educational backgrounds, technical expertise, and a global perspective. This will ensure we remain at the forefront of industry innovation.

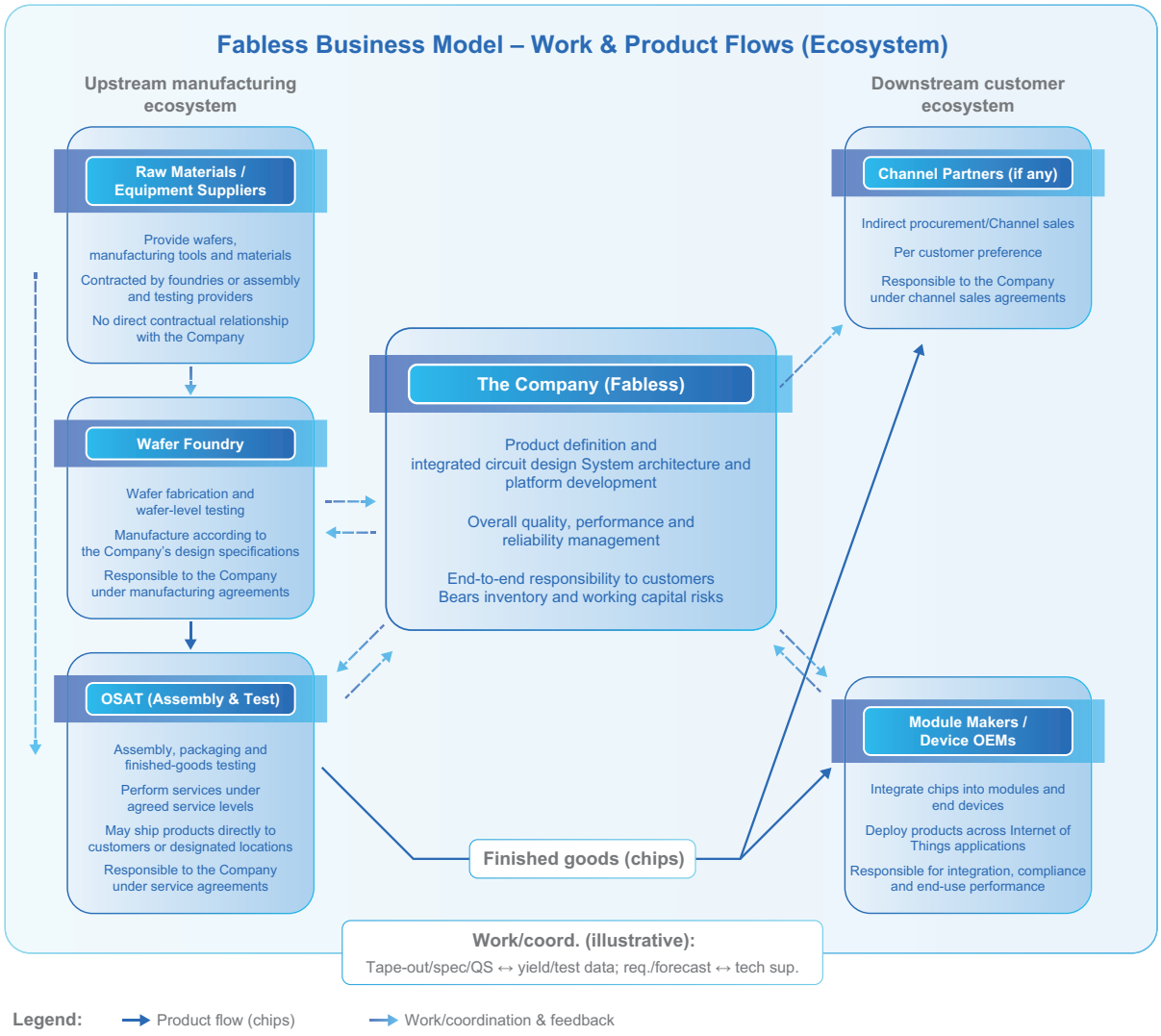
- **Talent selection and promotion mechanism**: We have established, and will continuously improve, a rigorous talent selection and promotion mechanism. Our aim is to offer competitive compensation and comprehensive benefits, ensuring our employees are motivated and supported in their professional growth.

- **Efficient management system**: We are committed to building a professional and efficient management framework that encourages creativity, fosters the enthusiasm of our core team, and ensures stability. We will also make timely organizational adjustments to enhance operational efficiency and maintain a high level of productivity.

OUR BUSINESS MODEL

We operate as a fabless cellular IoT chip design company, focusing on the research, development, architecture design, and commercialization of cellular IoT chips. Under this business model, we do not own or operate wafer fabrication, assembly, packaging, or testing facilities. Instead, we concentrate on high-value activities across the upstream portion of the value chain, including product definition, system architecture, integrated circuit design, and platform-level innovation, while outsourcing manufacturing-related processes to independent third-party foundries and OSAT partners.

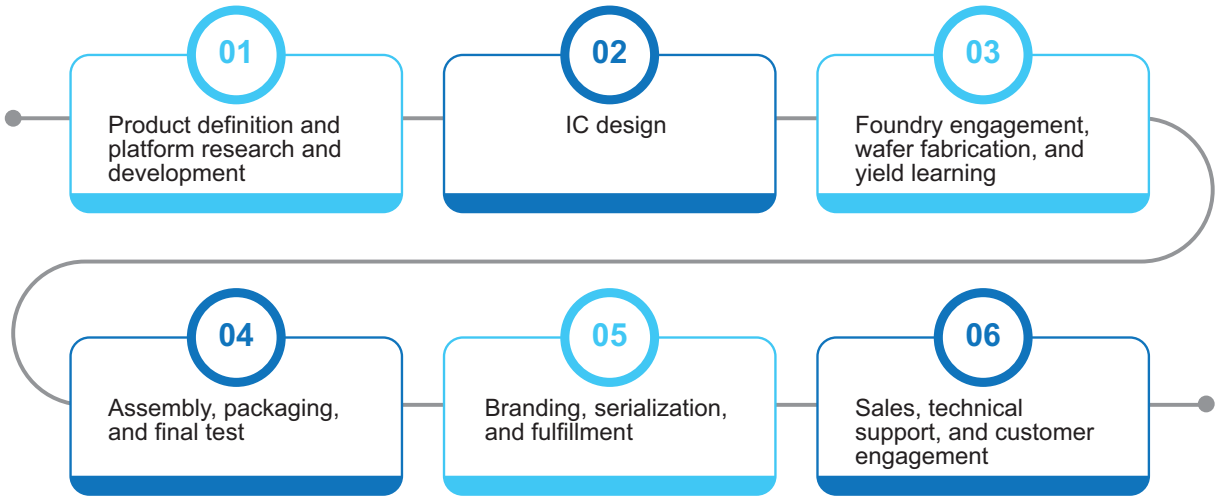
Because we rely on third-party foundries and OSAT partners for wafer fabrication, assembly, packaging and testing, upstream capacity availability and wafer procurement pricing are primarily driven by our manufacturing partners and broader industry demand-and-supply dynamics, and we generally have limited bargaining power to materially influence such terms. At the same time, our downstream customers typically benchmark multiple chip suppliers and expect chip ASPs to decrease over time in a highly competitive market, which can constrain our ability to pass through upstream cost increases. See "— Pricing Policy" for further details on how we reflect these upstream and downstream dynamics in our pricing decisions in the subsections below.



Within this model, we command a central role between upstream manufacturing partners and downstream customers. We define product specifications based on application requirements and customer use cases, complete architecture and IC design, and manage overall product quality, performance, and reliability. Following tape-out, we engage third-party foundries to perform wafer fabrication and wafer-level testing in accordance with our design specifications and quality standards. After wafer completion, OSAT partners conduct assembly, packaging, and finished-goods testing using test cases and programs developed by us before products are delivered to customers or designated logistics locations. Throughout this process, we retain end-to-end responsibility to customers for product functionality, quality, delivery performance, and after-sales technical support, while our manufacturing partners are responsible to us for executing the relevant manufacturing and testing services in accordance with agreed specifications and service levels.

On the downstream side, our products are primarily sold to cellular IoT module manufacturers and device OEMs, either directly or through channel partners appointed by end customers, depending on customer procurement preferences and commercial arrangements. Our chips are subsequently integrated into modules or end devices and deployed across a wide range of IoT application scenarios. Revenue of this sector is generated primarily from the sale of cellular IoT chips, with pricing determined by product specifications, performance characteristics, order volumes, and prevailing market conditions.

We have adopted an integrated product development ("**IPD**") framework to drive market-driven planning, quality-first engineering, cross-department collaboration, and continuous improvement. In execution, IPD is mapped one-for-one to our six-step operating as below:



Product definition and platform research and development. We begin by translating target application requirements and customer demand into product definitions and chip roadmaps, including clear targets for performance, power consumption and cost. We are responsible for product positioning, commercial feasibility assessment and the overall development plan, and we also develop and maintain reusable platform building blocks to improve development efficiency and consistency across product generations.

IC design. We complete the chip design work internally, including system architecture design and end-to-end design verification, and we are responsible for ensuring the design meets our functional and performance requirements before it is released for manufacturing. Upon completion of internal validation, we provide the finalized design package to our manufacturing partners while retaining ownership and technical control over the design and specifications.

Foundry engagement, wafer fabrication, and yield learning. We engage qualified foundry partners to fabricate wafers in accordance with our specifications. Foundries are responsible for manufacturing execution, while we coordinate production planning, monitor manufacturing output and yield performance, and work with foundries to improve yield and stabilize quality as volumes ramp. As we operate under a fabless model, the related procurement commitments and inventory exposure at the wafer and work-in-progress stages are borne by us.

Assembly, packaging, and final test. We appoint qualified OSAT partners to conduct assembly/packaging and final testing. OSAT partners are responsible for processing and test execution, while we set testing standards, quality requirements and reliability criteria and oversee compliance with such requirements. Ownership of work-in-progress and finished goods inventory remains with us throughout this stage.

Branding, serialization, and fulfillment. After final testing, products are branded and serialized for traceability, and we arrange delivery based on commercial terms, either through our warehouse and logistics partners or directly to customers. Although products may be stored at partner facilities prior to delivery, inventory risk, including demand fluctuation and obsolescence risk, is borne by us.

Sales, technical support, and customer engagement. We manage customer relationships and commercialization through direct sales and channel sales, supported by ongoing technical engagement. We provide integration assistance and reference design support to facilitate customers' design-in and certification timelines, and we may provide customization and non-recurring engineering services for selected strategic projects where appropriate.

Our product lifecycle typically comprises product definition and platform research, IC design and verification, tape-out, wafer fabrication and wafer testing, assembly and packaging, finished-goods testing, delivery to customers, and ongoing technical support. For a typical production cycle, the manufacturing process from wafer fabrication through finished-goods testing takes approximately four months, consisting of approximately three months for wafer fabrication, one week for wafer testing, two weeks for assembly and packaging, and one week for finished-goods testing.

To support customer demand and ensure timely fulfillment, we generally plan production capacity and manufacturing schedules based on customers' rolling demand forecasts. As a result, for standard products and subject to order size, inventory availability, logistics arrangements, and customers' forecast, the typical delivery lead time from receipt of a customer purchase order is generally within one month.

In a typical transaction flow, we enter into manufacturing and service arrangements with foundry and OSAT partners and issue purchase orders for wafer fabrication, assembly, packaging, and testing services. Our customers place purchase orders with us directly or, where applicable, through channel partners, and we deliver finished products in accordance with agreed commercial terms. In terms of fund flow, our customers pay us for delivered products pursuant to the payment terms specified in customer agreements. We, in turn, pay foundry and OSAT partners for manufacturing and testing services in accordance with our purchase orders and their invoices. We bear the inventory and working capital risks associated with the production process and recognize revenue upon delivery of products in accordance with applicable accounting standards.

Advantages of our business model

Our fabless business model enables us to allocate resources efficiently toward innovation-driven activities while maintaining flexibility and scalability in manufacturing. By avoiding capital-intensive investments in fabrication facilities, we reduce fixed costs and operational risks, allowing us to adapt production capacity to market demand through our network of manufacturing partners.

This model is particularly well-suited to the cellular IoT market, where chip designs require continuous iteration and optimization across power consumption, cost, and performance dimensions. Our competitive advantage is anchored in a differentiated chip design technology path that is purpose-built for IoT endpoints. We focus on delivering an optimized balance across key metrics, enabling our customers to develop devices with extended battery life, strong connectivity performance, and competitive overall system cost.

Our core product competencies include industry-leading integration, with key functions such as communication baseband, radio frequency, power management, and SoC integrated into a single chip, which reduces chip area, lowers cost, and simplifies customer design complexity. We also emphasize ultra-low power design, optimizing power consumption in both standby and active modes to significantly extend terminal operating life and reduce maintenance requirements. In addition, our chips deliver high performance through the integration of innovative communication algorithms with efficient ASIC hardware architectures, supporting reliable and robust connectivity across diverse deployment environments.

A further distinguishing feature of our model is close technical collaboration with manufacturing partners throughout the design and sign-off process. We embed design-for-manufacturability and design-for-reliability considerations into our development workflow, optimizing designs for real-world process variations and operating conditions. This approach improves first-pass success rates, accelerates yield ramp-up, and supports stable product quality and faster commercialization.

OUR PRODUCTS

Our chips form the core technology that enables cellular communication in IoT devices, powering the seamless interconnection of the physical and digital worlds. By integrating key components into a single, compact system, our chips handle not only the essential communication tasks, but also various application scenarios. This high level of integration allows devices across various industries, whether

smart meters, connected vehicles, or industrial sensors, to communicate efficiently, ensuring reliable connectivity. The design of our chips determines not only the performance and power consumption of the devices but also their cost-effectiveness and compactness, directly influencing the overall capabilities and competitiveness of the end products.

Our products are designed to address highly price-sensitive cellular IoT applications, where customers place strong emphasis on overall system cost, power efficiency and reliability. While we operate in a competitive industry characterized by ongoing average selling price pressure and limited bargaining power as a fabless company, we focus on delivering cost-effective solutions at the system level through design and integration rather than relying on traditional supply-chain cost reduction tactics such as negotiating lower component prices, securing exclusive supply agreements, or leveraging bulk purchasing power. In this context, "cost-effective" refers to our ability to achieve an optimized balance of power consumption, performance and integration in our chip designs, which can lower our chip costs and simplify module design, collectively reducing customers' total BOM, and improve energy efficiency in end devices. This design-driven efficiency allows our customers to enhance the competitiveness of their end products even in an environment of declining market prices, notwithstanding our exposure to wafer procurement costs and intense competition within the cellular IoT chip industry.

Our products are at the forefront of enabling diverse, cutting-edge applications across multiple industries, driving the potential of "intelligent connectivity." In smart metering, our chips facilitate real-time monitoring of water, gas, and electricity usage, optimizing operational efficiency, reducing costs, and enhancing billing accuracy. In smart cities, our chips provide the essential connectivity for environmental sensors, traffic management systems, and waste management solutions, helping cities become more sustainable and efficient. For the Industrial Internet of Things ("**IIoT**"), our chips deliver reliable, low-power connectivity for applications such as asset tracking, predictive maintenance, and remote monitoring, empowering industries to streamline operations and minimize downtime.

Beyond core chip sales, we have built a strategic partnership with Customer Q, a global technology leader, through which we offer licensing services. These services not only extend the versatility of our products but also enable us to tailor solutions that meet the specific needs of a broad array of industries and applications. While these services complement our chip offerings, the development and sale of cellular IoT chips remain the heart of our business, driving the foundation for our growth and long-term success.

Building on the strong foundation we have established with our NB-IoT and Cat.1bis products, which are widely deployed across critical IoT applications, we are now leveraging our scalability to move into the next generation of connectivity. Our upcoming 5G RedCap series will maintain the low power consumption and cost advantages of our previous products while introducing enhanced capabilities for higher bandwidth and lower latency. By combining 5G RedCap/LTE Cat.4 dual-mode, we provide seamless coverage even in areas with hybrid networks, offering a significant boost in throughput and latency while maintaining cost-efficiency.

Looking ahead, we are committed to expanding our product offerings with a "full-speed domain, integrated, and scalable" strategy. In the near term, our focus will be on the 3GPP R17 5G RedCap/LTE Cat.4 dual-mode, which is designed for high-bandwidth, or low-latency applications such as Mi-Fi, lightweight CPEs, HD IPCs, industrial gateways, and wearables. In the mid-term, we will introduce 5G eRedCap, further optimizing terminal complexity and power consumption, catering to a wider range of medium and low-speed applications. In the long-term, we will roll out 5G eMBB, targeting ultra-high-speed data transmission for applications such as CPE, in-vehicle infotainment, and PC connectivity. Meanwhile, we aim to enhance our platform with Edge-AI capability, security, and satellite communication capabilities, forming a versatile product family that spans across all speed domains. This strategy aims to help us solidify our role as the foundation for the "intelligent connectivity" era, enabling seamless interconnection across industries and applications.

The following table sets forth a breakdown of our revenue by product category 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*	*%*
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	Sales Volume	ASP	Sales Volume
	RMB	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*
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**

Our long-term product strategy is to combine (i) shipment scale expansion and market-share accumulation in our lower-speed mass-market product families, principally NB-IoT and Cat.1bis, and (ii) margin enhancement and profit contribution from higher-speed and higher-value products, including LTE Cat.4/5G RedCap products, as they gradually commercialize. Through this strategy, we aim to strengthen our market position and customer penetration in high-volume cellular IoT chip segments, while progressively improving our revenue quality and profitability profile through product upgrades and portfolio expansion. Our pricing strategy is not uniform across all product categories. For NB-IoT and Cat.1bis products, which are relatively mature, high-volume and price-sensitive cellular IoT chip categories, we generally calibrate pricing by considering prevailing market prices, customer penetration, procurement scale, customer quality and expected gross profit margin. In particular, when

improvements in our cost structure, production efficiency and shipment scale allow us to offer competitive pricing while maintaining commercially reasonable margins, we may selectively pursue opportunities in price-sensitive market segments, rather than pursuing shipment growth at the expense of long-term commercial viability. For higher-speed products, including LTE Cat.4/5G RedCap products, we expect to place greater emphasis on pricing quality and profitability as such products gradually commercialize.

During the Track Record Period, the ASP of our NB-IoT chips decreased from RMB5.0 in 2023 to RMB4.8 in 2024, then to RMB4.1 in 2025, and further to RMB3.7 for the six months ended June 30, 2026. On the other hand, the sales volume of our NB-IoT chips decreased from 33.7 million units in 2023 to 26.3 million units in 2024 and then increased to 39.0 million units in 2025. The decrease in sales volume in 2024 primarily reflected the cyclical adjustment in downstream procurement following the normalization of semiconductor supply, together with intensified competitive pricing dynamics in the NB-IoT market, while the rebound in 2025 was mainly attributable to our selective competitive pricing strategy and our continued penetration of application scenarios requiring low-power, wide-area and massive-connection capabilities. The sales volume of NB-IoT chips further increased from 16.5 million units for the six months ended June 30, 2025 to 20.6 million units for the same period in 2026, primarily driven by more proactive pricing strategies to seize favorable market opportunities. The ASP trend of our NB-IoT chips during the Track Record Period was generally consistent with the industry-wide pricing pressure in mature, mass-market cellular IoT chip categories. According to F&S, the prevailing industry price range for comparable NB-IoT chips was approximately RMB5.0 to RMB5.6 per unit in 2023, RMB4.8 to RMB5.4 per unit in 2024, RMB4.0 to RMB4.6 per unit in 2025 and RMB3.7 to RMB4.3 per unit for the six months ended June 30, 2026, and the pricing trend for comparable NB-IoT chips was generally stable-to-downward during the Track Record Period, primarily due to intensified competition in mass-market connectivity segments, increasing standardization of mature products, downstream customers' cost-down requirements and the normalization of upstream supply following the earlier semiconductor shortage. Our realized ASPs for NB-IoT chips generally fell within the relevant industry price ranges during the Track Record Period. During the Track Record Period, the ASP of our Cat.1bis chips decreased from RMB7.7 in 2023 to RMB5.9 in 2024 and further to RMB4.5 in 2025 and further to RMB4.0 for the six months ended June 30, 2026. On the other hand, the sales volume of our Cat.1bis chips increased from 44.1 million units in 2023 to 61.1 million units in 2024 and further to 104.8 million units in 2025, and increased from 47.3 million units for the six months ended June 30, 2025 to 82.0 million units for the same period in 2026. The increase in sales volume was mainly driven by continued market adoption of our Cat.1bis products, customer penetration following product upgrades, and broader application demand for medium-speed cellular IoT connectivity. The further ASP decrease in 2025 reflected continued industry-wide ASP compression and our deliberate pricing adjustments to accelerate market penetration and shipment scale in the Cat.1bis segment. According to F&S, the prevailing industry price range for comparable Cat.1bis chips was approximately RMB7.7 to RMB8.5 per unit in 2023, RMB5.8 to RMB6.6 per unit in 2024, RMB4.2 to RMB5.0 per unit in 2025 and RMB3.8 to RMB4.4 per unit for the six months ended June 30, 2026, and the pricing trend for comparable Cat.1bis chips was generally stable-to-downward during the Track Record Period. Our realized ASPs for Cat.1bis chips generally fell within the relevant industry price ranges during the Track Record Period.

Therefore, the movements in our ASP, sales volume, revenue and gross profit margin should be assessed together. In 2024, despite the decrease in overall ASP of our chip products, our gross profit margin from sales of chips improved primarily due to cost normalization and supply-chain optimization. In 2025, our shipment volume increased substantially, particularly for Cat.1bis chips, while our chip gross profit margin decreased as the effect of our competitive pricing adjustments outpaced the margin support from cost optimization. This trend continued into the six months ended June 30, 2026, whereby shipment volume rose further significantly as compared to the same period in 2025 amid continued gross margin compression. We believe these movements reflected a combination of prevailing industry pricing dynamics, our product mix concentration in NB-IoT and Cat.1bis products, the timing of our pricing strategy adjustments, and the relevant customer and order mix during the Track Record Period.

NB-IoT Chips

Our NB-IoT product series is specifically engineered for low-power, massive-connection communication across a wide range of IoT applications. These chips are designed to support large-scale IoT networks that require high-volume long-range connectivity or deep coverage while consuming minimal power. This makes them ideal for scenarios where energy efficiency and network coverage are critical. Consequently, our NB-IoT chips are particularly well-suited for industries such as smart metering, smart cities (alarming, parking, door access, etc.), and I-IoT solutions.

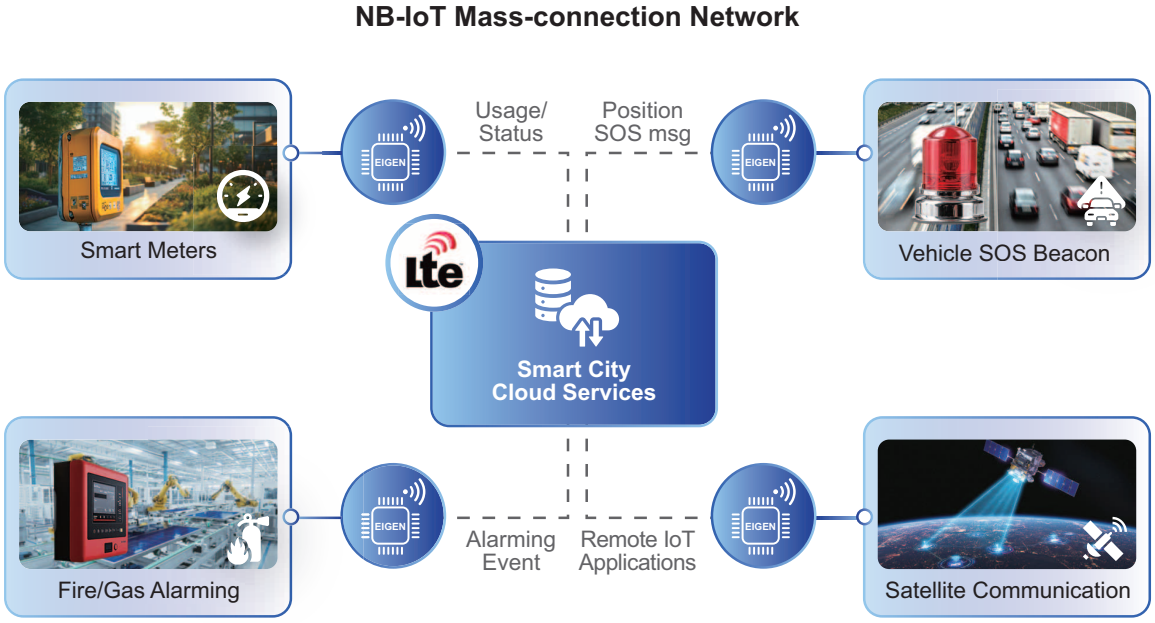
Our NB-IoT chips stand out due to their high integration, low power consumption, and cost-effectiveness. Leveraging cutting-edge 22nm and 40nm manufacturing processes, we are able to reduce chip size while enhancing both energy efficiency and performance, even in challenging environments. The integration of baseband, RF, PA, RFFE, and PMIC technologies in a single chip simplifies module design, lowers BOM costs, and facilitates faster market deployment.

Set out below is an overview of the key models and their features.

Series / Key features	Differential Features	Applications
EC616 series — 40nm process — 3GPP R13/R14 NB-IoT — Super power-saving — Integrated BB, RF, PMIC, PA and filters — Wide voltage input: 2.2V to 4.5V	EC616: — LFBGA packaging of 5.7mm*5.7mm*1.05mm — Global bands EC616S: Enhanced integration with full RF front-end inc. Antenna switch — QFN52 of 6mm*6mm*0.9mm — Global bands EC616L: Low-cost version of EC616S — China bands	— Smart meter (water/gas/electric) — Smart parking — Door access control — Alarming (gas/fire) — Vehicle emergency beacon light — Smart labels — Satellite SOS messaging
EC626 series — 22nm process — 3GPP R13/R14 NB-IoT — Super power-saving — Integrated BB, RF and PMIC, PA and filters — Wide voltage input: 2.1V to 4.5V	EC626: — QFN52 of 6mm*6mm*0.85mm — Global bands EC626C/L/E: Domestic supply chain integration for cost optimization — C: Global band — L: China bands — E: Enhanced memory and CPU capability	
EC626N/EC616N series — 22/40nm process — 3GPP R17 IoT-NTN	EC616N: Evolved from EC616 EC626N: Evolved from EC626C	

Application scenarios

Our NB-IoT chips are crucial to the expanding IoT ecosystem, providing essential connectivity in various industries. Key application areas include:



- **Smart meters**: NB-IoT is widely deployed for smart water, gas, and electricity meters. The long-range and ultra-low-power features of our chips make them ideal for installations in remote or difficult-to-reach areas. This ensures continuous operation without compromising data transmission or battery life, making it suitable for rural or isolated locations, where conventional connectivity solutions would be costly or impractical.

- **Smart alarming**: Our NB-IoT chips are also used in smart alarming systems, including gas, fire, and smoke detectors. These devices rely on real-time data to alert users of potential hazards. With low-power consumption and robust connectivity, the chips ensure the reliability of alarm signals, even in challenging environments.

- **Smart parking**: The smart parking sector benefits from our NB-IoT chips by enabling real-time monitoring of parking spaces, reducing congestion, and improving traffic management. The ability to track and update parking space availability remotely optimizes urban traffic flow and maximizes parking efficiency.

- **Smart door access**: Our NB-IoT chips are also used in smart door access systems, enabling secure entry with minimal human intervention. The ability to integrate with mobile applications and other smart technologies allows for convenient and secure access control across various buildings, improving user experience and security.

- **Smart labels**: NB-IoT-based smart labels are essential for tracking goods and providing real-time updates on their status. With the long-range, low-power and thin-size features of our chips, these labels can be used in warehouses, retail environments, or logistics applications to provide accurate location and condition information, ensuring transparency and reducing loss or theft.

- **Vehicle SOS beacon**: Our NB-IoT chips are integrated into vehicle SOS beacons, ensuring reliable communication in critical situations, even in areas with weak signals and harsh weather conditions.

- **Satellite IoT applications**: Our NB-IoT series chips come with IoT-NTN satellite IoT capability, perfect for remote applications where traditional networks are unavailable. This is particularly beneficial in industries such as oil and gas, environmental monitoring, and agriculture, where operations take place in isolated or harsh locations. With IoT-NTN, our chips enable continuous, reliable connectivity even in places where conventional networks do not reach, enhancing operational efficiency.

Case Study 1

Gas utility companies face significant challenges with traditional manual metering systems, which were prone to errors and inefficiencies. By adopting smart gas meters powered by our NB-IoT chips, these company are able to eliminate manual readings, reduce maintenance costs, and improve operational efficiency. The long-range connectivity and ultra-low power of our chips enabled the meters to operate for up to more than ten years in normal signal strength on a single battery. This shift to digital, real-time management not only reduced operational costs but also allowed for dynamic, tiered billing based on actual usage, significantly enhancing billing accuracy and operational efficiency.

Case Study 2

Spain's V-16 regulation mandates that vehicle SOS beacons be equipped with location tracking and communication capabilities. The challenge was ensuring that these beacons worked reliably in poor coverage areas and harsh weather conditions, while maintaining long battery life. By integrating our EC626 NB-IoT chip into their vehicle SOS beacons, the Spanish company was able to meet the regulatory requirements. The chip enabled reliable communication even in areas with weak signals. The beacons operated for extended periods without the need for frequent battery changes, significantly reducing maintenance costs and ensuring dependable communication in critical situations. The feedback from the Spanish company was overwhelmingly positive, with praise for the extended battery life and the reliable performance of the vehicle SOS beacons under challenging environmental conditions.

Cat.1bis Chips

Our Cat.1bis product series is specifically designed to support medium-speed cellular IoT applications, offering reliable data and voice connectivity, Edge-AI and Open-CPU capability while maintaining low power consumption and cost-efficiency. These chips are ideal for large-scale deployments on mature 4G networks, making them a perfect fit for medium-speed, cost-sensitive and on-the-move applicants such as POS terminals, voice-enabled devices, IPC cameras, trackers, shared devices, AI smart devices, and wearables. Unlike our NB-IoT chips, which are optimized for ultra-low power and long-range communication with minimal data transmission, Cat.1bis chips provide higher data rates and enable both data and voice functionalities. These chips strike an optimal balance between power efficiency, connectivity reliability, and medium-speed data requirements, making them a versatile choice for a broad range of use cases.

Our Cat.1bis chips are distinguished by their high integration and enhanced Open-CPU capability. With improved CPU power, optimized memory performance and abundant peripheral interface, our EC718 can be used as host SoC and eliminate the need for external host chip. The Open-CPU architecture provides a flexible and comprehensive development platform, enabling customers to creatively develop a wide range of new applications on this chip.

Set out below is an overview of the key models and their features.

Series	Differential Features	Applications
EC618 Series — 40nm process — 3GPP R13/R14 Cat.1bis — Integrated BB, RF and PMIC — Super power saving	— LFBGA of 6.1mm*6.1mm*1.14mm — Voltage range: 3.1V to 4.5V	— Trackers, inc. asset tracking, pet tracking, seniors tracking, mobile shared tracking — Security Camera (IPCs) — Mobile payment (POS terminals and soundbox) — AI smart devices — Wearables
EC716 Series — 40nm process — 3GPP R13/R14 Cat.1bis — Integrated BB, RF and PMIC — Super power saving — Optimized for data only module	— Domestic supply chain integration for cost optimization — LFBGA of 5mm*5mm*0.89mm (smallest size in the industry) — Sub-models EC716S/E: configurable Flash size (2M/4M)	
EC718 Series — 22nm process — 3GPP R13/R14 Cat.1bis — Integrated BB, RF and PMIC — Super power saving — Voice capacity — Edge-AI and multimedia — Memory enhancement — Open CPU enhancement	EC718 — LFBGA of 6.1mm*6.1mm*0.84mm — Sub-models EC718S/P/U: scalable CPU, RAM and Flash configuration (2M/4M/8M) EC718V — Voice over LTE EC718M — Domestic supply chain integration for cost optimization — CPU performance +30%, memory performance×8, and significantly enhanced Open CPU capability — Display interface up to FWVGA (854×480); improved multimedia process for wearables — Sub-models EC718MP/MU/MH: scalable memory configuration and voice option	

Application Scenarios

Our Cat.1bis chips cater to a variety of medium-speed IoT applications where data and voice connectivity are essential, but power efficiency and cost-effectiveness remain key priorities. Here are some of the primary applications:

- **Trackers**: These chips are ideal for all kinds of tracking such as asset tracking, vehicle tracking, senior tracking/assisting, and pet tracking, where real-time tracking and extended battery life are crucial. The medium-speed connectivity ensures reliable data transmission, while the low power consumption allows devices to operate for long periods without frequent maintenance.

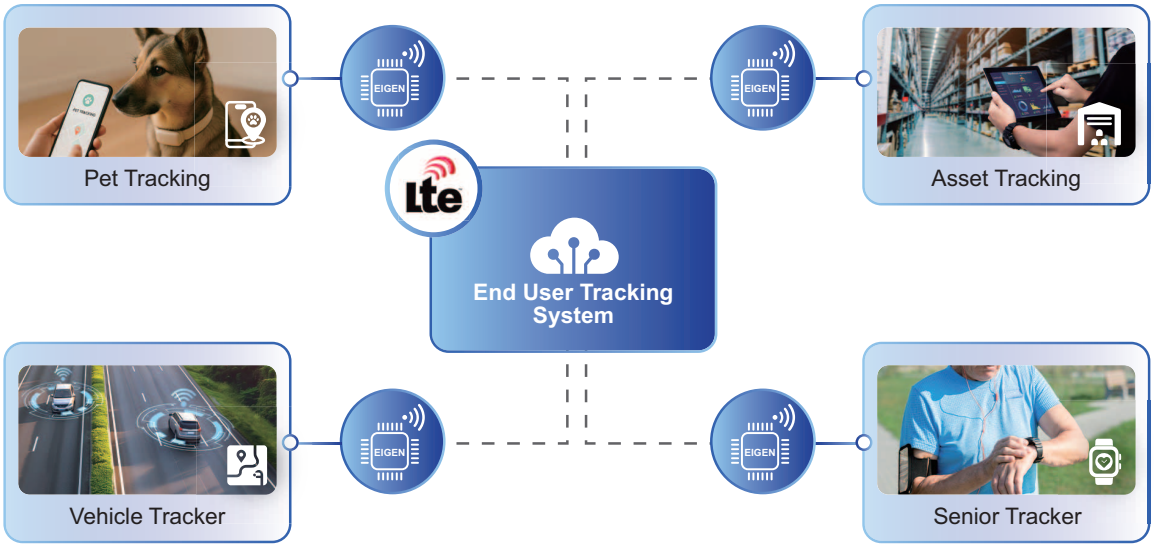
- **AI smart devices**: Our Cat.1bis chip plays a critical role in empowering AI-driven smart devices, enabling reliable connectivity and low-power edge process. This broad capability supports cloud-based AI models for interactive learning, real-time content updates, and local voice-triggered features. The chip's efficient data process and rapid response time make it

ideal for applications such as AI toys, AI smart glasses, AI learning machines, and AI smart speakers, where portability, low power consumption, and real-time functionality are paramount.

- **Payment devices**: Our chips are perfect for payment terminals and point-of-sale ("**POS**") systems, enabling secure data transmission and voice capabilities. Their low power consumption ensures these devices remain operational for extended periods, helping to reduce maintenance costs and ensuring uninterrupted service.

- **Wearables**: Our EC718M model, with its enhanced multimedia processing capabilities, is particularly suited for wearables like smartwatches and fitness trackers. It supports efficient processing for applications such as health monitoring, while maintaining low power usage for extended battery life.

Case study 1: tracker



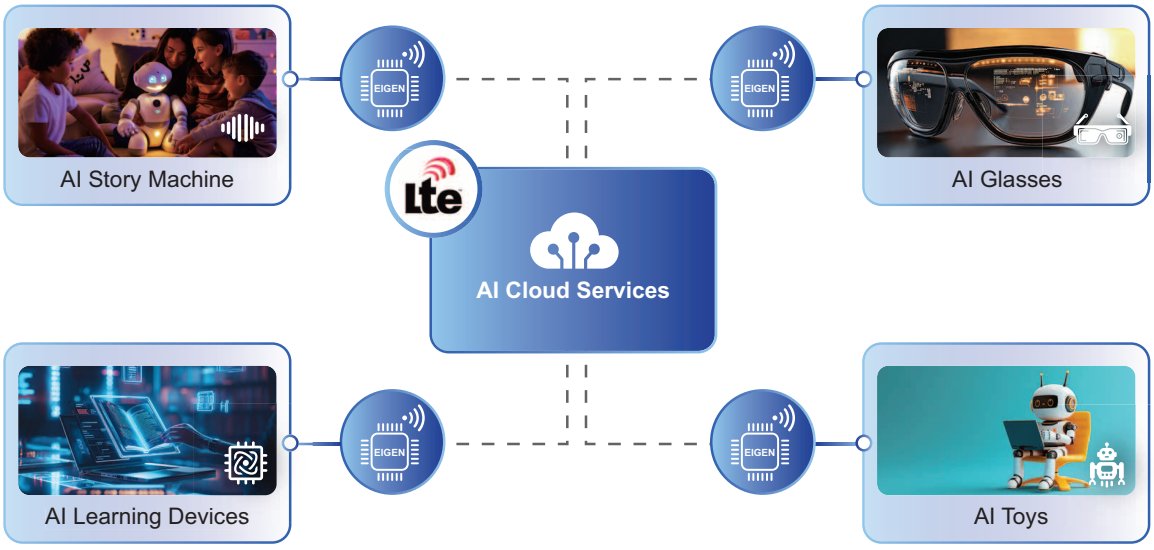
The Cat.1bis chip is revolutionizing the tracker industry by offering a combination of low power, high performance, and cost-effectiveness. As the industry transitions from 2G to 4G networks, finding a balance between speed, power efficiency, and reliability has been challenging. Our Cat.1bis chip addresses this challenge with an innovative, in-house developed architecture that integrates advanced power and clock management technologies. This enables industry-leading low power consumption, making it the ideal solution for IoT devices in tracking applications, where battery life and operational efficiency are critical.

The compact design of personal and pet trackers restricts battery size, making low power consumption even more critical. Our chip meets this need by cutting standby power by more than half against competing products, extending battery life and reducing the need for frequent recharging. This allows our customers to offer a "charge once a week" solution, ensuring devices remain reliable for longer periods.

In the asset tracking and logistics market, where valuable items such as medical cold-chain devices, precision instruments, or containers need to be tracked for months or even a year without frequent maintenance, the Cat.1bis chip excels. It supports event-based intelligent triggering (e.g., door opening, movement, temperature thresholds) and enters an ultra-low power sleep mode when idle,

consuming as little as microamps ("**uA**"). Devices using this chip can operate for over a year with moderate battery capacity, reducing the need for constant recharging. This enables a "set it and forget it" solution, lowering maintenance costs and ensuring the security and traceability of assets during transport.

Case study 2: AI smart devices



Our self-developed 4G Cat.1bis chip is becoming the cornerstone of AI-powered smart devices, offering an ideal mobile connectivity solution for AI applications. By integrating this chip into various AI smart terminals, we enable these devices to access the internet seamlessly, anytime and anywhere. For example, children can interact with AI story machines, students can access information through AI learning devices, and smart glasses can provide real-time voice translation and navigation. This broad functionality unlocks the full potential of AI-powered devices.

In the children's smart device market, the demand for story machines has been growing steadily. However, most similar products on the market rely on Wi-Fi connectivity, which restricts their use to static environments. This reliance on a stable Wi-Fi connection means that these devices cannot be effectively used in moving scenarios, limiting their versatility and appeal. By integrating our 4G Cat.1bis chips, we have revolutionized the AI story machine market. Our technology allows the device to provide uninterrupted, high-quality connectivity, enabling children to enjoy their favorite stories, songs, and interactive games while on the go. Whether in the car, at the park, or during travel, children can access cloud-based content and interact with the AI with cellular network. This flexibility empowers children to take their AI story machine anywhere, ensuring continuous content updates and keeping the device "forever fresh" with new stories and educational content.

In the AI education electronics market (learning machines, dictionary pens), devices require long battery life to accommodate extended usage times for students. Additionally, portability demands that these devices be lightweight and compact. Our chip stands out in this area, with minimal standby power consumption in deep sleep mode, activating only when the device interacts with the cloud. This ensures that an AI learning device with a 4G module can last over eight hours of use under moderate-intensity usage. The high integration of our chip also allows for smaller PCBAs, freeing up space for larger batteries or more complex sensors. The ability to "learn anytime, anywhere with built-in 4G" has become a key selling point, giving our product a significant market edge over competitors.

Similarly, in the AI toys and companion robots market, toys need to provide strong interactivity and novelty. With 4G connectivity, toys can update their content, including conversation libraries, stories, and games, in real time, ensuring they remain "forever fresh." However, as toys are often battery-powered, low power consumption is essential. Thanks to our proprietary rapid connection algorithms, our chip supports "event-triggered" usage. The device remains in ultra-low-power sleep mode during most of its standby time, only activating the 4G connection when the child speaks (via voice trigger) or presses a specific button. This mechanism allows the toy to operate for several days or even up to a week on a single charge. Moreover, the introduction of 4G connectivity, combined with large AI model capabilities, creates a new "content subscription service" business model for toy manufacturers, generating long-term revenue through continually updated cloud content.

In the AI smart glasses market, power consumption and size are two critical factors. The form factor of glasses requires that the internal components be extremely small, lightweight, and low in heat generation. Our chip's ultra-thin, compact packaging and low heat characteristics make it easy to integrate into the temples of the glasses. Its low power consumption ensures that core features, such as real-time voice translation and information alerts, operate without rapidly depleting the limited battery. This guarantees several hours of practical use, making "all-day wearability" a feasible feature.

Licensing and Chip Design Services

We also generate revenue through semiconductor IP licensing and related chip design services, substantially all of which were provided to Customer Q during the Track Record Period. Customer Q approached us through industry channels after becoming aware of our technical capabilities and commercialization experience in cellular IoT chip products. Following technical evaluation, commercial discussions and contract negotiations, we and Customer Q established our initial collaboration in the form of technology licensing and chip design services.

We do not regard Customer Q as a direct competitor in our core target segment, as Customer Q's broader product portfolio is generally positioned toward higher computing performance, higher cost and higher power consumption across mobile handset, automotive and broader IoT applications, whereas we focus on low-power, highly integrated and cost-optimized cellular IoT terminal chips. We believe the cooperation is primarily complementary in product positioning and technology roadmap. As of the Latest Practicable Date, we continued to cooperate with Customer Q under our technology licensing and related chip design services framework.

During the Track Record Period, our cooperation with Customer Q was governed by an initial technology license agreement, which functions as the principal framework agreement for our cooperation, together with the relevant supplemental agreements, appendices and/or statements of work. The initial technology license agreement sets out the overarching legal and commercial framework for the cooperation, while the relevant supplemental agreements, appendices and/or statements of work further specify project-specific arrangements, including the licensed technology packages, product scope, acceptance standards, milestones, payment arrangements, after-sales or ongoing technical support and other project-specific terms.

Our agreements with Customer Q adopt an IP allocation framework designed to preserve our ownership of our pre-existing, independently developed and underlying core platform IP, while granting Customer Q only contractually limited rights to use the agreed licensed technology packages and related deliverables within the agreed field and scope. The "limited contractual rights" granted to Customer Q refer to non-exclusive, non-transferable and non-sublicensable rights to use the agreed licensed technology packages and related deliverables solely within the contractually agreed scope, including for the development, testing, production and sale of the relevant chip products. Such rights are limited to the agreed products, purposes, territories and other contractual restrictions, and do not constitute a transfer or assignment of our intellectual property ownership. We retain ownership of our

pre-existing, independently developed and underlying core platform IP, proprietary technologies and technical know-how. No ownership of our background or core platform IP is transferred to Customer Q. We also protect our IP and trade secrets in these arrangements by limiting disclosure to what is necessary for the agreed development, testing, production and commercialization purposes, without providing unrestricted access to our core design source code, and by contractually restricting Customer Q's use and disclosure of our technology and deliverables.

During the Track Record Period, revenue recognized from Customer Q amounted to RMB21.9 million, RMB66.6 million, RMB59.7 million, RMB45.0 million and RMB15.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. In particular, revenue from one-time license fees amounted to RMB17.9 million, RMB4.9 million, RMB26.0 million, RMB23.7 million and RMB1.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively; revenue from royalty payments amounted to RMB4.0 million, RMB11.5 million, RMB23.7 million, RMB11.3 million and RMB14.3 million, respectively; and revenue from design fees amounted to nil, RMB50.2 million, RMB10.0 million, RMB10.0 million and nil, respectively. One-time license fees are generally payable upon delivery and acceptance of the relevant licensed technology package, design documentation package and/or other agreed deliverables. Royalty payments are generally calculated by reference to the unit shipments of chips incorporating our licensed technology and settled quarterly in accordance with the relevant contractual arrangements and shipment reports. Design fees/NRE fees, where separately specified, are generally payable upon completion and acceptance of the agreed stages, milestones or deliverables.

During the Track Record Period, we undertook multiple projects with Customer Q under the master technology license agreement initially signed in 2020, along with subsequent amendements, relevant supplemental agreements, appendices and/or statements of work. These projects primarily covered NB-IoT, Cat.1bis, NB-NTN and early-stage 5G-related technology cooperation. The relevant product scope included existing NB-IoT and Cat.1bis product families and selected new technology directions, and the key milestones generally included execution of the relevant supplemental agreement or statement of work, delivery of agreed technology packages and design documentation, completion of agreed technical support or validation work, and acceptance by Customer Q. The relevant one-time license fees and design fees/NRE fees were generally payable upon delivery, milestone completion and/or acceptance, while royalty payments were settled quarterly based on Customer Q's shipment volume of chips incorporating our licensed technology. As of the Latest Practicable Date, the relevant licensed IP and chip design service deliverables for existing NB-IoT and Cat.1bis product families had been delivered, while we continued to provide ongoing support in connection with Customer Q's continued production and sale of the relevant products. We had not entered into definitive agreements with Customer Q for 5G-related or EC800 series cooperation as of the Latest Practicable Date, but we may explore potential cooperation opportunities with Customer Q in relation to next-generation products based on market demand and commercial discussions.

During the Track Record Period and up to the Latest Practicable Date, our business operations were not materially affected by U.S.-China tariff measures. We did not source any materials from the U.S., and thus the retaliatory tariffs imposed by China had no impact on our procurement. Our primary commercial activities with Customer Q involved services and intellectual property licenses, which are not subject to tariffs. While we supplied a limited number of physical test boards to Customer Q in connection with these licensing arrangements, all applicable tariffs on such boards are borne by Customer Q. Moreover, our sole export of such boards to the U.S. during the Track Record Period and up to the Latest Practicable Date occurred in 2023, representing approximately 0.01% of our total sales for the Track Record Period and predating the major U.S. tariff escalations. There have been no further exports to the U.S. thereafter. Accordingly, U.S. tariffs have not had any material impact on our operations during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, given that (i) we were not in default of any of our material obligations under our contractual arrangements with Customer Q, and we incurred no administrative penalties in the U.S.; and (ii) our business collaboration with Customer Q was not materially affected by U.S.–China tariff measures, as illustrated above, our Directors are of the view that, under current circumstances, the risk of termination of our collaboration with Customer Q due to U.S–China geopolitical tensions is low.

Licensing services

Our licensing services generally involve the grant of contractually defined rights to use specified licensed technology packages and related deliverables within the agreed field and scope. To the extent any project-specific customization or related deliverables are developed for Customer Q under the agreed scope of work, the relevant IP allocation is governed by the contractual framework between the parties, while our background IP and underlying platform technologies remain with us.

For licensing services, the commercial consideration typically comprises one-time license fees and ongoing sales-based royalty payments. One-time license fees are contractually fixed and generally become payable upon delivery and acceptance of the relevant licensed technology package, design documentation package and/or other agreed deliverables. Royalty payments are generally calculated by reference to the unit shipments of chips incorporating our licensed technology and settled quarterly in accordance with the relevant contractual arrangements and shipment reports.

Chip design services

Our chip design services for Customer Q involve project-specific design adaptation, customization, validation support and related technical work based on our existing technology platforms, design capabilities and technical know-how. These services are intended to support Customer Q's development and commercialization of specified chip products incorporating our licensed technology. Our chip design services are typically governed by the relevant statements of work and/or supplemental agreements, which define the service scope, key deliverables, milestones, acceptance mechanisms and payment terms.

Where design fees are separately specified, they are reflected contractually as NRE fees and are generally payable upon completion and acceptance of the agreed stages, milestones or deliverables. Where the relevant design, customization or technical support work forms part of an integrated licensing arrangement, the commercial consideration for such work may be reflected in the agreed one-time license fee for the relevant licensed IP and/or design documentation package rather than presented as a separate recurring revenue stream.

RESEARCH AND DEVELOPMENT

Research and development are critical to sustaining our technology leadership and supporting the commercialization of our products by enabling us to meet evolving downstream application needs. Guided by our PPA targets and a high-integration, low-power, and cost-efficient design philosophy, we focus on developing core intellectual property for cellular IoT chip platforms spanning NB-IoT (low-speed), Cat.1bis (medium-speed), and in-development 5G RedCap/eMBB (high-speed), while integrating Edge-AI capability in selected SoCs to enhance on-device intelligence.

We are committed to continuous investment in research and development to strengthen our technological leadership and support the commercialization of advanced cellular IoT chip technologies. During the Track Record Period, we incurred research and development expenditures of approximately RMB186.1 million, RMB138.9 million, RMB134.9 million, RMB68.0 million and RMB69.1 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 34.9%, 25.1%, 19.6%, 20.2% and 16.6% of our total revenue for the same periods. As of June 30, 2026, we had 115 research and development personnel, representing approximately 81% of our total headcount. Our team is organized under our Shanghai, Nanjing and Chengdu Technical Center and spans system algorithm, firmware, protocol stack software, RF & analog, ASIC design, platform software, application solution, and testing and verification. Over 100 engineers work across these technical units, with approximately two-thirds holding master's degrees or above, and our core team members averaging over 15 years of industry experience in IC design.

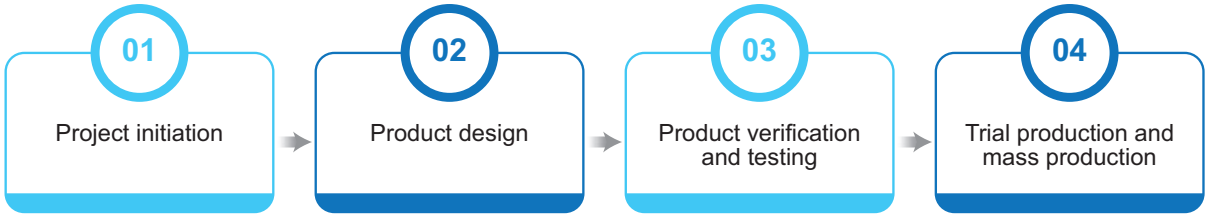
We continue to deepen collaboration with ecosystem partners across foundries, OSAT partners, EDA vendors, OS/IP providers, module makers and OEMs, and testing and certification bodies to shorten development cycles and ensure compliance with applicable standards. In addition to developing IP for our own chip product, we also monetize selected chip models through semiconductor IP licensing, complementing our product revenue with capital-efficient monetization of mature platforms. As of the Latest Practicable Date, we had accumulated 37 patents (including 33 invention patents), four software copyrights and four layout-design of IC.

Guided by the above approach, we manage a rolling multi-year product roadmap with generational upgrades and derivative variants tailored to priority application scenarios, supporting both scale-oriented flagship chip models and customer-specific commercialization needs. This roadmap underpins ongoing scale shipments of NB-IoT and Cat.1bis products while enabling the introduction of 5G RedCap/eMBB products, aligning our technology and commercialization plans with market development trends and customer demand. We believe our disciplined research and development model, sustained investment, and platform-based capabilities position us to deliver competitive products and support our long-term growth.

Research and Development Process

We operate a market-oriented research and development process based on an IPD framework. Most of our products are designed for general-purpose use, and we also undertake customer-specific customization using the same governance and quality standards.

Set out below a flow chart illustrate our research and development process.



We begin our research and development process with project initiation, where we translate our long-term technology roadmap into specific product proposals based on market demand. At this stage, we conduct market and competitor analysis and collect customer and end-application requirements through our application solutions team, business units and sales team. Based on these inputs, our technical center team evaluates technical feasibility, development timelines, cost parameters and execution risks, and prepares a feasibility study report or development plan outlining the project scope, objectives, resource allocation and budget. A cross-functional review led by senior management is conducted to confirm alignment with our strategic priorities before formal project approval.

Following approval, we enter the product design stage, during which our technical center team undertakes chip architecture design, circuit implementation and related foundational software development in accordance with the approved plan. The design process focuses on meeting defined performance, functionality, power consumption and cost targets. Before proceeding to manufacturing, our chip delivery team organizes a design readiness review with relevant internal teams and external manufacturing and quality partners to confirm that the design is sufficiently verified, production-ready and capable of meeting expected yield and cost objectives.

The next phase is product verification and testing. In this stage, our chip delivery team coordinates with external manufacturing partners to produce engineering samples, and our technical center team conducts validation testing under representative application scenarios. Testing focuses on

confirming that the product meets key specifications and reliability requirements. Where necessary, controlled design refinements are implemented to address identified issues. This iterative validation process helps ensure product stability and consistency prior to volume production.

Finally, in the trial production and mass production stage, we conduct pilot production runs to validate manufacturability, process stability and yield performance. Pilot units may be provided to selected customers for application-level verification. Upon completion of final internal reviews covering quality control, reliability standards, documentation and supply readiness, the product is formally released for mass production. This structured and stage-based approach enables us to manage development risk, cost efficiency and time-to-market in a disciplined and scalable manner across both standardized products and customized solutions.

Key Research and Development Project

5G Redcap & eMBB Chips in Development

Our 5G RedCap and eMBB chips currently under development represent the next generation of cellular IoT connectivity solutions. The evolution of 5G RedCap and eMBB chips signifies a shift towards higher-capacity, lower-latency solutions that drive the future of cellular IoT applications. This is particularly evident in the growing demand for IIoT, where high-speed, real-time communication is required for mission-critical applications. With advancements in Edge-AI capability and real-time data processing, we are integrating AI-driven capabilities into the chip architecture, making these products not just connectivity solutions but key enablers for intelligent, responsive systems.

Our EC80x series supports high-speed data transmission under both the 3GPP R17 RedCap and R15 LTE Cat.4 standards. Equipped with enhanced Edge-AI and multimedia capabilities, this dual-mode series serves as a highly versatile solution suitable for applications requiring fast data speeds, reliable connectivity, and energy efficiency. As a key product of the series, the EC800L successfully completed tape-out in early 2026 and has passed rigorous functional testing and reliability certification, achieving mass-production-level technical maturity. Currently, the EC800L has been deeply adopted by leading MiFi and module customers, with network access testing and commercial product verification steadily in progress, such as MIFI, Home CPE, industrial IoT, smart wearables and connected vehicles.

Furthermore, our EC900 model, designed to support eMBB with ultra-high-speed transmission capabilities of up to gigabits per second, is expected to launch in 2027. Our EC900 will continue to build on our highly integrated and cost-effective design approach, and it is anticipated to deliver significant competitive advantages. The EC900 will provide strong economic benefits, especially for high-demand applications such as industrial CPE, AR/VR and ultra-high-definition video.

Series	Key Features	Timeline	Applications
EC800L	— R15 LTE Cat.4 — Integrated BB, RF and PMIC — Super power saving	Launch in 2026H1	— CPE/MIFI — High definition IPCs
EC80x	— 3GPP R17 Redcap and eR15 LTE Cat.4 — Integrated BB, RF and PMIC — Super power saving — Enhanced Edge Al and multimedia capability — eRedcap option	Launch in 2027H1	— CPE/MIFI — High definition IPCs — 5G IIoT — In-vehicle T-Box

Series	Key Features	Timeline	Applications
EC800N	— Support 5GNR-NTN — Support High-Mid-Low Orbit Satellite	Launch in 2027H2	Satellite data & voice
EC900	— 3GPP R17 eMBB	Launch in 2027	— High speed mobile internet access — VR/AR — Ultra-high definition video

Application Scenarios

- **Customer Premises Equipment ("CPE") and Mobile Wi-Fi ("MIFI"):** These devices are positioned to provide broadband internet to homes or small-medium enterprises using cellular networks. The need for reliable and fast connectivity in areas with no fixed broadband infrastructure, such as rural regions, will benefit significantly from our upcoming 5G RedCap chips.

- **High-definition video surveillance/streaming:** As smart cities and industrial automation gain momentum, there is a growing need for real-time, high-resolution video streaming. The low-latency and high-speed capabilities of our 5G RedCap and eMBB chips make them the ideal solution for HD and 4K video transmission, critical in smart cities, factories, and retail environments. Moreover, with the integration of Edge-AI, devices will become more intelligent, capable of performing real-time video analytics without relying solely on cloud processing.

- **In-vehicle T-Box:** RedCap/LTE Cat 4 modules enable reliable, moderate-speed cellular connectivity in vehicles. They power essential telematics for fleet tracking and diagnostics, facilitate Over-the-Air ("**OTA**") software updates, support emergency call ("**E-call**") systems. Their global compatibility provides cost-effective connectivity for modern connected car features.

- **5G IIoT:** Our 5G RedCap chips are specifically designed to address the needs of industrial applications requiring high reliability and low latency. Unlike traditional massive Machine-Type Communications ("**mMTC**") technologies, which are designed for low-speed, infrequent communications, 5G RedCap supports higher-speed data transfers, ultra-low latency, and improved reliability, making it ideal for industrial systems such as automated factories, remote equipment monitoring, and real-time asset tracking.

INTELLECTUAL PROPERTY

We rely on proprietary technologies, software, know-how and trade secrets to compete effectively in our markets, and we generate intellectual property through continuous research and development activities. We protect our intellectual property and proprietary rights through a combination of patents, copyrights, trademarks, trade secrets, domain names, confidentiality and invention-assignment arrangements, internal policies, and contractual safeguards with employees, consultants, customers and suppliers.

We place significant emphasis on the strategic role of intellectual property in our development and have established a governance framework under which our Chief Executive Officer provides overall leadership for intellectual property matters, the Human Resources Department designates human resource and administration manager to oversee day-to-day implementation, and qualified third-party patent agencies provide professional advice and coordinate filing, prosecution and maintenance. To institutionalize management and enhance protection and utilization, we have issued internal policy

documents, including the "Regulations on Intellectual Property Management" and the "Internal Patent Application Procedures," which standardize workflows from invention disclosure through filing, grant and annuity management and clarify the responsibilities of relevant functions.

Our key intellectual property is set out below:

- Information Processing Method, Device, Terminal, and Communication System
- Non-Terrestrial Network Communication Method and Communication Terminal Based on NB-IOT
- RF Transceiver Front End Containing Integrated Passive Device
- Equipment Management Method and Device Based on IoT Chip
- Compilation and Development Method and Device for Separating System Bottom Package and Application Program
- Method, Apparatus and Communication Device for Estimating Frequency Deviation
- Power Consumption Optimization Method and Terminal in Narrowband IoT System

As of the Latest Practicable Date, we had: (i) 37 patents, including 33 invention patents and four utility model patents; (ii) four software copyrights; (iii) four layout-design of integrated circuits; (iv) two registered trademarks; and (v) three domain names. For further details, please refer to "Appendix IV — Statutory and General Information — B. Further Information about the Business — 2. Intellectual Property."

To safeguard and enhance the value of our intellectual property, we adopt a disciplined patent strategy that prioritizes inventions aligned with our product and process roadmaps and considers overseas filings based on market potential, enforceability and cost–benefit thresholds; we maintain prosecution and annuity dockets with external counsel and periodically review portfolio quality. In parallel, we register and maintain core word and device marks in the PRC and selected overseas markets and implement usage guidelines to preserve distinctiveness, and where appropriate record such trademarks with customs to facilitate border enforcement. We register proprietary software and manage code in secure repositories with role-based access, version management and audit trails; we protect trade secrets and know-how through confidentiality and invention-assignment provisions in employment and contractor agreements, classified-information policies, IT and physical access controls, encryption, publication review and regular employee training, complemented by exit procedures that include access revocation and device return. We also implement inventor reward and remuneration practices consistent with the PRC Patent Law for service inventions to encourage ongoing innovation.

Where commercially prudent, we supplement self-developed intellectual property with rights licensed from third parties. We are not materially dependent on any single licensed-in patent, technology or brand for our principal products.

We monitor potential infringements through market sweeps, online monitoring and watch services, and take appropriate actions including cease-and-desist letters, administrative complaints, customs seizures and civil litigation when necessary. During the Track Record Period and up to the Latest Practicable Date, we had not received administrative penalties relating to intellectual property matters and were not involved in any intellectual property litigation, arbitration or claims that had, or would reasonably be expected to have, a material adverse effect on our business, financial condition or results of operations.

OUR PROCUREMENT AND SUPPLIERS

Our Suppliers

We follow a design-led fabless model under which wafer fabrication is performed by qualified foundry partners and assembly/packaging and testing are performed by qualified OSAT partners. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, we partnered with four, four, two and three foundries, respectively, and three, three, three and three OSAT partners for the same year/period, respectively. According to F&S, high supplier concentration is common and considered an industry norm for fabless cellular IoT chip design companies like us, given the specialized nature of high technical thresholds, massive capital investment, and complex supply chain coordination required for semiconductor manufacturing.

Foundry partners

We work with foundries under non-exclusive commercial frameworks and product-level purchase orders. These frameworks cover confidentiality, IP protection, change notification, and quality responsibilities. Purchase orders specify lots, delivery windows, and pricing.

For production planning, we coordinate capacity with partners based on customer schedules and product ramps to align output with demand while maintaining our asset-light model. We provide wafer demand forecasts every six months (covering a full-year projection) and require immediate communication of any significant demand fluctuations that may necessitate adjustment.

Our foundry partners manufacture wafers according to our designs and specifications on process nodes appropriate for cellular IoT chips. These partners procure raw materials and manufacture wafers based on our specifications, while we provide the design collateral necessary for manufacturing after tape-out. We ensure mask set custody and manage engineering change control throughout the production process.

Wafer acceptance is based on our outgoing quality requirements, with electrical screening performed during wafer sort to enable yield learning. This process ensures stable quality for downstream packaging. We track all wafer lot and assembly lot parameters to maintain comprehensive lot-level traceability, ensuring consistent quality across production stages.

We ensure confidentiality and IP protection in all agreements with foundry partners, implementing mask-set custody protocols and secure data exchange mechanisms via FTP channels.

OSAT partners

Our OSAT partners perform dicing, assembly/packaging, and final testing according to our product specifications and test plans. We typically use Quad Flat No-leads ("**QFN**") and Wire Bond Ball Grid Array ("**WBBGA**") packages to balance size, RF integrity, thermal, and electrical performance, while optimizing total cost for IoT modules and terminals.

For reliability assurance, we follow JEDEC standards such as J-STD-020, JESD22-A104, JESD22-A118, and JESD22-A103. All products undergo rigorous reliability screening before shipment, in accordance with our release requirements. To mitigate supply chain risks, we also maintain secondary OSAT partners for critical packages, ensuring uninterrupted production capacity in case of issues with primary partners

To mitigate supply chain risks, we maintain qualified secondary OSAT partners for critical packages, ensuring uninterrupted production capacity even if the primary partner faces issues.

Quality assurance and traceability

We implement an end-to-end quality management system across our partner network, correlating wafer-level parameters with final test performance to ensure consistent quality. Our traceability system ensures lot-level tracking of both wafer lots and assembly lots, supporting field quality management and customer support.

Currently, we maintain an outgoing defect rate within 1,000 PPM, aiming to ensure consistent outgoing quality for the cellular IoT chips we sell to module manufacturers and other customers.

Our Procurement

Our procurement strategy is designed to support our fabless business model by ensuring the seamless supply of essential materials and services. The core components of our procurement process include wafer sourcing, packaging, testing services, and other outsourced manufacturing activities. We have established strong, long-term relationships with high-quality suppliers, including wafer foundries, packaging, and testing service providers, to ensure that the products we design meet the highest standards of quality and performance.

Leveraging these strategic partnerships allows us to focus on enhancing operational efficiency while minimizing the risks and costs associated with production. The procurement process follows a systematic framework involving close collaboration between our sales, supply chain, and production teams. Accurate demand forecasting plays a critical role in aligning raw material procurement with production schedules, ensuring that we can meet market demand while adhering to budgetary constraints.

Our procurement team regularly engages with suppliers to place orders based on sales forecasts, ensuring that deliveries are synchronized with production timelines. Payment terms, including credit arrangements, are negotiated individually with each supplier, depending on the terms of the contract. We continuously monitor the procurement process to ensure quality control and cost efficiency, enabling us to meet market demand while maintaining strict financial discipline.

To mitigate supply chain risks, we work with multiple suppliers for key components, such as wafers and packaging materials. This diversification strategy ensures flexibility, reduces dependency on a single supplier, and allows us to manage potential supply disruptions effectively. In 2022, the semiconductor industry experienced a global wafer supply shortage due to, among others, pandemic-related global supply disruptions and unexpected demand surges. To ensure supply continuity for our customers during that period, we procured wafers and entered into certain capacity arrangements at relatively high prevailing market prices. Although wafer supply gradually recovered after the lifting of COVID-19-related restrictions, the impact of such high-cost wafer inventory and earlier high-priced capacity arrangements continued to affect our cost of sales in 2023, while ASPs of our major chip products had started to decline amid market normalization and intensified competition. As a result, our gross profit margin from sales of chips remained relatively low in 2023. In particular, the cost of high-priced inventory recognized in our cost of sales for the year ended December 31, 2023 amounted to approximately RMB198.5 million, representing approximately 50.5% of our raw material costs for the same year. We subsequently strengthened our procurement strategy by introducing domestic wafer suppliers to complement our existing overseas supply chain. Additionally, we prioritize supplier quality management by evaluating potential partners based on their ability to meet our quality standards, delivery schedules, and competitive pricing.

In line with industry best practices, we require all suppliers to comply with ISO 9001-2015 quality management system standards, ensuring the reliability and consistency of our supply chain. This rigorous supplier management framework guarantees the integrity of our procurement process and enhances the long-term stability of our operations.

Agreement with suppliers

We typically enter into framework agreements with our major foundries and OSAT partners. These agreements outline the broad terms of our collaboration, with specific price and volume details provided in individual purchase orders based on project requirements and production schedules.

Our procurement strategy emphasizes working with multiple suppliers for key components, ensuring flexibility to meet production demands while mitigating supply chain risks. This diversified approach is essential to the stability of our fabless business model, helping us avoid dependency on any single supplier.

Set out below are salient terms of our supplier agreements.

Key Term	Description
Duration	Typically ranges from three to five years for foundries, and three years for packaging and testing agreements, unless otherwise negotiated.
Principal rights and obligations of parties involved	We provide detailed product parameters, technical specifications, and production process requirements to our foundry and OSAT partners. Foundries are responsible for wafer fabrication, while OSAT partners handle assembling and testing based on our specifications.
Payment and Credit terms	Payments are made according to the terms outlined in the purchase orders or agreements, which typically includes a substantial prepayment portion. We typically receive credit terms ranging from 30 days to 60 days from our foundry partners and our OSAT partners.
Quality Guarantee	We retain the right to reject, replace, or return products that do not meet the agreed specifications or quality standards.
Price Adjustment	Framework agreements may include clauses allowing for price adjustments in response to fluctuations in raw material costs, exchange rate changes, or annual volume tier modifications.
Breach and Liability	If a partner fails to meet quality, delivery, or compliance requirements, we may impose penalties, withhold payments, or terminate the agreement. In severe cases, suppliers are liable for direct financial losses and reputational damage.
Termination	Either party may terminate the agreement early with written notice (typically 30 days), or immediately in the event of a material breach or insolvency.

Key Term	Description
Confidentiality	All commercial terms and technical materials shared with our foundry and OSAT partners must remain confidential, including pricing, specifications, and customer-related information.

Major suppliers

During the Track Record Period, our major suppliers primarily consisted of foundry partners and OSAT partners. These suppliers are mainly located in Shanghai, Beijing and Taiwan.

Our purchase amounts from the five largest suppliers in each year/period during the Track Record Period were RMB438.0 million, RMB360.8 million, RMB595.2 million and RMB309.0 million, respectively, accounting for 86.8%, 87.6%, 84.7% and 85.3% of our total purchase amounts, respectively. Purchase amounts from our largest supplier in each year/period during the Track Record Period were RMB191.9 million, RMB128.0 million, RMB292.0 million and RMB165.8 million respectively, accounting for 38.1%, 31.1%, 41.6% and 45.8% of our total purchase amounts, respectively.

The following table sets forth the details of the five largest suppliers in each year/period during the Track Record Period.

For the year ended December 31, 2023

Rank	Supplier	Type of products or services provided	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts	Percentage of total purchase amounts
						RMB'000	%
1.	Supplier C[(1)]	Wafers; and tape-out service	2022	Bank Transfer	NA*	191,949	38.1
2.	Supplier B[(2)]	Wafers; and tape-out service	2020	Bank Transfer	NA*	130,203	25.8
3.	Supplier F[(3)]	OSAT services	2018	Bank Transfer	30 days	51,915	10.3
4.	Supplier E[(4)]	Flash memory chips	2020	Bank Transfer	NA*	40,010	7.9
5.	Supplier G[(5)]	Wafers; and tape-out service	2022	Bank Transfer	30 days (for remaining 30% of the total payment)	23,899	4.7
					Subtotal	**437,976**	**86.8**

Note:

* No credit terms apply as payment shall be made before delivery.

For the year ended December 31, 2024

Rank	Supplier	Type of products or services provided	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts	Percentage of total purchase amounts
						RMB'000	%
1.	Supplier G	Wafers; and tape-out service	2022	Bank Transfer	30 days (for remaining 30% of the total payment)	128,042	31.1
2.	Supplier B	Wafers; and tape-out service	2020	Bank Transfer	NA*	121,157	29.4
3.	Supplier F	OSAT services	2018	Bank Transfer	30 days	46,593	11.3
4.	Supplier H[6]	Wafers; and tape-out service	2024	Bank Transfer	NA*	40,440	9.8
5.	Supplier E	Flash memory chips	2020	Bank Transfer	NA*	24,546	6.0
					Subtotal	**360,778**	**87.6**

Note:

* No credit terms apply as payment shall be made before delivery.

For the year ended December 31, 2025

Rank	Supplier	Type of products or services purchased	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts	Percentage of total purchase amounts
						RMB'000	%
1.	Supplier G	Wafers; and tape-out service	2022	Bank Transfer	30 days (for remaining 30% of the total payment)	292,030	41.6
2.	Supplier H	Wafers; and tape-out service	2024	Bank Transfer	NA*	140,857	20.0
3.	Supplier F	OSAT services	2018	Bank Transfer	30 days	56,632	8.1
4.	Supplier B	Wafers; and tape-out service	2020	Bank Transfer	NA*	56,191	8.0
5.	Supplier I[7]	Flash memory chips	2020	Bank Transfer	60 days	49,499	7.0
					Subtotal	**595,209**	**84.7**

For the six months ended June 30, 2026

Rank	Supplier	Type of products or services purchased	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts	Percentage of total purchase amounts
						RMB'000	%
1.	Supplier G	Wafers; and tape-out service	2022	Bank Transfer	30 days (for remaining 80% or 30% of the total payment)	165,841	45.8
2.	Supplier H	Wafers; and tape-out service	2024	Bank Transfer	NA*	47,123	13.0
3.	Supplier I	Flash memory chips and PSRAM wafers	2020	Bank Transfer	60 days	42,528	11.7
4.	Supplier F	OSAT services	2018	Bank Transfer	30 days	28,969	8.0
5.	Supplier J	OSAT services	2020	Bank Transfer	30 days	24,518	6.8
					Subtotal	**308,979**	**85.3**

Note:

* No credit terms apply as payment shall be made before delivery.

(1) Supplier C, established in November 2021, is a PRC-incorporated private semiconductor company principally engaged in semiconductor-related technology development and one-stop IP plus SoC solutions. Based on publicly available information, it has a registered capital of RMB425,000 and a personnel size of fewer than 50 employees.

(2) Supplier B, established in October 2011, is a PRC-incorporated private semiconductor service provider. Based on publicly available information, with a registered capital of RMB10.0 million, Supplier B is a member of the TSMC Wafer Manufacturing Alliance and the China Semiconductor Industry Association, and maintains one wholly owned subsidiary together with minority interests in other semiconductor-related entities.

(3) Supplier F, established in 2003, is a globally renowned OSAT supplier incorporated in China, listed on the Shenzhen Stock Exchange with a market capitalization of approximately RMB74 billion as of June 30, 2026.

(4) Supplier E, established in 2005, is a globally leading fabless chip supplier incorporated in China, listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange with a market capitalization of approximately RMB578 billion as of June 30, 2026.

(5) Supplier G, established in 2000, is one of the world's leading IC foundries incorporated in China, listed on the Hong Kong Stock Exchange with a market capitalization of over HKD765 billion as of June 30, 2026.

(6) Supplier H, established in 1987, is one of the world's leading IC foundries incorporated in Taiwan, listed on the Taiwan Stock Exchange and New York Stock Exchange with a market capitalization of over USD2.23 trillion as of June 30, 2026.

(7) Supplier I, established in 1997, is a Sino-Japanese joint venture with advanced semiconductor manufacturing process technologies incorporated in China. Based on publicly available information, it has a registered capital of USD5.0 million, one wholly owned Hong Kong subsidiary and three active branches in Beijing, Guangdong and Liaoning.

(8) Supplier J, established in 1994, is an OSAT supplier incorporated in China, listed on the Shenzhen Stock Exchange with a market capitalization of approximately RMB115 billion as of June 30, 2026.

Our major suppliers primarily include: (i) wafer and tape-out service providers/foundries, (ii) OSAT service providers, and (iii) suppliers of ancillary components such as flash memory chips. Our supplier base is concentrated because our key raw materials and services, particularly wafers and tape-out services, are capacity-driven and require suppliers with specific technology capabilities, stable delivery performance and qualification history.

Our major suppliers' operating history and scale of operation are summarized in the notes to the above table. In particular, their operating history is reflected primarily by their respective establishment years as disclosed in the notes, which indicate that our major suppliers generally had operating histories ranging from approximately 15 years to approximately 40 years as of June 30, 2026. Their scale of operation is also reflected in the notes, primarily by reference to whether they are listed companies and, where applicable, their place of listing and market capitalization. As to financial standing, based on (i) publicly available information, where available, and (ii) our transaction experience with these suppliers during the Track Record Period, including their continued performance of purchase orders, delivery capability and settlement arrangements, we consider the financial standing of our major suppliers during the Track Record Period to be, in general, satisfactory.

We generally identify and engage suppliers through our procurement function based on business needs, including process node requirements, capacity availability, quality and reliability track record, delivery lead times, pricing and payment terms. Consistent with this approach, we primarily became acquainted with our major suppliers through sales-driven interactions, including our proactive outreach and supplier-initiated approaches. In addition to the long-term and stable partnership with our major suppliers, no material suspension, disruption, or any other red flags indicating potential termination have been identified during the Track Record Period and up to the Latest Practicable Date. Based on the above, our Directors are of the view that our relationship with major suppliers would not adversely change and the risk of termination of business relationship with our major suppliers is remote. We usually maintain qualified secondary suppliers ensuring unexpected issues coming up with our major suppliers. Moreover, according to F&S, alternative suppliers with similar quality and commercially acceptable terms are available in the market. However, we cannot assure that these preparations will fully protect us against all future supply chain risks. For details, please refer to "Risk Factors — Risks Relating to Our Business and Industry — We depend on a limited number of third-party suppliers to manufacture our products." in this document.

To the best or our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers in each year/period during the Track Record Period were all independent third parties. To the best of our knowledge, none of our Directors, their close associates or any shareholders who own more than 5% of the issued share capital of our Company, had any interest in any of our five largest suppliers for each of the years/periods during the Track Record Period. To the best of our knowledge, we have no past or present business, employment, shareholding, family, trust, financing or other direct relationship with our five largest suppliers, their respective directors, senior management, shareholders or any of their respective associates for each of the years/periods during the Track Record Period, other than the disclosed business relationships arising from the purchase and sale of products or services in the ordinary course of trade.

SALES AND MARKETING

Sales Models

We generate revenue from the sale of our products primarily through two sales models: direct sales and channel sales. We distinguish between these two models based on our contractual counterparty and invoicing arrangement. Under direct sales, we contract with and invoice the customer directly. Under channel sales, we contract with and invoice a channel partner appointed by the relevant end customer (the "**end customer**"), and the end customer remains the ultimate recipient of the products or services.

We separately present direct sales and channel sales because the two models may involve different order placement, payment settlement and credit administration arrangements given the different contractual counterparties. Our use of channel sales is driven by end customers' procurement arrangements. We do not proactively source, develop or manage channel partners as a distribution network. Instead, where an end customer has appointed a channel partner and instructs us to contract

with that channel partner, we follow such instruction. In our experience, end customers may adopt such arrangements for their own internal commercial considerations, and end customers are generally not obligated to disclose, and may not disclose, the underlying reasons to us. End customers may choose to purchase directly from us or through our channel partners at their own discretion, and thus the revenue mix between direct sales and channel sales has fluctuated during the Track Record Period.

We are headquartered in Shanghai, the PRC, and during the Track Record Period, our principal operations including management, research and development and sales activities were primarily conducted in Chinese Mainland. While we have customers whose registered locations are outside Chinese Mainland, such geographic information refers to the customers' registered locations and does not indicate that we maintain overseas operating facilities. We generally conduct communications, order confirmations and contract execution with such customers through electronic means. We do not maintain overseas operating facilities for our core business activities, and our presence in Hong Kong is primarily for corporate and **[REDACTED]**-related administrative purposes.

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**

During the Track Record Period, the fluctuations in revenue contribution from direct sales and channel sales were generally consistent with the movements in our direct customer and end customer base as disclosed in "— Overview — Our Customers" in the above. Revenue from direct sales increased from RMB194.3 million in 2023 to RMB285.0 million in 2024, primarily because certain end customers placed a larger amount of orders directly with us in 2024, which was also reflected by the increase in our average revenue per direct customer from RMB17.8 million in 2023 to RMB23.0 million in 2024, notwithstanding the decrease in the number of direct customers from 30 to 24 during the same period. Revenue from channel sales decreased from RMB338.8 million in 2023 to RMB267.4 million in 2024, primarily reflecting changes in the procurement execution arrangements of certain end customers and the corresponding decrease in the sales volume of chips through channel sales during the year. In 2025, revenue from direct sales decreased to RMB212.0 million, while revenue from channel sales increased significantly to RMB477.4 million. This primarily reflected the increased use of channel sales partners appointed by certain end customers for procurement, settlement or logistics execution purposes, together with increased procurement volumes from certain continuing end customers. Such trend was generally consistent with the increase in the number of end customers from 27 in 2024 to 34 in 2025 and the increase in our end-customer net dollar retention rate from 98.4% in 2024 to 122.7% in 2025, indicating revenue expansion among end customers that remained active in both years. For the six months ended June 30, 2026, the number of end customers increased to 37, with a net dollar retention rate of 120.8%, reflecting sustained growth in revenue contribution from our end customer base amid continuous customer expansion. Accordingly, the change in revenue mix between direct sales and channel sales during the Track Record Period primarily reflected changes in procurement execution arrangements and customer/order mix, rather than a change in the underlying end-customer demand or a channel-specific pricing policy.

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	Sales Volume	ASP	Sales Volume
	RMB	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*	*RMB*	*Thousand Units*
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*	*%*
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 period-to-period movements in our ASP, sales volume, gross profit and gross profit margin by sales model should be assessed together with our customer and order mix in each year/period. The ASP of our direct sales decreased from RMB6.9 in 2023 to RMB5.7 in 2024, then to RMB4.7 in 2025, and further to RMB4.0 for the six months ended June 30, 2026. On the other hand, the sales volume of our direct sales increased from 24.8 million units in 2023 to 38.5 million units in 2024 and then decreased to 32.7 million units in 2025, while the sales volume of our direct sales increased from 13.1 million units for the six months ended June 30, 2025 to 27.4 million units for the same period in 2026. The increase in sales volume of direct sales in 2024 primarily reflected higher direct procurement from certain end customers, while the decrease in 2025 was mainly due to the increased use of channel sales partners by certain end customers for procurement, settlement or logistics execution purposes. Similarly, the movement for the six months ended June 30, 2026 also primarily stemmed from end customers' discretion to procure either directly from us or via channel sales partners. The decrease in ASP of direct sales during the Track Record Period was generally in line with the overall ASP downtrend of our chip products, and also reflected the relevant product and order mix under direct sales in each year/period.

The ASP of our channel sales decreased from RMB6.4 in 2023 to RMB5.5 in 2024, then to RMB4.3 in 2025, and further to RMB3.9 for the six months ended June 30, 2026. On the other hand, the sales volume of our channel sales decreased from 52.9 million units in 2023 to 48.9 million units in 2024 and then increased significantly to 111.1 million units in 2025. The slight decrease in channel sales volume in 2024 mainly reflected changes in the procurement execution arrangements of certain end customers and the sales volume fluctuation of NB-IoT chips during the same year. The significant increase in channel sales volume in 2025 was primarily attributable to increased shipments of Cat.1bis chips through channel sales partners appointed by the relevant end customers. The sales volume of our channel sales increased from 50.7 million units for the six months ended June 30, 2025 to 75.2 million

units for the same period in 2026, consistent with overall expansion in sales. The decrease in ASP of channel sales during the Track Record Period was generally consistent with the ASP downtrend of our chip products.

Our gross profit and gross profit margin by sales model generally reflected the combined effect of the above ASP and sales volume movements, together with changes in our cost base and product/order mix. For direct sales, gross profit increased from RMB22.0 million in 2023 to RMB44.5 million in 2024, and gross profit margin improved from 12.8% to 20.4%, primarily because the increase in sales volume and the normalization of our unit cost base more than offset the decrease in ASP. In 2025, gross profit from direct sales decreased to RMB22.1 million and gross profit margin decreased to 14.5%, primarily due to the decrease in sales volume and continued ASP pressure. For the six months ended June 30, 2026, gross profit from direct sales decreased from RMB9.8 million for the six months ended June 30, 2025 to RMB8.3 million for the same period in 2026, and gross profit margin decreased from 15.9% to 7.6%, mainly attributable to our proactive pricing strategy to seize favorable market opportunities.

For channel sales, gross profit increased from RMB3.4 million in 2023 to RMB36.3 million in 2024, and gross profit margin improved from 1.0% to 13.6%, primarily due to cost normalization and improved product/order mix, notwithstanding the slight decrease in sales volume and ASP. In 2025, gross profit from channel sales further increased to RMB45.5 million, mainly driven by the significant increase in sales volume, while gross profit margin decreased to 9.5% as the impact of the lower ASP and the relevant product/order mix outweighed the margin support from cost optimization. For the six months ended June 30, 2026, gross profit from channel sales decreased from RMB23.3 million for the six months ended June 30, 2025 to RMB8.7 million for the same period in 2026, and gross profit margin decreased from 10.1% to 3.0%, mainly attributable to elevated PSRAM procurement and packaging costs amid industry-wide memory price hikes and the adoption of price reduction strategies to expand market penetration.

The following table sets forth a breakdown of our revenue by the places of registration of our customers in absolute amounts and as percentages 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)			
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**

Direct sales

Our direct sales model primarily targets module manufacturers, enabling direct engagement with our customers. Set forth below is a summary of the key terms that are common to most of our direct sales agreement:

Duration:	Typically five years.
Transfer of risks:	Risks are transferred to the customers when the products are accepted by them.
Delivery of products:	We are generally responsible for delivering products to the locations and at the times specified in the orders placed by our customers.
Payment and Credit terms:	We typically require our customers to make prepayments for the products. For certain customers, we may provide credit terms ranging from 15 days to 45 days, based on our customer credit management policy, which considers their operating situation, financial condition, and expected transaction volume.
Intellectual Property:	We provide technical documentation to Licensee and authorize the use of our owned intellectual property rights.
Confidentiality:	Both parties shall keep shared secrets confidential and may not use, disclose, or copy them without prior written consent.
Products return:	Customers are entitled to inspect products upon delivery and may return or exchange them if they do not meet the specified quality or requirements.
Warranty:	We warrant that our products or services shall comply with applicable industry, government and professional standards for applicable customers.
Termination:	These framework agreements can be terminated by mutual agreement or unilaterally in certain circumstances, such as unrectified material breach of contract.

Channel sales

As of June 30, 2026, we had 15 domestic channel partners and eight overseas channel partners. During the Track Record Period, all of our channel partners were located in Chinese Mainland, Hong Kong, Taiwan or Singapore.

Our channel partners are not conventional distributors aiming to expand market reach; instead, they serve as procurement agents appointed directly by the end customers. These channel partners implement the procurement plans of the end customers, who retain full discretion in selecting service or product providers. We typically do not appoint or manage such channel partners as part of our sales network expansion, and we generally do not control their inventory or maintain ongoing distributor-style management over them. In the ordinary course of business, the relevant end customers determine whether to procure directly from us or through their designated procurement agents based on their own internal procurement and settlement arrangements. Such arrangements may be adopted for reasons including centralized procurement administration, credit and payment management, internal

approval workflow, supply chain coordination or cross-border settlement efficiency, particularly where the designated procurement agent is based in Hong Kong. The terms of agreements and service scope remain materially the same, regardless of whether agreements are made directly with customers or via channel partners. In these arrangements, the channel partner acts as our contractual counterparty, while the underlying end customer remains the ultimate recipient of the product or service. According to F&S, the use of procurement agents or similar intermediaries designated by end customers is consistent with general industry practice in the cellular IoT chip industry and the broader semiconductor industry, particularly among enterprise customers that centralize procurement, use designated purchasing entities or require cross-border settlement arrangements. In such arrangements, the relevant end customers generally continue to control supplier selection and procurement decisions, while the procurement agent mainly performs contracting, ordering, settlement and supply chain coordination functions. Therefore, we do not consider our channel partners to be distributors, nor do we believe their involvement leads to risks such as cannibalization or channel stuffing.

Agreements with channel partners

Our relationship with channel partners follows a buyer-seller model, where ownership of the products is transferred to the channel partners upon purchase. The following outlines key terms that are typically included in our channel sales agreements.

Duration	Typically ranges between one to four years.
Transfer of risks:	Risks are transferred to the channel partners when the products are accepted by them.
Delivery:	We are usually responsible for delivering products to locations specified by our channel partners.
Payment and Credit terms:	We generally require our channel partners to make full payment before the products are delivered. However, for certain channel partners, we may offer credit terms ranging from 15 to 60 days, depending on factors such as the partner's financial situation, operational status, and expected transaction volume. These terms are based on our credit management policies, which are designed to assess the partner's creditworthiness and the projected scale of business.
Warranty:	Upon acceptance, the channel partners may only return products for quality issues. We warrant full product quality and after-sales service ranging from one-to-three years from the date of acceptance for applicable channel partners.
Confidentiality:	Both parties shall keep shared secrets confidential and may not use, disclose, or copy them without prior written consent.
Termination:	These agreements are generally subject to early termination by us if the channel partner breaches its obligations under the agreement. Alternatively, the agreement can be terminated by either party unilaterally with advance notice. In particular circumstances, the agreement may also be terminated by us based on the results of the performance evaluation.

Marketing Strategy

Our marketing strategy is built on a deep understanding of industry trends, customer needs, and the unique value our products offer. We focus on the broad cellular IoT market, leverage our technological expertise, and strive to expand our global brand recognition. The key components of our strategy include high-potential market penetration, product differentiation through innovation, and a commitment to after-sales service and customer satisfaction.

Key components of our strategy are:

- **Market penetration**: The cellular IoT application field is vast, touching all aspects of social life. Our products continue to penetrate high-potential industries such as mobile payment (e.g., POS devices), trackers (e.g., for pets or assets), IPCs (e.g., for security), AI toys, and electric two-wheelers. For instance, our chips are widely used in smart meters, payment terminals, and smart cameras. We actively participate in industry exhibitions and engage with key customers to build relationships and gain deeper insights into their needs.

- **Product innovation**: Innovation drives our strategy. We invest heavily in research and development to create products that meet our customers' evolving needs. Our focus on reducing power consumption, improving performance, and offering cost-effective solutions sets us apart in a competitive market. Our innovations include our NB-IoT EC616S chip, designed for low-power IoT applications, and the Cat.1bis EC718M chip, optimized for wearables and IoT devices. Through continuous innovation, we ensure our products align with the latest industry standards, driving customer satisfaction and increasing market demand.

- **After-sales service**: We recognize that customer satisfaction extends beyond the initial sale. Our after-sales service strategy is centered on providing technical support, efficient issue resolution, and continuous engagement with our customers. By offering ongoing product support, updates, and troubleshooting, we aim to maintain high customer sickness. This approach not only fosters loyalty but also creates opportunities for cross-selling and upselling, driving long-term growth.

Pricing Policy

Our pricing policy is designed to strike a balance between competitiveness and profitability while aligning with market expectations. It is informed by a thorough evaluation of both internal and external factors, allowing for a flexible and adaptable pricing strategy that responds to changing market conditions. In addition, our pricing strategy is differentiated by product lines. We adopt competitive pricing for NB-IoT and Cat.1bis products to consolidate our market position. For LTE Cat.4 and 5G RedCap products, we apply relatively higher pricing to pursue higher profit levels and gross profit margins.

We operate in a highly competitive cellular IoT chip market, where customers routinely compare pricing and performance across multiple suppliers. Pricing pressure in the industry can result in price reductions over time, particularly as competing products mature and market supply-and-demand conditions change. Accordingly, we calibrate our pricing to remain competitive while seeking to preserve sustainable profitability.

As a fabless cellular IoT chip company, the cost of wafers (together with related mask and process costs) and assembly and testing expenses generally constitute the majority of our cost key to our unit cost and gross margin. Our procurement is concentrated among a limited number of upstream manufacturing partners. During the Track Record Period, our five largest suppliers accounted for 86.8%, 87.6%, 84.7% and 85.3% of our total purchase amounts in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively (representing RMB438.0 million, RMB360.8 million, RMB595.2 million and RMB309.0 million, respectively).

- Upstream, wafer pricing, capacity allocation and lead times are largely determined by foundries and OSAT partners based on industry-wide demand-and-supply dynamics, rather than individual customers' preferences. Given our fabless model and the relatively smaller scale of our procurement compared with the largest semiconductor companies, we generally have limited bargaining power to negotiate wafer procurement pricing and other key terms, particularly during periods when industry demand strengthens or capacity becomes tight. Accordingly, changes in upstream supply-and-demand conditions and wafer procurement costs can directly affect our unit costs and gross margin.

- Downstream, our end customers (primarily cellular IoT module manufacturers and device OEMs) typically evaluate multiple chip solutions on a price/performance basis, conduct price benchmarking and, in a highly competitive market, often expect chip ASPs to decline over time as products mature and competing products intensify price competition. In addition, our revenue is concentrated among a limited number of customers; revenue from our five largest customers in each year/period during the Track Record Period was 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, accounting for 86.7%, 81.4%, 79.5% and 76.5% of our total revenue for the same year/period, respectively.

In view of such competitive dynamics, we may not be able to fully or timely pass-through increases in wafer procurement costs and other upstream cost increases to customers, and we may need to adjust pricing to balance shipment scale, market share and gross profitability.

As our shipment scale expands, we have gradually strengthened our position across both upstream and downstream segments of the value chain. On the procurement side, large order volumes and long-term cooperation with foundries enable us to obtain relatively favorable procurement terms and improved cost visibility. On the sales side, as our market share and customer base expand, our products are increasingly integrated into customers' product platforms, enhancing customer stickiness and facilitating stable pricing negotiations. In addition, we continue to improve cost efficiency through design-driven optimization, including architecture refinement, component integration and manufacturing process improvements, allowing us to maintain reasonable margins for both us and our customers even in a competitive pricing environment.

Internally, our pricing decisions are driven by key factors such as production costs and product positioning. We prioritize cost optimization throughout the research, development, and production processes, ensuring that our pricing reflects the value delivered to customers while maintaining a competitive edge. Additionally, our pricing strategy is adjusted based on the product's lifecycle, taking into account its maturity, market demand, and performance in the marketplace.

Externally, we evaluate a range of market factors, including competitor pricing, demand elasticity, and customer willingness to pay. Our pricing strategy remains flexible to accommodate shifts in overall economic conditions, ensuring that it stays in line with industry standards and customer expectations. Regulatory requirements are also considered to ensure compliance with local and international pricing regulations.

In practice, we review and adjust our pricing from time to time through a structured internal process. Our sales team conducts market research and holds periodic discussions with upstream suppliers and downstream participants to gather market developments, prevailing quotation range, expected market price movements including potential market price reductions as competing products mature, and expected input cost trends; these inputs are cross-validated and analyzed to produce a benchmarking analysis and proposed price adjustments. The relevant sales personnel prepare initial pricing references, which are consolidated by our head of sales and discussed with our finance department and our general manager before finalizing product-level pricing and customer-specific prices.

In determining a pricing range, we generally consider (i) a ceiling based on the market value our products create in the relevant end applications and the target customer's acceptance and willingness to pay, and (ii) a floor designed to cover our production costs, which are significantly influenced by wafer procurement and outsourced manufacturing service costs. As a fabless company operating in a highly competitive market with expected market price reductions over time, we generally have limited bargaining power both upstream and downstream. As a result, the pricing corridor between the ceiling and the floor can narrow, particularly when wafer procurement costs increase, when upstream supply tightens, or when market ASPs decline due to intensified price competition. In such circumstances, we may adjust pricing, product mix and shipment allocation, and intensify cost optimization efforts, in order to remain competitive while managing gross profitability.

OUR CUSTOMERS

During the Track Record Period, our customer base primarily consisted of module manufacturers and their downstream clients across various industries, including financial payment, positioning & tracking, education, automotive, and fire protection sectors. These customers rely on our products for a wide range of applications, from IoT solutions to communication infrastructure.

We maintain strong, long-term relationships with our customers, ensuring that we meet their specific needs with tailored solutions. For detailed information on our sales models and the nature of our agreements with these customers, please refer to the "— Sales Models" section above.

Major Customers

Our major customers were mainly located in China and the United States during the Track Record Period. Revenue from our five largest customers in each year/period during the Track Record Period was RMB462.4 million, RMB449.6 million, RMB547.8 million and RMB318.1 million, respectively, accounting for 86.7%, 81.4%, 79.5% and 76.5% of our total revenue, respectively. Revenue from the largest customer in each year/period during the Track Record Period was RMB173.5 million, RMB137.1 million, RMB197.0 million and RMB112.6 million, respectively, accounting for 32.5%, 24.8%, 28.6% and 27.1% of our total revenue, respectively.

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

For the year ended December 31, 2023

Rank	Customer	Customer type	Type of products or services provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer	Percentage of total revenue
							RMB'000	%
1.	Customer A[(1)]	Channel partner	Cellular IoT chips	2020	Bank transfer	15 days	173,482	32.5
2.	Customer C[(2)]	Channel partner	Cellular IoT chips	2022	Bank transfer	15 to 60 days	160,892	30.2
3.	Customer B[(3)]	Direct customer	Cellular IoT chips	2019	Bank transfer	30 days	61,319	11.5
4.	Customer E[(4)]	Direct customer	Cellular IoT chips	2022	Bank transfer	30 days	40,683	7.6
5.	Customer F[(5)]	Direct customer	Cellular IoT chips	2020	Bank transfer	30 days	26,057	4.9
						Subtotal	**462,433**	**86.7**

For the year ended December 31, 2024

Rank	Customer	Customer type	Type of products or services provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer	Percentage of total revenue
							RMB'000	%
1.	Customer A	Channel partner	Cellular IoT chips	2020	Bank transfer	15 days	137,146	24.8
2.	Customer B	Direct customer	Cellular IoT chips	2019	Bank transfer	30 days	111,472	20.2
3.	Customer C	Channel partner	Cellular IoT chips	2022	Bank transfer	15 to 60 days	95,830	17.3
4.	Customer Q[(6)]	Direct customer	Licensing service	2020	Bank transfer	45 days	66,648	12.1
5.	Customer E	Direct customer	Cellular IoT chips	2022	Bank transfer	30 days	38,468	7.0
						Subtotal	**449,564**	**81.4**

For the year ended December 31, 2025

Rank	Customer	Customer type	Type of products or services provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer	Percentage of total revenue
							RMB'000	*%*
1.	Customer A	Channel partner	Cellular IoT chips	2020	Bank Transfer	15 to 30 days	196,995	28.6
2.	Customer G[(7)]	Channel partner	Cellular IoT chips	2025	Bank Transfer	30 days	196,355	28.5
3.	Customer Q	Director customer	Licensing service	2020	Bank Transfer	45 days	59,737	8.7
4.	Customer C	Channel partner	Cellular IoT chips	2022	Bank Transfer	15 to 60 days	54,429	7.9
5.	Customer B	Direct customer	Cellular IoT chips	2019	Bank transfer	30 days	40,300	5.8
						Subtotal	**547,816**	**79.5**

For the six months ended June 30, 2026

Rank	Customer	Customer type	Type of products or services provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer	Percentage of total revenue
							RMB'000	*%*
1.	Customer G	Channel partner	Cellular IoT chips	2025	Bank Transfer	30 days	112,637	27.1
2.	Customer A	Channel partner	Cellular IoT chips	2020	Bank Transfer	15 to 30 days	94,713	22.8
3.	Customer I	Channel partner	Cellular IoT chips	2026	Bank Transfer	30 days	61,142	14.7
4.	Customer B	Direct customer	Cellular IoT chips	2019	Bank Transfer	30 days	26,983	6.5
5.	Customer C	Channel partner	Cellular IoT chips	2022	Bank Transfer	15 to 60 days	22,605	5.4
						Subtotal	**318,080**	**76.5**

Note:

(1) Customer A, established in August 2001, is a PRC-incorporated private authorized distributor and technical service provider of electronic components. Based on publicly available information, with a registered capital of RMB100.0 million, Customer A served over 2,000 clients across multiple industries and represented over 100 international brands across sectors such as consumer electronics, automotive, industrial control, and communications.

(2) Customer C, established in 2020, is a PRC-headquartered supplier specializing in the research and development, manufacturing, and sales of electronic components and integrated solutions. Based on publicly available information, Customer C is a group of entities consisting of a private limited liability company incorporated in PRC with a registered capital of RMB2.0 million and a private company limited by shares incorporated in Hong Kong with a an issued and paid-up capital of HKD10,000.

(3) Customer B, established in 2001, is a PRC-based IoT service provider primarily engaged in integrated circuit value-added distribution business, as well as the research, development, production, and sales of IoT modules and IoT system solutions. Customer B is listed on the Beijing Stock Exchange.

(4) Customer E, established in 2016, is a PRC-based top-tier high-tech company focused on end-to-end development and manufacturing of intelligent IoT hardware solutions, whose parent company is listed on the sci-tech innovation board of the Shenzhen Stock Exchange with a market capitalization of over RMB3 billion as of June 30, 2026.

(5) Customer F, established in 2009, is a PRC-based supplier primarily engaged in the provision of wireless communication module products and solutions. Based on publicly available information, Customer F has a registered capital of approximately RMB38.0 million.

(6) Customer Q, established in 1985, is a U.S.-headquartered global leader in wireless technology innovation, one of the largest international wireless semiconductor suppliers, listed on the Nasdaq Stock Exchange with a market capitalization of over USD187 billion as of June 30, 2026.

(7) Customer G, whose Hong Kong headquarter was established in 2000, is a semiconductor application solutions provider listed on the Hong Kong Stock Exchange, with a market capitalization of over HKD8 million as of June 30, 2026.

(8) Customer I, established in 2006, is a semiconductor and electronic component distributor headquartered in Taipei. Based on publicly available information, it has a registered capital of NTD150.0 million and a paid-up capital of NTD130.0 million.

Our major customers consist of (i) direct customers, which are primarily cellular IoT module manufacturers and IoT hardware solution providers that incorporate our cellular IoT chips into their own products, and (ii) channel partners, which act as our contractual counterparties but primarily serve as procurement agents appointed directly by the underlying end customers to implement their procurement plans.

Our major customers' operating history and scale of operation are summarized in the notes to the above table. In particular, their operating history is reflected primarily by their respective establishment years as disclosed in the notes, which indicate that our major customers generally had operating histories ranging from approximately five years to approximately 40 years as of June 30, 2026. Their scale of operation is also reflected in the notes, primarily by reference to whether they are listed companies and, where applicable, their place of listing and market capitalization. For our major customers that are private companies, based on information available to us, they generally operate principally in Chinese Mainland and are primarily mid-sized enterprises. As to financial standing, based on (i) publicly available information, where available, and (ii) our cooperation experience with these customers during the Track Record Period, including their historical settlement performance and ongoing procurement activities, we consider the financial standing of our major customers during the Track Record Period to be, in general, satisfactory.

We primarily became acquainted with our direct customers through our sales team's outreach efforts, while collaboration with Customer Q was initiated at its request. Our channel partners were not independently sourced by us; rather, certain end customers requested that we transact through their designated procurement agents, and we entered into supply arrangements with such channel partners at the end customers' request. We believe that our relationships with our major customers are stable as we have built long-standing, strategic partnerships with them. Besides, no material suspension or disruption, or any other red flags indicating potential termination have been identified during the Track Record Period and up to the Latest Practicable Date. Based on the above, our Directors are of the view that our relationship with major customers would not adversely change and the risk of termination of business relationship with our major customers is remote.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers for each year/period during the Track Record Period were all independent third parties. To the best of our knowledge, none of our Directors, their close associates or any shareholders who own more than 5% of the issued share capital of our Company, had any interest in any of our five largest customers for each of the years/periods during the Track Record Period. To the best of our knowledge, we have no past or present business, employment, shareholding, family, trust, financing or other direct relationship with our five largest customers, their respective directors, senior management, shareholders or any of their respective associates for each of the years/periods during the Track Record Period, other than the disclosed business relationships arising from the purchase and sale of products or services in the ordinary course of trade.

QUALITY CONTROL

We have established a comprehensive quality control system that covers the entire lifecycle of our products, from research and development to manufacturing, delivery, and after-sales service. This system ensures that our products meet stringent quality standards, comply with regulatory requirements, and align with internal expectations, minimizing risks and ensuring product consistency.

As a fabless semiconductor company, we focus on the design and development of cellular IoT chips while outsourcing wafer manufacturing, packaging, and testing to trusted third-party partners. Therefore, the quality of our products depends significantly on the manufacturing processes and operational standards of our foundry and OSAT partners. We collaborate closely with our foundry and OSAT partners, embedding Design for Manufacturability ("**DFM**") and Design for Reliability ("**DFR**") principles into the product development phase. This collaborative approach ensures that every design element, from layout to device choices and test structures, is optimized for real-world process variations and stress conditions, improving first-pass success and accelerating yield ramp-up.

To ensure the highest quality, we strictly follow the ISO 9001:2015 Quality Management System and implement internal quality management procedures, including quality manuals, new product development processes, and reliability certification requirements. These procedures define quality control measures at every stage of the product lifecycle, from IC design and development to outsourcing, manufacturing, and sales, ensuring that quality is embedded throughout the process.

Our supplier evaluation and qualification process is integral to ensuring that our manufacturing partners meet our high standards. We select manufacturing partners based on their technological capabilities, reliability, ability to meet delivery schedules, and cost-effectiveness. Our supplier qualification process includes a detailed evaluation against ISO certifications, and trial lot runs are performed for first article approvals, ensuring alignment with our quality goals.

We set specific targets for our quality management work, requiring a Defects Per Million ("**DPPM**") rate of ≤1,000, which allows us to monitor and maintain high product quality. To achieve this, we carefully select manufacturing partners who meet our technological and quality standards and expectations.

In the design phase, we integrate DFM and DFR principles early in the product development process to optimize products for manufacturing. Close collaboration with our partners ensures that our designs are better suited for actual production processes, reducing discrepancies between design and manufacturing stages, accelerating ramp-up times, and improving first-pass yields, ensuring the final products meet both performance and reliability requirements.

In the event of product defects or quality concerns, we have established a comprehensive Return Material Authorization ("**RMA**") management process. This process includes accepting RMA applications, analyzing RMA samples, processing returns or exchanges, and implementing corrective actions. It ensures swift response, accurate tracking, and effective handling, minimizing customer impact. Additionally, we conduct annual customer satisfaction surveys, covering most of our customer base. Regular customer visits, quality feedback, and complaint collection allow us to compile satisfaction reports and identify quality issues that need prevention or improvement.

We monitor quality performance at various stages of production, ensuring each stage is thoroughly checked. This includes supplier evaluation and quality checks before and after production, comprehensive testing of samples to ensure they meet specifications, and final quality assurance. Every product's production process is traceable, ensuring that each link, from raw material procurement to final delivery, is fully monitored. To ensure the highest quality, we adhere to JEDEC reliability standards and other industry-specific testing protocols.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced significant product returns or customer complaints that materially affected our operations.

IMPACT OF EXPORT CONTROL AND OUTBOUND INVESTMENT RESTRICTIONS

Impact of U.S. Export Control Laws

As a fabless chip design company, we procure mask generation and wafer foundry services from third-party foundries and furnish those foundries with our chip design files. During the Track Record Period and up to the Latest Practicable Date, among our foundry suppliers, four belong to the same Chinese semiconductor manufacturing group and have Entity List exposure (collectively, the "**Entity List Foundries**"). Three of the Entity List Foundries are themselves listed on the Entity List administered by the BIS, of which two carry a Footnote 5 designation (the "**Footnote 5 Entity List Foundries**") and are accordingly subject to the foreign direct product rule for Footnote 5 designated entities under §734.9(e)(3) of the EAR (the "**Footnote 5 FDP Rule**"). The fourth Entity List Foundry is not itself listed on the Entity List but more than 50% of its equity interest is held by a parent that is so listed. As of the Latest Practicable Date, this fourth Entity List Foundry was not subject to the Entity List restrictions, because BIS has temporarily suspended, from November 10, 2025 through November 9, 2026, the BIS "Affiliated Rule", which would otherwise automatically extend the license requirements and restrictions applicable to listed entities to non-U.S. entities that are 50% or more owned, directly or indirectly, individually or in the aggregate, by one or more parties designated on the Entity List. Notwithstanding the suspension, out of an abundance of caution, our purchases from this fourth Entity List Foundry have been included in our aggregate purchases from the Entity List Foundries. During the Track Record Period, we engaged two, two, one and one Entity List Foundries in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our aggregate purchase amounts from the Entity List Foundries were RMB24.4 million, RMB128.2 million, RMB292.0 million and RMB165.8 million, respectively, representing 4.6%, 23.2%, 42.4% and 39.9% of our total revenue for the corresponding years/periods, respectively. These purchase transactions were conducted in the ordinary course of business, and our dealings with the Entity List Foundries were limited to the procurement of mask generation and wafer foundry services from them. Save for the chip design files that we provided to enable the Entity List Foundries to render such services, we did not sell, supply, or otherwise transfer any commodities, software, or technology to the Entity List Foundries.

During the chip-design stage, we used certain U.S.-origin software design tools to produce our chip design files. Each of the software suppliers has confirmed to us that its software is classified under ECCN 3D991, which is listed among the various controlled software ECCNs identified in the product scope of the Footnote 5 FDP Rule. This raises question of whether the chip design files produced using such software are themselves subject to the Footnote 5 FDP Rule, and accordingly whether the transfer of those files to the Footnote 5 Entity List Foundries requires a license from the BIS. Our legal adviser as to U.S. outbound investment rules, sanctions and export control laws has informed us that an item is subject to the Footnote 5 FDP Rule only if it satisfies both the product scope and the end-user scope set forth in §734.9(e)(3) of the EAR. The product scope under §734.9(e)(3) covers specified ECCNs related to semiconductor manufacturing equipment, but not integrated circuits or their related technology, software, data or design files. Since our design files producing from the software classified under ECCN 3D991 are not equipment, they are not commodities falling within any such ECCNs and therefore do not meet the product scope required to be subject to the Footnote 5 FDP Rule. Accordingly, even though the Footnote 5 Entity List Foundries are within the end-user scope of the rule, the product scope is not satisfied, and based on information provided by us, our legal adviser as to U.S. outbound investment rules, sanctions and export control laws is of the view that the transfer of the chip design files to the Footnote 5 Entity List Foundries does not require a license from the BIS under the Footnote 5 FDP Rule.

Under §744.11 of the EAR, a BIS license is required when an Entity List designee is the purchaser, consignee or end-user of a transaction involving items subject to the EAR. An Entity List party that is merely a supplier in a procurement transaction is not automatically a "party to the transaction" for purposes of §744.11. Because the Entity List Foundries act as our suppliers, our legal adviser as to U.S. outbound investment rules, sanctions and export control laws has informed us that our procurement of the services from the Entity List Foundries does not, in itself, trigger a license requirement under §744.11. In addition, our chip products generally have total processing performance below 1600 and performance density below 1.6, do not contain advanced artificial intelligence acceleration units, and are designed for IoT and communication terminal applications. Based on these characteristics, they do not meet the current performance thresholds in ECCN 3A090 that relate to advanced computing controls and therefore are not presently subject to the Advanced Computing and "Supercomputer" FDP Rules.

To manage potential regulatory and supply-chain risks and ensure adherence to applicable export control and sanctions requirements, we have established a risk-based compliance program consisting of various internal control measures. These measures include a know-your-customer process to screen and assess customer backgrounds, and protective contractual provisions requiring customers to make compliance representations and warranties. Where appropriate, notification will be sent to customers reiterating our commitment to complying with all applicable export controls laws and the prohibition of unauthorized use, resale, or transfer of our products for military purposes, government intelligence activities, or massive surveillance. As part of the compliance program, we maintain records of customer representations and compliance communications to demonstrate adherence to the applicable regulatory requirements. We also keep abreast of the latest development in applicable export control laws and regulations to promptly update our policies, contractual terms, and operational controls as needed to ensure continued legal and regulatory compliance.

Based on the above facts, on the basis that we have not sold products to Entity List designees and subject to our ongoing implementation of the export controls compliance measures, our legal adviser as to U.S. outbound investment rules, sanctions and export control laws has informed us that our procurement of mask generation and wafer foundry services from the Entity List Foundries and furnishing chip design files to such foundries during the Track Record Period did not implicate material risks in relation to applicable U.S. export control regulations. Based on the foregoing and the fact that we did not have material changes in our business activities after the Track Record Period, our Directors are of the view that our business activities during the Track Record Period and up to the Latest Practicable Date were in material compliance with applicable U.S. export control laws.

Impact of U.S. Sanctions Laws

During the Track Record Period and up to the Latest Practicable Date, we did not conduct business in, nor did we have dealings with, countries or regions subject to comprehensive U.S. sanctions, currently including Cuba, Iran, North Korea, and the Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson regions (collectively, the "**Sanctioned Countries**"). Furthermore, we are a joint stock company established in the PRC, and all of our directors and senior management are Mainland PRC or Hong Kong nationals. No U.S. Persons were involved in the approval, financing, or execution of our transactions, and our payments are predominantly settled in RMB.

Our legal adviser as to U.S. outbound investment rules, sanctions and export control laws, after conducting due diligence searches of the Specially Designated Nationals and Blocked Persons List ("**SDN List**") and other restricted party lists ("**Restricted Lists**") administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), informed us that they did not identify any member of our Group or any of our directors, senior officers, shareholders of records, customers or suppliers during the Track Record Period, as appearing on those lists as of the search date. Based on the foregoing and the factual matters described above, and subject to our ongoing implementation of the

sanctions compliance measures, our legal adviser as to U.S. outbound investment rules, sanctions and export control laws advised us that our business activities during the Track Record Period did not implicate material risks of U.S. primary or secondary sanctions.

Based on the foregoing and the fact that we did not have material changes in our business activities after the Track Record Period, our Directors are of the view that our business activities during the Track Record Period and up to the Latest Practicable Date were in material compliance with applicable U.S. sanctions laws.

Impact of the Final Rule

The Final Rule, which took effect on January 2, 2025, 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) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) AI systems. For details of the Final Rule, please see "Regulatory Overview — U.S. Export Control Laws and Outbound Investment Rules — Final Rule by the U.S. Department of the Treasury".

According to the Final Rule:

(a) we are "a person of a country of concern" under the Final Rule as we are a joint stock company established in the PRC;

(b) the sector that is relevant to our Group is the semiconductors and microelectronics sector. Specifically, we primarily engage in the design and development of cellular IoT communication chips utilizing 22-nanometer and 40-nanometer process nodes. While these process nodes are not expected to fall within the categories of prohibited semiconductor transactions under the Final Rule based on currently applicable technical thresholds set forth in 31 C.F.R. §850.224, the design of such integrated circuits falls within the scope of notifiable covered activities under 31 C.F.R. § 850.217(a) of the Final Rule.

Therefore, as advised by our legal adviser as to U.S. outbound investment rules, sanctions and export control laws, we would likely be deemed a "covered foreign person" for purposes of the Final Rule. As a result, direct or indirect acquisitions of our equity interests by U.S. Persons would likely constitute "notifiable transactions" under the Final Rule, depending on the structure of the investment and the applicability of available exemptions. The Final Rule provides an exception to "notifiable transactions" permitting U.S. Persons to **[REDACTED]** in our publicly **[REDACTED]** securities, provided that (i) the investment does not grant the U.S. Person rights beyond standard minority shareholder protections, and (ii) our shares are officially available for public trading following an initial public offering on a securities exchange in any jurisdiction, including non-U.S. exchanges such as the Stock Exchange. In addition, the U.S. Department of the Treasury further issued new guidance regarding the Final Rule through Frequently Asked Questions on December 23, 2025, which clarified 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" under the Final Rule, regardless of when a subscription agreement for such equity interest is entered into, as long as the transaction does not afford the U.S. Person rights beyond standard minority protections with respect to the issuer of such securities. Based on such guidance, U.S. Persons may be able to rely on the publicly traded securities exemption for their **[REDACTED]** of our H Shares in the **[REDACTED]** if the relevant requirements are met. Please refer to "Regulatory Overview — U.S. Export Control Laws and Outbound Investment Rules — Final Rule by the U.S. Department of the Treasury" in this document for further discussion of the requirements of the publicly traded securities exemption.

Based on the above, our Directors are of the view that the impact of the Final Rule on our Group is generally limited and manageable. Nonetheless, the Final Rule may increase the compliance burden on U.S. **[REDACTED]** if any of them intend to **[REDACTED]** our H Shares prior to the **[REDACTED]**. The Final Rule could also limit our ability to raise capital from U.S. **[REDACTED]** through **[REDACTED]** of equity or contingent equity interests that are not "publicly traded securities."

For details, please refer to "Risk Factors — Risks Relating to Our Business and Industry — U.S. outbound investment restrictions targeting China could limit our access to U.S. capital and strategic **[REDACTED]**, which may adversely affect our business, financial condition, and results of operations". **[REDACTED]** should make their own determination on whether they are permitted to **[REDACTED]** in us, whether the transaction qualifies for the relevant exemption and whether they may have any notification obligations under the Final Rule.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We are committed to advancing ESG principles across our operations and long-term strategy, guided by systematic stakeholder engagement and materiality assessments. Through consultations with diverse stakeholders and benchmarking against global sustainability standards, we identify key ESG issues aligned with our business context and strategic direction.

As a dedicated designer of cellular IoT chips, we focus on technological innovation to deliver highly integrated and low-power solutions for a wide range of IoT applications. Our products support multiple power modes tailored to usage scenarios, significantly reducing energy consumption and minimizing resource waste. In addition, our compact chip designs help decrease printed circuit board area and limit the use of peripheral components, thereby reducing potential hazardous waste. These environmentally conscious product development practices, combined with our structured governance and stakeholder-oriented approach, underscore our dedication to sustainable value creation and responsible corporate growth.

ESG Governance Structure

Our ESG governance is structured under the leadership of the Board of Directors and senior management, integrating sustainability into strategic planning and daily operations across the organization. A clear governance framework ensures that overarching ESG objectives are set at the board level, while individual departments translate these goals into concrete actions and performance targets. We foster company-side participation, empowering employees to adopt energy-saving and responsible practices, with administrative functions providing systematic support in tracking resource data and facilitating ESG reporting. Regular engagement with stakeholders, including shareholders, employees, customers, and suppliers, through meetings and dialogs helps keep our strategy aligned with expectations. This data-driven and participatory model reinforces accountability, promotes continuous improvement, and advances sustainable long-term value creation for all stakeholders.

ESG Risk Identification, Assessment, and Response Summary

Through multi-channel stakeholder engagement, including interviews and conference calls, we gather critical inputs on ESG issues. This is complemented by in-depth analysis of global sustainability trends, peer benchmarks, and regulatory development. By integrating these insights with our operational characteristics and strategic goals, we systematically identify and assess ESG risks. This robust process enables us to prioritize key medium-to-long-term issues as well as establish targeted and responsive measure for effective management. We have established corresponding measures to address them:

Category	Material Issues	Importance/Relevance to the Group	Group's Corresponding Measures
Environmental.	**Environmental Compliance Management**	Ensures operational resilience by mitigating regulatory and legal risks, while simultaneously strengthening investor confidence and appeal to growing community of green finance.	Adhere to international conventions, national laws, and customer requirements. A systematic approach is taken to set, monitor, and continuously improve our environmental management goals and performance indicators.
	Water Resource Management	Efficient stewardship of water resources is critical for achieving both economic efficiency and environmental sustainability, enhancing our brand reputation for responsibility.	Conduct thorough water usage assessment, build a systematic management framework to identify related risks and execute effectiveness evaluation for implementing conservation measures.
	Energy Management	Promoting energy conservation and transitioning to green production are fundamental to reducing our environmental footprint and showcasing our commitment to sustainable operational leadership.	Improve our energy management system, execute clean energy transition plans, deploy real-time monitoring platforms, and establish clear and tiered reduction targets.
	Climate Change Mitigation	Proactively addressing climate change is vital for managing regulatory and market transition risks.	Systematically identify climate-related risks, analyze both short- and long-term physical and transition impacts to our strategic planning and resilience-building efforts.
Social	**Product and Service Safety and Quality**	A robust quality management system is essential for navigating regulatory changes, mitigating compliance risks, and securing market access. Superior product and service safety and quality serve as key differentiators, fostering brand loyalty.	Proactively conduct quality management training, integrate advanced concepts and methodologies to continuously refine and innovate our product quality systems and management models.
	Supply Chain Security and Management	Resilient and responsible supply chain management is critical for ensuring operational continuity, mitigating disruptions, and upholding our commitment to ethical and sustainable practices across the value chain.	Actively engage with suppliers, promote adherence to our standards through communication and assessments, and continuously work to enhance the overall resilience and sustainability of our supply network.

Category	Material Issues	Importance/Relevance to the Group	Group's Corresponding Measures
	Protection of Employees' Legal Rights and Interests	Safeguarding employees' legal rights and fostering a fair and respectful workplace is fundamental to boosting morale, enhancing retention, and improving higher productivity, directly contributing to long-term operational success.	Offer competitive compensation and comprehensive benefits, strictly respect labor rights, and actively communicate our sustainability values to ensure employees are valued partners in our growth.
	Employee Training and Development	A structured career development and training framework is significant for attracting and retaining top talents, enhancing workforce capabilities, and driving long-term innovation and competitiveness.	Establish a comprehensive training system encompassing standardized operational procedures, a structured curriculum, and a dedicated instructor team to support continuous employee growth.
	Stakeholder Communication	Transparent communication is fundamental for building trust, fostering strong collaboration with key groups, and proactively shaping a positive corporate reputation and brand image.	Systematically identify stakeholders, maintain multi-dimensional communication platforms, conduct annual ESG surveys to gather feedback, and ensure regular and meaningful engagement.
	Data Security and Customer Privacy Protection	Implementing high-standard information security protocols is critical for attracting security-conscious customers and enhancing corporate credibility, making it a key competitive advantage in the digital economy.	Strictly comply with relevant information security laws and regulations, establish information security management system.
Governance . .	**Corporate Governance**	Standardized operations and a clear governance framework enhance decision-making efficiency, mitigate operational risks, and provide a solid foundation for long-term value creation and sustainable development.	Adhere to relevant laws and maintain a governance structure centered on the Board and management, supported by comprehensive rules and procedures that ensure scientific decision-making and operational transparency.
	Anti-Bribery and Anti-Corruption	A rigorous anti-bribery and anti-corruption mechanism is crucial for upholding operational integrity, strengthening stakeholder trust, and proactively identifying and mitigating associated legal and financial risks.	Comply with relevant laws and regulations, engage an independent auditing firm to audit internal control plans, policies, and procedures, as well as implement comprehensive integrity management systems to ensure accountability and ethical conduct.
	Intellectual Property Rights Protection	A strong IP protection system safeguards innovation, enhances brand value, and ensures competitive advantage by standardizing management and demonstrating a commitment to intellectual property.	Proactively secure patents and trademarks to prevent infringement, implement a comprehensive IP management system.

Environmental Indicators and Management

We integrate environmental management into our daily operations, focusing on resource conservation and pollution prevention. While our core business does not involve significant industrial emissions, we actively manage our operational footprint through structured energy and waste initiatives. Our office-based consumption is minimized by mandatory equipment shutdowns and designated energy-saving hours. Furthermore, we promote green commuting through our strategic office location near public transit. All non-hazardous waste is segregated and handled by property management in accordance with local regulations.

Emissions

We operate under a fabless business model, specializing in the design and sale of integrated circuit chips without engaging in direct manufacturing processes. As a result, our operations do not involve the emission of exhaust gasses, industrial wastewater, or hazardous substances. Non-hazardous waste generated in office environment is managed in accordance with local municipal classification standards and is handled by designated property management services. We maintain strict adherence to all applicable environmental laws and regulations, reflecting our commitment to minimal environmental impact and sustainable operational practices.

Resource consumption

We are committed to the efficient and responsible use of resources in our daily operations. As a fabless semiconductor enterprise, our resource consumption is primarily limited to electricity and water for office-based activities. We actively promote energy and water conservation through practical measures such as double-sided printing, scheduled switching-off of lights during mid-day breaks, and post-work facility checks by dedicated staff to ensure all non-essential equipment is powered down. In addition, we encourage green commuting by selecting office locations in close proximity to public transportation hubs.

Details of our resource consumption during the Track Record Period are as follows:

Classification	Unit	2023	2024	2025	For six months ended June 30, 2025	For six months ended June 30, 2026
Electricity Consumption	MWh	402.4	440.1	435.3	200.1	200.9
Electricity Consumption Density	MWh/Person	3.0	3.2	3.1	1.5	1.4
Water Consumption	Tons	400.0	405.0	415.0	208.0	220.0
Water Consumption Density	Tons/Person	3.0	3.0	2.9	1.5	1.5
Paper Consumption	kg	4,760.0	1,400.0	3,360.0	1,680.0	1,120.0
Paper Consumption Density	kg/Person	35.3	10.2	23.8	12.2	7.9

Despite continuous expansion of businesses and number of employees, our aggregate resource consumption during the Track Record Period was at a stable level, specifically with dropping paper consumption, which reflected the effectiveness of our green operation framework. All of our operational practices and resource usage comply with national and local regulatory standards. While current operations do not involve large-scale industrial consumption, we continuously advocate rational resource utilization and foster an internal culture of environmental awareness. These efforts reflect our ongoing dedication to minimizing ecological impact and supporting sustainable development within a resource-efficient operational model. We expect to reduce our electricity, water, and paper consumption density by 5% in the next 3 years. These targets are based on the assumptions that our historical stable resource consumption despite business growth reflects effective green policies, and that continued implementation of paperless workflows, energy-saving equipment upgrades, and employee awareness programmes will further reduce overall resource consumption density.

Carbon management

We are committed to advancing carbon management in alignment with national carbon neutrality objectives. we have integrated low-carbon criteria into our operational and procurement practices, prioritizing energy-efficiency suppliers and materials. While our fabless business model results in relatively low direct emissions, we actively implement energy-saving measures across office operations.

Details of our carbon emission during the Track Record Period are as follows:

Classification	Unit	2023	2024	2025	For six months ended June 30, 2025	For six months ended June 30, 2026
Scope 1 GHG Emissions	tCO_2e	N/A	N/A	N/A	N/A	N/A
Scope 1 GHG Emission/Person	tCO_2e/Person	N/A	N/A	N/A	N/A	N/A
Scope 2 GHG Emissions	tCO_2e	283.1	309.6	306.3	140.8	141.4
Scope 2 GHG Emission/Person	tCO_2e/Person	2.1	2.3	2.2	1.0	1.0
Scope 3 GHG Emissions	tCO_2e	44,148.3	42,419.3	85,144.8	49,357.2	73,762.7
Scope 3 GHG Emission/Person	tCO_2e/Person	327.0	309.6	603.9	357.7	519.5

Note:

Scope 1 GHG emissions are primarily from the consumption of direct energy (gasoline, natural gas, etc.) in our operations; Scope 2 GHG emissions are primarily from the consumption of indirect energy (purchased or acquired electricity) in our operations. Scope 3 GHG emissions are derived from purchased goods and services, use of sold products and employees' commuting of our business operation, where the activity level data is mainly based on internal data systems, purchasing records, and sales records. The data refers to the Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange, and the GHG emission factor for purchased electricity refers to the national grid average emission factor.

Since our operations do not involve the consumption of direct energy such as gasoline and natural gas, Scope 1 data are not available. The calculations of Scope 2 mainly include the consumption of electricity and water. Our Scope 3 carbon emission increased substantially in 2025 primarily due to the increasing shipment of cellular IoT chips to clients. We expect to reduce our Scope 3 GHG emission intensity by 5% in the next 3 years. This target is based on the assumptions that our ongoing green operation policies will continue to effectively reduce GHG emission intensity, and that our fabless business model inherently allows for manageable emissions.

Climate-related risks and opportunities

We recognize that climate change presents distinct risks and opportunities to our business model. While our design-centric operations do not involve direct manufacturing emissions, we have systematically assessed our climate exposure across the value chain.

- **Climate risks**
  - **Transition risks:** Evolving global climate policies, such as carbon pricing and stricter environment regulations, could increase compliance and due diligence costs. A significant market shift towards suppliers with verified green credentials could also affect our positioning if not proactively managed.
  - **Physical risks:** Extreme weather caused by climate change, such as floods, typhoons and rising global temperatures, could post negative impacts on our operation, such as transportation, logistics and productivity.

- **Climate opportunities**

  - **Products and markets:** Our core mission of developing "high-integration, low-power" IoT chips is inherently sustainable. Our products enable significant energy savings and efficiency gains for clients in sectors such as smart meters and asset tracking, allowing us to capitalize on the growing demand for technologies that reduce carbon footprint across the economy.

  - **Resource efficiency:** Our operational footprint is inherently low as we adopt a fabless mode. We further minimize our resources consumption through a green office culture, including implementing e-office systems, energy-saving measures, and waste reduction protocols, which simultaneously lower operational expenses and reinforce our sustainability ethos.

  - **Resilience and reputation:** By proactively engaging our supply chain on climate resilience and transparently disclosing our management approach, we strengthen partner relationships as well as build trust with investors and clients who prioritize sustainable and resilient value chains, thereby enhancing our market access and brand value.

Social Indicators and Management

As a leading IoT chip enterprise, we fulfill our social responsibilities by investing in employee well-being and development, ensuring supply chain ethics, protecting customer rights, and driving community progress through targeted initiatives.

Employee Employment

We are committed to upholding fair and equitable employment practices in strict compliance with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, and other relevant regulations. Our recruitment process, which includes open social recruitment and internal referrals, is conducted transparently and is firmly grounded in the principles of equal pay, equal work and non-discrimination. We explicitly prohibit the use of child labor and all forms of forced labor. Employee relations are managed in accordance with labor contracts and our detailed Employees Handbook, with an emphasis on proactive communication and consultation. Our comprehensive compensation and benefits system, linked to transparent performance evaluations, is designed to attract and retain talent while enhancing overall employee welfare.

The breakdown of our employees during the Track Record Period is summarized as follows:

Classification	Unit	2023	2024	2025	For six months ended June 30, 2025	For six months ended June 30, 2026
By Employment Type						
Full-time	Persons	135	137	141	138	143
Part-time	Persons	0	0	0	0	0
By Gender						
Male	Persons	106	108	113	109	112
Female	Persons	29	29	28	29	31
By Age						
Above 50 Years Old	Persons	0	5	8	6	10
40–49 Years Old	Persons	41	45	54	49	55
30–39 Years Old	Persons	81	73	67	68	67
20–29 Years Old	Persons	13	14	12	15	11

We adhere to the highest standards of employee employment, and all candidates are assessed comprehensively based on moral conduct, professional capability, work experience and educational background to ensure fair and merit-based selection. We provide clearly-defined promotion pathways for technical and functional staff, supported by performance-linked reward mechanisms including salary adjustments, annual bonuses and long-term incentive plans. In addition to statutory holidays, employees are entitled to paid annual leave in accordance with company policy.

Staff development and training

We place strong emphasis on staff development and training by implementing structured annual training plans tailored to evolving business needs. These include onboarding programs for new hires, technical skill enhancement courses, and specialized training sessions conducted in collaboration with industry associations. We conduct regular occupational health and safety training, supplemented by targeted drills and lectures on fire prevention and general wellbeing. All training initiatives are designed to align with regulatory requirements and support professional growth across all employee levels, fostering a skilled, safe, and compliant workforce. During the Track Record Period and up to the Latest Practicable Date, we did not record any work-related fatalities or injuries.

We place strong emphasis on employee feedback and maintain multiple accessible communication channels, such as corporate communication groups and direct email reporting to the Human Resources and Administration Center. These mechanisms enable timely response to staff input and complaints.

Supply chain management

We maintain a robust and sustainable supply chain management system to support the procurement of key materials such as wafers and outsourced services including packaging and testing. Guided by internal policies, including the "Supplier Management Procedure" and "Procurement Management Procedure", we implement a comprehensive supplier selection and evaluation framework. Suppliers are systematically assessed across five key dimensions, including quality, technology, cost, delivery, and services. Based on performance results, suppliers are dynamically classified into tiered categories, with evaluation frequency tailored to the type of procurement.

We emphasize long-term and stable partnerships with suppliers, while continuously optimizing sourcing and processing channels in order to align with sales forecasts and production capacity. A structured performance appraisal mechanism allows for regular monitoring and rating adjustments, ensuring supply chain resilience and operational efficiency. This systematic approach enables us to achieve a reliable, high-quality, and responsibly managed supply ecosystem in support of business growth and product delivery commitments.

Product responsibility

We maintain a robust product responsibility framework to ensure the safety, quality, and sustainability of our IoT chip products throughout their lifecycle. Adherence to international and domestic health and safety standards, such as RoHS, is strictly enforced, guaranteeing that all products are free from hazardous substances and pose no health risks under normal or reasonably extreme conditions. A comprehensive quality management system, certified under ISO 9001:2015 and supported by documented procedures including the Quality Manual, enables full-process control from design and development to production, sales, and post-sales services.

We implement rigorous compliance reviews at each stage to align products and services with applicable regulations and ESG requirements. Any product issues are systematically investigated through root cause analysis, leading to design and process improvements to prevent recurrence. A standardized customer problem-solving process, supported by dedicated cross-functional teams comprising technical, quality, and research and development experts, ensures timely response,

transparent communication, and effective resolution. This end-to-end approach reflects our commitment to comprehensive quality management, customer satisfaction, and the delivery of reliable, and environmentally responsible products.

Intellectual Property protection

We adopt a comprehensive systematic approach to intellectual property protection, ensuring full compliance with relevant laws and regulations. Our core technologies are the result of sustained research and development investment and innovation, all of which are supported by independent intellectual property rights. To safeguard these innovations, we have established a multi-layered IP protection framework encompassing patents, non-patent technologies, trademarks, copyrights, and integrated circuit layout design protections.

Robust internal mechanisms are implemented to preserve IP confidentiality and security. Every employee is bound by a confidentiality agreement, and office computers are equipped with specialized security software to prevent data leakage. Our IT department enforces standardized technical controls to manage corporate systems, databases, and research and development data, providing a secure and efficient information environment for innovation and business operations. Through these measures, we effectively protect our proprietary technologies and sustains a culture of integrity as well as compliance, with no record of intellectual property-related penalties.

Community and public goods

We actively engage with local communities by supporting community-identified needs. As part of our annual hiring practice, we employ individuals with disabilities, providing statutory social insurance and benefits. We also regularly organize fire safety drills for our employees to enhance emergency preparedness. Through these initiatives and ongoing public welfare activities, we are committed to fostering sustainable and inclusive community development.

Privacy and data security

We establish and maintain a systematic privacy and data security framework in full compliance with the *Cybersecurity Law*, *Data Security Law*, and *Personal Information Protection Law*. Internal policies such as the IT Management System construct clear protocols for data classification, access control, and storage management. Business data is stored across separate physical servers, with logical isolation and role-based permissions strictly limiting operator access and actions. Regular security reviews and technical measures ensure continuous protection of information assets, safeguarding customer and corporate data against unauthorized use or exposure.

Anti-corruption

We maintain a zero-tolerance stance towards bribery, corruption, fraud, and money laundering, operating in strict compliance with relevant laws and regulations. A comprehensive internal control framework has been established, which includes standard anti-corruption clauses in all employment contracts and regular independent audits commissioned to assess the effectiveness of internal policies and procedures. All audit findings and improvement recommendations are reported directly to the Board of Directors.

During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any corruption-related litigation or received formal complaints or credible reports of misconduct, reflecting the robustness of our anti-corruption governance and ethical business practices.

PATH TO PROFITABILITY

Historical Context of Our Profitability Trajectory

Our path to profitability should be understood in the context of the pricing cycle and competitive dynamics of the cellular IoT chip market, our product mix during the Track Record Period, and our deliberate calibration between profitability and shipment scale at different stages. During the Track Record Period, our revenue increased from RMB533.1 million for the year ended December 31, 2023 to RMB552.4 million for the year ended December 31, 2024 and further to RMB689.4 million for the year ended December 31, 2025, while our gross profit increased from RMB47.6 million to RMB123.4 million and RMB126.0 million, respectively. Our overall gross profit margin increased from 8.9% for the year ended December 31, 2023 to 22.3% for the year ended December 31, 2024, before decreasing to 18.3% for the year ended December 31, 2025 and 7.8% for the six months ended June 30, 2026. We recorded loss for the year of RMB158.5 million for the year ended December 31, 2023, profit for the year of RMB12.4 million for the year ended December 31, 2024, loss for the year of RMB16.0 million for the year ended December 31, 2025 and loss for the period of RMB39.0 million for the six months ended June 30, 2026.

Our sales of chips remained our principal revenue driver during the Track Record Period, and our chip business was concentrated in NB-IoT and Cat.1bis. Our gross profit margin from sales of chips increased from 5.0% for the year ended December 31, 2023 to 16.6% for the year ended December 31, 2024, before decreasing to 10.7% for the year ended December 31, 2025 and 4.2% for the six months ended June 30, 2026. According to F&S, lower-speed mass-market cellular IoT chip segments such as NB-IoT and Cat.1bis are generally subject to more intense price competition and ASP compression than higher-speed product segments. According to F&S, global NB-IoT shipment volume increased from 51.8 million units in 2021 to 97.1 million units in 2025, while global Cat.1bis shipment volume increased from 139.1 million units in 2021 to 400.9 million units in 2025. Because our revenue during the Track Record Period was primarily concentrated in NB-IoT and Cat.1bis products, our profitability profile was more directly exposed to the prevailing industry-wide ASP compression than more diversified peers whose product portfolios included a larger proportion of higher-speed products.

Product Portfolio Enrichment and Gradual Product Mix Upgrade

Our first key profitability driver is to continue broadening our product portfolio toward higher-value and higher-speed product categories while maintaining our established market position in NB-IoT and Cat.1bis. During the Track Record Period, the ASP of our chip products decreased by approximately 15.5% from the year ended December 31, 2023 to the year ended December 31, 2024, then decreased by approximately 21.1% from the year ended December 31, 2024 to the year ended December 31, 2025, and further decreased by approximately 14.7% from the six months ended June 30, 2025 to the same period in 2026. The continuous ASP compression of our chip products was primarily due to continued competitive pricing pressure in mature mass-market cellular IoT chip categories, customers' cost optimization requirements and the continuing commercialization cycle of NB-IoT and Cat.1bis products. Over the same period, our sales volume of Cat.1bis chips increased by approximately 38.6% from the year ended December 31, 2023 to the year ended December 31, 2024, then increased by approximately 71.4% from the year ended December 31, 2024 to the year ended December 31, 2025, and further increased by 73.3% from the six months ended June 30, 2025 to the same period in 2026, while our sales volume of NB-IoT chips decreased by approximately 21.8% from the year ended December 31, 2023 to the year ended December 31, 2024, then increased by approximately 48.3% from the year ended December 31, 2024 to the year ended December 31, 2025, and further increased by 24.3% from the six months ended June 30, 2025 to the same period in 2026. We believe this demonstrates our ability to continue expanding shipment scale in our core product categories notwithstanding continued pricing pressure.

Concurrently we are continuously enriching our product portfolio with higher-value product categories, including LTE Cat.4 and 5G-related products. According to F&S, higher-speed cellular IoT product segments generally have better pricing quality and are less exposed to the same degree of ASP compression as lower-speed mass-market segments. As of the Latest Practicable Date, our LTE Cat.4 product, 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. Subject to the progress of customer validation, certification, supply chain readiness and commercialization arrangements, we expect EC800L to commence commercialization in the fourth quarter of 2026. Our 5G-related products, including 5G RedCap, 5G eRedCap and 5G eMBB products, were at the design stage as of the Latest Practicable Date. 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 5G RedCap products. We therefore intend to gradually increase the revenue contribution from higher-speed products and reduce our relative dependence on NB-IoT and Cat.1bis products over time, although the timing and scale of such contribution will depend on customer validation, certification, commercialization progress, market acceptance and supply chain readiness.

Continued Cost Optimization, Supply Chain Localization and Economies of Scale

Our second key profitability driver is to improve unit economics through continued cost optimization, supply chain localization and shipment scale expansion. As a fabless company, our cost structure is primarily driven by wafer procurement, assembly and testing, and other supply-chain-related costs. For the year ended December 31, 2023, our gross profit from sales of chips was RMB25.4 million, with a gross profit margin of 5.0%. In that year, the cost of high-priced inventory recognized in our cost of sales amounted to approximately RMB198.5 million, representing approximately 50.5% of our raw material costs. For the year ended December 31, 2024, our gross profit from sales of chips increased to RMB80.8 million, with a gross profit margin of 16.6%, while the cost of such high-priced inventory recognized in our cost of sales further decreased to nil, and our average wafer procurement cost decreased by approximately 27.5% as compared to 2023. For the six months ended June 30, 2026, our gross profit from sales of chips decreased to RMB17.0 million from RMB33.2 million for the same period in 2025, with a gross profit margin of 4.2%, while the cost of such high-priced inventory recognized in our cost of sales amounted to nil, and our average wafer procurement cost decreased by approximately 6.3% as compared to the same period in 2025.

We further strengthened our procurement strategy in 2024 by introducing domestic wafer suppliers to complement our existing overseas supply chain. In particular, our domestic wafer purchase amount accounted for 5.2% and 42.6%, respectively, of our total wafer purchase amount for the years ended December 31, 2023 and 2024. As a result, our raw material procurement costs decreased by 17.4% from RMB393.3 million for the year ended December 31, 2023 to RMB324.9 million for the year ended December 31, 2024, while our revenue increased by 3.6% during the same period. In 2025, we continued to optimize our cost base through technology-driven design improvements, supply chain optimization and scale effects. Although our gross profit margin from sales of chips decreased to 10.7% for the year ended December 31, 2025 and further to 4.2% for the six months ended June 30, 2026, as our ASP reductions outpaced cost savings in that year/period, we maintained positive gross profit from sales of chips of RMB67.6 million and RMB17.0 million, respectively, amid material growth in chip shipment volumes.

Going forward, we intend to continue to improve our cost structure through a combination of product design optimization, supply chain localization, supplier diversification, procurement efficiency improvement and shipment scale expansion. These measures include optimizing product design and chip architecture, reducing unit BOM cost where commercially and technically feasible, increasing the use of qualified domestic suppliers, improving procurement efficiency, and leveraging larger shipment scale to seek more favorable procurement terms. We also intend to continue to improve production efficiency through supply-chain coordination and product iteration, while maintaining product quality and reliability requirements. According to F&S, procurement pricing in the semiconductor supply chain is generally volume-sensitive, and larger shipment scale generally improves a fabless company's ability to obtain more favorable procurement terms and improve operating leverage over time. We therefore believe that greater scale, together with continued cost optimization, product design optimization and supply chain localization, will remain an important driver of our profitability path. However, these measures may not fully offset ASP reductions in any particular period, including 2026, and our profitability remains subject to market pricing conditions, product mix and the pace of commercialization of our new products.

Selective Overseas Expansion and Revenue Diversification

Our third key profitability driver is to broaden our revenue base and improve revenue quality through selective overseas expansion and the continued development of our licensing and services business. Our licensing and services business historically generated comparatively high gross margins of 98.7%, 63.8%, 97.5%, 96.7% and 97.6% for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, although revenue recognition in this business line may fluctuate from period to period because it is project-based and milestone-driven in nature. We believe that this business line provides an important supplementary source of higher-margin revenue relative to mass-market chip sales.

Going forward, we intend to selectively pursue licensing, chip design service, royalty-based and other technology collaboration opportunities where we can leverage our existing technology platforms, IP and design capabilities with commercially reasonable incremental costs. In particular, where the relevant technology packages or design deliverables are accepted and the customer's products incorporating our licensed technology enter production and sale, the relevant arrangements may support royalty-based revenue contribution and follow-on technical support or service opportunities. However, as license and service revenue is project-based and depends on customer demand, milestone achievement, acceptance of deliverables and the shipment volume of the relevant customer products where royalties apply, the timing and amount of contribution from this business line may fluctuate from year to year.

According to F&S, in certain overseas markets, products of comparable specifications generally command higher selling prices and achieve higher gross margins than in the PRC market. We therefore believe that selective overseas expansion may gradually improve our revenue quality and margin structure over time, particularly where relevant opportunities involve higher-priced chip sales, technology licensing, design collaboration or royalty-based arrangements. We also expect to pursue such overseas expansion prudently and in a measured manner, primarily leveraging our domestic operating base, so that incremental sales, delivery and support costs remain commensurate with the underlying business scale and commercial visibility.

Disciplined Expense Management and Operating Leverage

In addition to the above measures, we intend to manage our operating expenses in a disciplined manner while continuing to support product development and commercialization. Our business requires continued investment in research and development, product validation, certification, customer introduction and technical support, particularly for LTE Cat.4 and 5G-related products. At the same

time, as shipment volume increases and new products enter commercialization, we aim to improve operating leverage by spreading fixed and semi-fixed costs, including research and development, product validation, tape-out, certification, selling and administrative costs, over a broader revenue base. In 2025 and the six months ended June 30, 2026, as our revenue increased and chip shipment volume expanded, we continued to exercise disciplined expense management while supporting the development and commercialization of our product roadmap. We believe that further revenue growth and shipment scale expansion may help improve operating leverage over time by spreading fixed and semi-fixed costs over a broader revenue base, although such improvement depends on the pace of commercialization of our new products and our ability to manage operating expenses.

Overall Assessment

We expect to record a loss for the year ending December 31, 2026, primarily due to the expected further decrease in ASP of our existing NB-IoT and Cat.1bis products in the first three quarters of 2026, continued competitive pricing pressure, and our ongoing investment in the development, validation, customer introduction, certification and commercialization of LTE Cat.4 and 5G-related products. Notwithstanding the expected loss in 2026, we believe our path to profitability should be assessed based on the combined effect of the foregoing initiatives, rather than by reference to short-term fluctuations in ASP or margin in any single year/period. In particular, our historical performance demonstrates (i) our ability to restore gross profitability when cost conditions normalize; (ii) our ability to expand shipment scale while maintaining positive gross profitability; and (iii) the supplementary margin contribution from our licensing and services business.

We therefore believe that the combination of gradual product mix upgrade, continued cost optimization and scale expansion, selective overseas expansion, higher-margin licensing and services opportunities, and disciplined expense management provides the key commercial basis for us to improve profitability over time. The pace and extent of such improvement, however, will depend on market pricing trends, commercialization progress of our new products, customer adoption, supply chain conditions and our ability to manage costs and expenses.

INTERNAL CONTROL AND RISK MANAGEMENT

Our approach to risk management and internal control is designed to safeguard our assets, ensure operational continuity, and promote compliance with industry regulations. Through a structured framework, we identify, evaluate, and mitigate risks across our business activities, aligning our practices with best-in-class standards and regulatory requirements. This comprehensive framework empowers us to proactively manage potential risks that could affect our operations, financial performance, and reputation in the market. By implementing rigorous control measures across all facets of our operations, we aim to maintain transparency, accountability, and efficiency, ensuring that we are well-positioned to respond to any emerging risks.

We maintain a system of internal controls that is regularly updated to reflect changes in the business environment and evolving regulatory requirements. These controls are integral to our business strategy, helping us monitor key risk areas such as financial reporting, operational effectiveness, and compliance with legal obligations. Regular audits and evaluations are conducted to identify gaps, and corrective actions are taken to strengthen our internal control environment. The internal control framework is designed to mitigate risks related to financial inaccuracies, fraud, regulatory non-compliance, and operational inefficiencies.

According to the internal control review conducted by our internal control consultant, our internal control system was assessed to be effective and compliant in all material respects with applicable laws, regulations, and the Listing Rules requirements during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY, CYBERSECURITY AND INFORMATION TECHNOLOGY SYSTEMS

Data collection, processing and provision

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 OSAT partners. Within this business scope, we do not access, collect, use, or store any data gathered by chips embedded in terminal devices. We collect and store data related to our business operations, including information from transactions with customers, suppliers, and other relevant parties. While we gather business, management, and operational data regularly, the personal information we collect from customers is limited and only gathered when absolutely necessary for operational purposes. Specifically, we collect personal information of job applicants and business contacts. The types and scope of personal information collected include the applicants' basic personal information (such as name, contact details, and resume), as well as the business contacts' basic personal information and work-related information (such as name, contact details, company name, and job title). All such data is directly collected and owned by us and is not shared with other third parties. We have established a comprehensive data compliance system to ensure that our data privacy practices align with regulatory requirements.

No cross-border data transfer

All data collected by us within Chinese Mainland is stored domestically. We are not engaged in any cross-border transfer of personal information, including transmitting personal information collected during domestic business operations to overseas parties, nor permitting overseas individuals or organizations to access personal information stored within Chinese Mainland.

The internal control measures in relation to data usage, storage and cross-border transmission

To safeguard this data, we have deployed a range of security systems, including firewalls, antivirus software, internet behavior management tools, network access control, data loss prevention systems, threat intelligence platforms, log management, and vulnerability scanning tools. These systems form a layered defense network, extending from the network perimeter to data centers and end-user devices. This structure ensures proactive threat prevention, real-time alerts during incidents, and effective post-event accountability. Our information technology team is responsible for developing and implementing these cybersecurity policies and ensuring our data security measures remain up to date.

From an organizational perspective, we have established and implemented a series of data protection and cybersecurity policies. These policies cover operational procedures across the entire lifecycle of data processing, including collection, use, storage, disclosure, and deletion.

Our information technology systems are integral to supporting our day-to-day operations and facilitating our business growth. We have developed or implemented various IT systems to cover all critical aspects of our operations, including sales, supply chain management, inventory control, and production and quality assurance. Our IT department oversees the continuous development and maintenance of these systems to ensure smooth and efficient operations.

Our enterprise resource planning ("**ERP**") system is the cornerstone of our operations, managing key processes such as financial reporting, procurement workflows, production planning, inventory tracking, and sales order management. This system helps streamline management and supports data-driven decision-making.

We had not been subject to any litigation, arbitrations or material administrative penalties in relation to data and privacy protection during the Track Record Period and up to the Latest Practicable Date. Within the business scope of cellular IoT chips research, development and commercialization, our PRC Legal Advisor as to data compliance, is of the view that, we had complied, in all material respects, with the applicable laws and regulations with respect to data privacy, cybersecurity, and personal data protection during the Track Record Period and up to the Latest Practicable Date. Given that legislation and law enforcement in the PRC on data privacy and security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

PROPERTIES

Owned Properties

As of June 30, 2026, we do not have any owned properties.

As of June 30, 2026, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased Properties

As of June 30, 2026, our leased portfolio consists of six properties. This includes four units with a fixed leased area of about 1,768.04 square meters and two units providing shared spaces of approximately 79 square meters. These leased properties are primarily used for our regional offices, testing and demonstration centers, warehousing, or other business support functions.

As of the Latest Practicable Date, we have six leased properties that have not been registered in accordance with the applicable regulations. According to the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》) and relevant laws, lease agreements should be registered with the local housing authorities. According to our PRC Legal Advisers, failure to complete lease registration does not affect the legal validity of the leases. However, the local housing authorities may impose a fine of up to RMB10,000 per lease for non-registration. As of the Latest Practicable Date, we have not received any such penalties. The failure to register these leases stems primarily from certain landlords' unwillingness to cooperate, and it is not expected to lead to any material legal or operational risks. We are actively working to resolve the registrations and ensure compliance moving forward. Our Directors believe that the failure to register these leases will not have a material adverse effect on our business operations or financial condition.

INSURANCE

We maintain a range of insurance policies to cover key operational and business. During the Track Record Period and up to the Latest Practicable Date, we complied with mandatory social insurance regulations in the PRC, providing the required pension, unemployment, work-related injury, maternity, and medical insurance to our employees. Additionally, we purchase commercial vehicle insurance to cover risks associated with motor vehicles used for business purposes, including motor vehicle loss and third-party liability insurance. We also offer accident insurance for our employees, which includes coverage for accidental death, injury, and medical expenses. For all employees on business trips, we

provide aviation accident insurance to ensure their safety during travel. For transportation of goods, we engage professional logistics companies who purchase adequate transportation insurance to ensure full compensation in the event of accidents during shipment.

We consider our insurance coverage to be adequate and consistent with the customary industry practices in the jurisdictions in which we operate. However, our insurance coverage may not always be sufficient to cover all potential losses, liabilities or damages, including those arising from unexpected or uninsured risks. For details, please refer to "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, financial condition and results of operations." in this document.

During the Track Record Period and up to the Latest Practicable Date, we did not make and were not the subject of, any insurance claims which are material to our business or financial condition.

EMPLOYEES

As of June 30, 2026, we had a total of 143 full-time employees, all of whom were located in Chinese Mainland. The tables below set forth a breakdown of our employees by department or function as of the same date:

Department/Function	Number of Employees	Percentage %
Production Department	2	1.4%
Sales Department	11	7.7%
Technology Department.	115	81%
Finance Department	9	6.3%
Administration Department	6	3.5%
Total	**143**	**100.0**

We place strong emphasis on talent acquisition and employee development. Our recruitment channels include online platforms, campus job fairs, localized talent markets, as well as internal referrals and third-party headhunting services. All candidates undergo multi-stage screening, including video or in-person interviews and technical assessments, to ensure alignment with our job expectations and corporate values.

To support employee onboarding and integration, we offer systematic training programs and mentorship. We also strive to maintain a supportive and balanced working environment. In addition to statutory benefits such as pension and medical insurance, we offer annual leave, festival allowances, communication allowances, and relocation support such as free dormitories or rental subsidies for non-local and young staff.

None of our employees are represented by a union or collective bargaining agreements. We believe that we have good employment relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, work stoppages, labor disputes or other actions which had a material adverse effect on our business and operations.

Social Insurance and Housing Provident Fund

During the Track Record Period, we engaged a third-party human resources agency to assist with the payment of social insurance and housing provident fund contributions for three employees in Shenzhen and three employees in Xi'an, instead of making such contributions directly. As a result, we recorded a shortfall in certain social insurance and housing provident fund contributions. The total shortfall amount of social insurance contributions was approximately RMB0.4 million, RMB0.5 million, RMB0.6 million and RMB0.1 million for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The total shortfall amount of housing provident fund contributions was approximately RMB0.1 million, RMB0.1 million, RMB0.2 million and RMB35 thousand for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Under the Social Insurance Law of the People's Republic of China, employers are required to make timely and full contributions to social insurance. The competent authority may order the employer to make up the shortfall within a specified period. A late payment surcharge of 0.05% per day will be charged from the date the shortfall occurred. If the shortfall is not made up within the specified period, the competent authority may impose a fine ranging from one to three times the underpaid amount.

We have not made any provision in our consolidated financial statements in respect of the above shortfall, as we consider the amount involved to be immaterial and, as advised by our PRC Legal Advisers, if there are no material changes in applicable policies, regulations, or enforcement practices and no employee complaints are raised, the likelihood of material administrative penalties arising from our aforementioned engagement of third-party human resources agencies for social insurance and housing provident fund contributions is remote, based on the following reasons: (i) during the Track Record Period, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds; (iii) we and our PRC subsidiaries have obtained credit reports from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; and (iv) we will make full contributions or remedy any shortfall within the statutory timeframe if required by the relevant authorities. We have not received any administrative penalties, rectification orders or enforcement actions, nor have we had any disputes or complaints, in relation to the above matters during the Track Record Period and up to the Latest Practicable Date.

According to our PRC Legal Advisers, based on the applicable guidance, generally, there is no mandate for forced settlement of historical arrears for enterprises. Additionally, it is prohibited to organize concentrated settlements of historical arrears as stipulated in the Ministry of Human Resources and Social Security's Notice on Implementing the State Council's Executive Meeting Decisions to Stabilize Social Insurance Collection (Document No. 2018-246). The State Taxation Administration's Measures to Further Support and Serve the Development of the Private Economy (Document No. 2018-174) also ensures stability in payment methods and prohibits the centralization of collection for past dues.

We have implemented internal procedures to ensure that social insurance and housing provident fund contributions for our employees are made through compliant channels. Furthermore, on March 13, 2026, we established a Xi'an subsidiary to facilitate compliant local payment of social insurance contributions for the relevant employees in Xi'an, and we expect to complete the rectification of the remaining non-compliance in Shenzhen and fully rectify the above non-compliance by September 30, 2026.

Furthermore, the arrangement to entrust third parties to make social insurance and housing provident fund payments was made based on the individual wishes and requests of the affected employees. However, in September 2025, the Supreme People's Court issued the Interpretation (II) on Several Issues Concerning the Application of Law in Labour Dispute Cases (最高人民法院關於勞動爭議案件適用法律問題的解釋 (二)) (the "**SPC Interpretation (II)**"), which clarifies the treatment of agreements or arrangements that purport to waive or vary employees' statutory rights or employers' statutory obligations in the employment context. Our PRC Legal Advisers are of the opinion that the SPC Interpretation (II) is not expected to have a material adverse effect on our financial position and business based on the followings: (i) the estimated maximum potential penalty for the Group's social insurance contribution shortfalls during the Track Record Period will not increase, as shortfalls attributable to employee elections or mutual agreements have already been incorporated in such estimate; and (ii) the SPC Interpretation (II) has neither repealed nor amended the social insurance laws and regulations currently in force in the PRC. However, if the relevant PRC authorities determine that we are not in compliance with the SPC Interpretation (II) or other labor-related laws and regulations, we could be subject to additional fines, penalties and compensation to our employees. As of the Latest Practicable Date, we have not received any administrative penalties, rectification orders or enforcement actions, nor have we had any disputes or complaints, in relation to our social insurance and housing provident fund arrangements. Based on our PRC Legal Advisers' opinion and the foregoing, our Directors believe that such incident will not have a material adverse effect on our business operations or financial condition.

In addition, during the Track Record Period, we did not provide housing provident fund contributions for one employee. Under the Housing Provident Fund Management Regulations, employers are required to contribute to the housing provident fund on time and in full. The competent authority may order an employer to make up the shortfall within a specified period and, if the employer fails to do so, the authority may apply to the court for enforcement. The total shortfall amount of housing provident fund contributions for this employee was approximately nil, nil, nil and nil for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We have not made any provision in our consolidated financial statements in respect of the housing provident fund shortfall, as we consider the amount involved to be immaterial and, as advised by our PRC Legal Advisers, if there are no material changes in applicable policies, regulations, or enforcement practices and no employee complaints are raised, the likelihood of material administrative penalties arising from our failure to provide housing provident fund contributions for the employee is remote, based on the following reasons: (i) during the Track Record Period, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance or housing provident funds; (ii) we had not been subject to any administrative penalties with respect to social insurance or housing provident funds; (iii) we and our PRC subsidiaries have obtained credit reports from competent local government authorities which confirmed that no administrative penalties had been imposed on us with respect to social insurance or housing provident funds during the Track Record Period; and (iv) we will make full contributions or remedy any shortfall within the statutory timeframe if required by the relevant authorities. We expect to fully rectify the housing provident fund shortfall by September 30, 2026.

The reason why we did not provide housing provident fund contributions for this employee was due to the fact that this employee voluntarily waived the housing provident fund. Given that this issue pertains to only one employee and the total amount involved is relatively low, our PRC Legal Advisers believe that the risks related to this non-compliance are remote. Our Directors do not foresee any material adverse effect on our business operations or financial condition as a result of this isolated incident.

LICENSES, APPROVALS AND PERMITS

We are required to obtain and maintain various licenses, approvals and permits to ensure compliance with applicable laws and regulations in the regions where we conduct business. These authorizations are fundamental to our production and operations and affirm our adherence to industry standards in safety, environmental protection and technical competency.

The following table sets forth details of our material licenses, approvals and permits and their respective holding entities:

License/approval/permit	Issuing authority	Number of certificates held	Expiry date/renewal date
High-Tech Enterprise Certification	Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax service, State Tax Administration	GR202431006081	December 25, 2027
Registration Form for Foreign Trade Operators	Shanghai Pudong New Area Foreign Trade Operator Registration Authority	02714891	Long-term
Customs Declaration Unit Registration Certificate	Pudong Customs	31222699MZ	Long-term
Quality Management System Certificate	China Quality Certification Centre	00125Q37790ROM/3100	October 29, 2028

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. 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 administrative penalties, bankruptcy or receivership proceedings), which we believe would have a material adverse effect on our business, results of operations or financial condition. As of the Latest Practicable Date, we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which we believe would have a material adverse effect on our business, results of operations or financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions in respect of our products, solutions and operations. The following table sets forth the details of some of the notable awards and recognitions which we have received:

Award/Recognition	Year of Receipt	Issuing Entity
Shanghai Manufacturing Single Item Champion Enterprise (上海市製造業單項冠軍)	2025	Shanghai Municipal Commission of Economy and Informatization
Shanghai Science and Technology Little Giant (上海市科技小巨人)	2025	Shanghai Municipal Commission of Science and Technology, Shanghai Municipal Commission of Economy and Informatization
National Key Little Giant Enterprises of Specialized, Refined, Featured and Novel Sectors (國家專精特新重點"小巨人")	2024	Ministry of Industry and Information Technology of the PRC, Shanghai Municipal Commission of Economy and Informatization
National Key Little Giant Enterprises of Specialized, Refined, Featured and Novel Sectors (國家專精特新"小巨人")	2023	Shanghai Municipal Commission of Economy and Informatization
Shanghai Municipal Enterprise Technology Center (上海市企業技術中心)	2023	Shanghai Municipal Commission of Economy and Informatization
Shanghai Key Service Unicorn Enterprise (上海市重點服務獨角獸(潛力)企業)	2023	Shanghai Municipal Commission of Economy and Informatization
Shanghai high-tech achievements transformation project (上海市高新技術成果轉化項目)	2023	Shanghai Municipal Commission of Science and Technology
IEEE 2023 Thematic Talk Speaker	2023	The Institute of Electrical and Electronics Engineers (IEEE), China Electrotechnical Society
Pudong New Area Innovation and Entrepreneurship Award (浦東新區創新創業獎)	2023	The People's Government of Pudong New Area, Shanghai

RELATIONSHIP WITH OUR LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

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. Mr. Liu is also the general partner of each of Aiqi Genyuan and Aihe Genli, our other two Employees Shareholding Platforms. Each of Aiqi Genyuan and Aihe Genli held 4.21% and 21.73% equity interest as a limited partner in Eigen Chengzhi and Eigen Jihui, respectively. Mr. Liu therefore has full control over Eigen Chengzhi and Eigen Jihui. Accordingly, as of the Latest Practicable Date, our Largest Group of Shareholders were entitled to exercise and control the exercise of approximately 32.79% of our issued Shares.

Upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), they will be entitled to exercise and control the exercise of an aggregate of approximately **[REDACTED]**% of the voting rights at our general meetings upon **[REDACTED]**. Accordingly, they will remain as our Largest Group of Shareholders immediately upon the completion of the **[REDACTED]**.

Apart from the above, Mr. Liu is also the chairman of our Board, an executive Director and the general manager of our Company. For further background details of Mr. Liu, please refer to "Directors and Senior Management — Board of Directors — Executive Directors" in this document.

EXCLUDED BUSINESS

Our Largest Group of Shareholders confirmed that none of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we can function, operate and carry on our business independently from our Largest Group of Shareholders upon **[REDACTED]**.

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Largest Group of Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that the Company will continue to be operationally independent of our Largest Group of Shareholders and their respective close associates after **[REDACTED]**:

(a) we are not reliant on trademarks owned by our Largest Group of Shareholders, or by other companies controlled by our Largest Group of Shareholders;

(b) there is no requirement for relevant license that is material to the operation of our business and we have sufficient capital, equipment and employees to operate our business independently;

(c) we make our own procurement purchases and conduct our own sales and marketing primarily by ourselves. Save as disclosed in this document, the Group has a large and diversified base of customers and our customers and suppliers are unrelated to our Largest Group of Shareholders and their respective close associates;

(d) as at the Latest Practicable Date, we leased office space from independent third parties. All the properties and facilities necessary to our business operations are independent from our Largest Group of Shareholders and their respective close associate;

(e) we have our own administrative and corporate governance infrastructure, including our own accounting, executive and human resources departments;

(f) as at the Latest Practicable Date, all of our full-time employees were recruited independently from our Largest Group of Shareholders and their respective close associates and primarily through campus recruiting, job market recruiting, headhunters' recommendations and internal referrals;

(g) our Directors do not expect that there will be any transactions between our Group and our Largest Group of Shareholders or their respective close associates upon or shortly after **[REDACTED]**; and

(h) none of our Largest Group of Shareholders and their respective close associates has any interest which competes or is likely to compete with the business of our Group.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises of seven directors, consisting of four executive Directors and three independent non-executive Directors. Please refer to "Directors and Senior Management" in this document for further details.

As at the Latest Practicable Date, save for Mr. Liu, none of our Directors or the members of our senior management team holds any position at Mr. Liu's companies outside of our Group.

Our Directors are of the view that our Directors (except Mr. Liu) have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors (except Mr. Liu) and members of the senior management are able to perform their roles in our Company in managing our business independently from our Largest Group of Shareholders for the following reasons:

(i) as a part of our preparation for the **[REDACTED]**, we have promulgated the Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that any Director and senior management member should not place himself or herself in a position where his or her duty and his or her own interests may conflict. In the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings;

(ii) save for Mr. Liu, all of the other Directors are independent from our Largest Group of Shareholders, and decisions of the Board require the approval of a majority vote from the Board;

(iii) our independent non-executive Directors constitute more than one-third of our Board and none of them has any relationship with our Largest Group of Shareholders. 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;

(iv) our daily operational and management decisions are made collectively by our Board and our senior management, all of whom have substantial experience in the industry and will therefore be able to make business decisions that are in the best interests of our Company;

(v) each of our Directors is aware of his or her fiduciary duties as a director, which require, 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

(vi) We will establish a series of corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Largest Group of Shareholders, which would support our independent management. For details, please refer to "— Corporate Governance" in this section.

Financial Independence

We have our own financial management system and we make financial decisions according to our own business needs. Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, none of our Largest Group of Shareholders or their respective close associates had provided any guarantees to our Group. Our Directors are satisfied that our Group will be financially independent of our Largest Group of Shareholders and any of their respective close associates upon **[REDACTED]**.

Our Directors confirm that there will be no balances due to or from our Largest Group of Shareholders or their respective close associates which had not been fully settled nor were there any financial assistance, security or guarantee provided by our Largest Group of Shareholders or their respective close associates in favor of our Group or vice versa upon **[REDACTED]**. Based on the above, our Directors believe that we are able to maintain financial independence from our Largest Group of Shareholders and their close associates after **[REDACTED]**.

Corporate Governance

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Largest Group of Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(i) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Largest Group of Shareholders and/or the Directors on the other hand, our Largest Group of Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements;

(ii) Where a Shareholders' meeting is held for considering proposed transactions in which our Largest Group of Shareholders have a material interest, our Largest Group of Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(iii) Our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code;

(iv) any transaction that is proposed between our Group and our Directors, including our Largest Group of Shareholders and/or their respective associates will be required to comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements; and

(v) 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. 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 Largest Group of Shareholders, and to protect our minority Shareholders' interests after the **[REDACTED]**.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Largest Group of Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.

BOARD OF DIRECTORS

Our board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table sets forth general information regarding our Directors:

Name	Position	Age	Date of appointment as Director	Date of joining the Group	Role and responsibilities
Mr. Liu Shi (劉石)	Chairman of the Board, executive Director and general manager	52	February 2017	February 2017	Overall management of the Group, overall strategic planning, business direction and operational management
Mr. Yang Yueqi (楊月啟)	Executive Director and vice general manager	50	October 2019	June 2018	Product marketing and business development of our Group
Ms. Zheng Hong (鄭鴻)	Executive Director	51	October 2024	August 2022	Organizing research and development of new product features, managing R&D operations, and negotiating overseas strategic partnerships
Mr. Jiao Changjin (焦昌進)	Executive Director, employees' representative Director and FAE director	43	November 2025	March 2018	Overall FAE management and related duties of our Group
Ms. Tang Xiaoyan (唐小燕)	Independent non-executive Director	52	November 2025	November 2025	Supervising and providing independent judgment to our Board
Dr. He Qin (何芹)	Independent non-executive Director	49	October 2023	October 2023	Supervising and providing independent judgment to our Board
Ms. Wu Xiaoqing (吳曉晴)	Independent non-executive Director	53	November 2025	November 2025	Supervising and providing independent judgment to our Board

None of the Directors and senior management of the Company is related to other Directors or senior management of the Company. The following sets forth the biographies of our Directors:

Executive Directors

Mr. Liu Shi (劉石), aged 52, is the chairman of the Board, executive Director and our general manager. He is primarily responsible for the overall management of the Group, overall strategic planning, business direction and operational management. Mr. Liu served as the chairman of the Board, a Director and the general manager of our Company since February 2017. Mr. Liu was redesignated as an executive Director in November 2025 with effect from the **[REDACTED]**.

Mr. Liu has over 20 years of extensive experience in the technology industry. From July 2004 to October 2006, Mr. Liu worked at Spreadtrum Communications (Shanghai) Co., Ltd.* (展訊通信(上海)有限公司). From October 2006 to May 2017, he served as senior director of engineering at Marvell Technology (Shanghai) Ltd.* (美滿電子科技(上海)有限公司).

Mr. Liu graduated from Fudan University with a bachelor's degree in engineering, majoring in electronic engineering in July 1997. Mr. Liu obtained a master's degree in engineering, majoring in circuits and systems from Fudan University (復旦大學) in July 2000. Mr. Liu was honored as an "Outstanding Talent of Zhangjiang" by the Zhangjiang Talent Selection Council ("張江人才"評選理事會) in 2013.

Mr. Yang Yueqi (楊月啟), aged 50, is our executive Director and vice general manager. He is primarily responsible for the product marketing and business development of our Group. Mr. Yang was appointed as a Director in October 2019 and vice general manager of our Company in April 2023. Mr. Yang was redesignated as an executive Director in November 2025 with effect from the date of **[REDACTED]**.

From March 2004 to July 2017, he held multiple positions at SIMCom Wireless Technology (Shanghai) Co., Ltd.* (芯訊通無線科技(上海)有限公司), including hardware manager, product director, and marketing director. From August 2017 to June 2018, Mr. Yang served as product general manager of Shenzhen Neoway Technology Co., Ltd.* (深圳市有方科技股份有限公司).

Mr. Yang obtained a bachelor's degree in motor and electrical engineering and control from Shanghai University (上海大學) in July 1997. Mr. Yang graduated from Tongji University (同濟大學) with a master's degree in business administration in December 2013.

Ms. Zheng Hong (鄭鴻), aged 51, is our executive Director. She is primarily responsible for organizing research and development of new product features, managing R&D operations, and negotiating overseas strategic partnerships. Ms. Zheng served as director of research and development, vice president of R&D of our Company since August 2022. Ms. Zheng was appointed as a Director in October 2024 and was redesignated as an executive Director in November 2025 with effect from the date of **[REDACTED]**.

Ms. Zheng has over 20 years of extensive experience in the technology industry. Ms. Zheng began her career as an engineer at Shenzhen ZTE Corporation (深圳市中興通訊股份有限公司) from April 1998 to April 2001. From May 2001 to August 2002, she worked as a software engineer at design center of Philips (China) Investment Co., Ltd*, Shanghai Branch (飛利浦中國投資有限公司上海分公司). From September 2002 to May 2005, Ms. Zheng held the position of technical development at COMMIT Information Technology Co., Ltd. (凱明信息科技股份有限公司). From June 2005 to May 2008, Ms. Zheng held the position of director of the software department at COMMIT Information Technology Co., Ltd. (凱明信息科技股份有限公司). From June 2008 to February 2015, she served as an senior manager and later became a director of cellular engineering at Marvell Technology (Shanghai) Ltd.* (美滿電子科技(上海)有限公司).

Ms. Zheng graduated from Zhejiang University (浙江大學) with a bachelor's degree in science, majoring in physics in June 1995. Ms. Zheng obtained a master's degree in engineering, majoring in signal and information processing from Beihang University (北京航空航天大學) in March 1998.

Mr. Jiao Changjin (焦昌進), aged 43, is our executive Director, employees' representative Director and FAE director of our Company, and is primarily responsible for overall FAE management and related duties of our Group. Mr. Jiao joined our Company in March 2018. From April 2023 to November 2025, he served as Supervisor. Mr. Jiao was appointed as the FAE director in October 2022 and was appointed as a Director and employees' representative Director of our Company since November 2025. Mr. Jiao was redesignated as an executive Director in November 2025 with effect from the date of **[REDACTED]**.

Prior to that, he began his career in April 2010 as a Wireless Products Software Engineer at Universal Scientific Industrial (Shanghai) Co., Ltd.* (環旭電子股份有限公司), and worked at the company until September 2013. From October 2013 to September 2016, he served as a MCU Firmware

Application Engineer at Atmel Semiconductor Technology (Shanghai) Co., Ltd.* (愛特梅爾半導體科技(上海)有限公司), and was later promoted to senior application engineer, a role he held from October 2016 to December 2016. Subsequently, from January 2017 to September 2021, he worked as a senior Application Engineer at Microchip Technology (Shanghai) Co., Ltd.* (微芯商貿(上海)有限公司).

Mr. Jiao obtained a bachelor's degree in software engineering from Huazhong University of Science and Technology (華中科技大學) in June 2007. He further obtained a master's degree in software engineering from the same university in March 2010.

Independent Non-executive Directors

Ms. Tang Xiaoyan (唐小燕), aged 52, is our independent non-executive Director. She is primarily responsible for supervising and providing independent judgment to our Board. Ms. Tang joined our Company in November 2025 as a Director, and she was redesignated as an independent non-executive Director in November 2025 with effect from the date of **[REDACTED]**.

Ms. Tang has years of extensive experience in the finance and accounting industry. She dedicated 28 years to the Boehringer Ingelheim Group (勃林格殷格翰集團) ("**Boehringer Ingelheim**"), holding a series of financial roles across its global operations. From April 1997 to March 2011, she was the business controlling director at BI X E-Health Technology (Shanghai) Co. Ltd.* (勃林格殷格翰國際貿易(上海)有限公司), now known as Boehringer Ingelheim Smart Healthcare Technology (Shanghai) Co., Ltd.* (勃林格殷格翰智慧醫療科技(上海)有限責任公司); from March 2011 to February 2013, she served as the business controlling director and the head of business controlling at Boehringer Ingelheim's Vienna Regional Center (勃林格殷格翰維也納地區中心); from March 2013 to February 2018, she advanced to vice president of finance & administration at Boehringer Ingelheim Canada Ltd.* (勃林格殷格翰加拿大有限公司); from March 2018 to August 2023, she served as head of customer value and projects and the head of controlling subsidiaries at Boehringer Ingelheim Group Headquarters in Germany (勃林格殷格翰集團總部(德國)); and since September 2023, she has been the vice president of finance at Boehringer Ingelheim (China) Investment Co., Ltd.* (勃林格殷格翰(中國)投資有限公司).

Ms. Tang graduated from Shanghai University of Finance and Economics (上海財經大學) with a bachelor's degree in economics, majoring in international finance in July 1995. She was qualified as an Intermediate Accountant (中級會計師) by the Shanghai Pudong New Area Finance Bureau (上海市浦東新區財政局) in August 2002. She also holds the Certified Public Accountant (註冊會計師) qualification granted by the Ministry of Finance Certified Public Accountant Examination Committee (財政部註冊會計師考試委員會) in April 1999.

Dr. He Qin (何芹), aged 49, is our independent non-executive Director. She is mainly responsible for supervising and providing independent judgment to our Board. Dr. He was appointed as an independent director in October 2023 and was redesignated to an independent non-executive Director in November 2025 with effect from the date of **[REDACTED]**.

From December 2008 to December 2011, she served as an associate professor at the School of Accounting, Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院), formerly known as Shanghai Lixin University of Accounting (上海立信會計學院). And from December 2020 to December 2023, as a professor at the School of Accounting and Finance of the same university. Since May 2024, she has been serving as an independent director of Shanghai Shengjian Technology Co., Ltd.* (上海盛劍科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603324). In addition, since April 2024, she has been serving as an independent director of Anhui Lujiang Longqiao Mining Co., Ltd.* (安徽廬江龍橋礦業股份有限公司).

Dr. He obtained an associate degree through self-study examinations and further earned a master degree in accounting from Anhui Finance and Trade College (安徽財貿學院), now known as Anhui University of Finance and Economics (安徽財經大學) in January 2003. She obtained her doctorate degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in January 2007. Dr. He holds the Certified Public Accountant (註冊會計師) qualification issued by the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in December 2009. In addition, she was recognized as an Advanced Educator by Shanghai Lixin University of Accounting and Finance in September 2023.

Ms. Wu Xiaoqing (吳曉晴), aged 53, is our independent non-executive Director. She is mainly responsible for supervising and providing independent judgment to our Board. Ms. Wu joined our Company in November 2025 as a Director, and she was redesignated as an independent non-executive Director in November 2025 with effect from the date of **[REDACTED]**.

Ms. Wu has over 25 years of extensive experience in the banking industry. She then worked at Lloyds TSB Bank plc, Shanghai Representative Office from November 2005 to July 2013, where she held the latest position of chief representative. Subsequently, from November 2013 to January 2015, Ms. Wu was director of Wealth Management at Nomura International (Hong Kong) Limited. She then served as director and senior relationship manager at Bank of Singapore, Hong Kong Branch from January 2015 to September 2015. From October 2015 to September 2020, Ms. Wu held the position of director at Standard Chartered Bank, Hong Kong Branch. She then worked as director at Deutsche Bank, Hong Kong Branch from September 2020 to June 2024. From July 2024 to October 2025, she served as managing director of private banking at UBP, Hong Kong Branch.

Ms. Wu obtained a bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in July 1995. She also earned a master's degree in business administration from Newcastle University in December 2002.

SUPERVISORY COMMITTEE

Pursuant to our extraordinary general meeting on November 13, 2025, our Shareholders approved a resolution that our Company would no longer set up the supervisory committee from the date of the aforesaid general meeting, and the powers of the supervisory committee will be exercised by the Audit Committee. Accordingly, the term of our current supervisors and the supervisory committee would be terminated immediately at the date of the aforesaid general meeting. Our PRC Legal Advisers has confirmed that such arrangements comply with the relevant PRC laws and regulations.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of the Group:

Name	Position	Age	Date of appointment as senior management	Date of joining the Group	Role and responsibilities
Mr. Liu Shi (劉石)	Chairman of the Board, executive Director and general manager	52	February 2017	February 2017	Overall management of the Group, overall strategic planning, business direction and operational management
Mr. Yang Yueqi (楊月啟)	Executive Director and vice general manager	50	April 2023	June 2018	Product marketing and business development of our Group

Name	Position	Age	Date of appointment as senior management	Date of joining the Group	Role and responsibilities
Ms. Hao Lu (郝路)	Financial director	38	February 2020	February 2020	Overall financial management

For the biographical details of Mr. Liu and Mr. Yang, see "— Board of Directors — Executive Directors" for details.

Ms. Hao Lu (郝路), aged 38, is our financial director. She is primarily responsible for our overall financial management. Ms. Hao has been appointed as financial director since February 2020.

Ms. Hao has over 10 years of extensive experience in the financial sector. From July 2014 to February 2020, she worked at Shanghai Tianma Microelectronics Co., Ltd.* (上海天馬微電子有限公司), where she was responsible for the financial matters of Shanghai Tianma Organic Light Emitting Display Technology Co., Ltd.* (上海天馬有機發光顯示技術有限公司) ("**Shanghai Tianma**"). She was subsequently appointed as the financial director of Shanghai Tianma. Both these two companies are a subsidiary of Tianma Microelectronics Co., Ltd.* (天馬微電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000050).

Ms. Hao obtained her bachelor's degree in information and computing science from Changsha University of Science and Technology (長沙理工大學) in June 2011 and her master's degree in accounting from Wuhan University of Technology (武漢理工大學) in December 2013. She is also a holder of several professional certifications, including the Certified Tax Agent issued by the China Certified Tax Agents Association (中國註冊稅務師協會) in November 2021, the Intermediate Accountant Qualification issued by the Ministry of Human Resources and Social Security and the Ministry of Finance of the People's Republic of China (中華人民共和國人力資源和社會保障部、財政部) in September 2016, and the Certified Public Accountant issued by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會)) in January 2024.

JOINT COMPANY SECRETARIES

Ms. Zhou Mao (周茂), aged 37, is our secretary of the Board and a joint company secretary of our Company. She is primarily responsible for managing daily affairs of our Board. Ms. Zhou has been appointed as secretary of the Board since April 2023 and was appointed as a joint company secretary in November 2025 with effect from the date of **[REDACTED]**. She has also been serving as the supervisor of Nanjing Eigen since November 2023.

From February 2013 to July 2014, Ms. Zhou served in the financial institutions department of Bohai Bank Co., Ltd., Shanghai Branch (渤海銀行股份有限公司上海分行), a bank listed on the Hong Kong Stock Exchange (stock code: 9668). From July 2014 to August 2019, she worked as a senior financial analyst in the treasury and credit control department of Baidu (China) Co., Ltd. (百度(中國)有限公司), the wholly owned foreign entity of Baidu Inc. a company listed on the NASDAQ (stock code: BIDU) and on the Stock Exchange (stock code: 9888). From August 2019 to October 2022, she held the position of professional director in the treasury management department of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.* (上海豫園旅遊商城(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600655).

Ms. Zhou earned her bachelor's degree in finance from Fudan University (復旦大學) in July 2011 and obtained her master's degree in applied finance from Pepperdine University in August 2012. She was awarded as a chartered financial analyst (CFA) issued by the CFA Institute in March 2017.

Ms. Lam Yin Ling (林燕玲) was appointed as our joint company secretary in November 2025 with effect from the date of **[REDACTED]**. Ms. Lam is a corporate secretarial manager of Boardroom Corporate Services (HK) Limited ("**Boardroom**") and is nominated by Boardroom to act as our joint company secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom.

Ms. Lam has over 12 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies, private and offshore companies.

Ms. Lam is an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional. She obtained a Master's degree in Corporate Governance from the Hong Kong Polytechnic University in September 2020 and a Bachelor's degree in Business Administration from Lingnan University in November 2013.

Ms. Lam is currently the joint company secretary of Lvji Technology Holdings Inc. (stock code: 1745) and AM Group Holdings Limited (stock code: 1849) and the company secretary of Lung Fung Group Holdings Limited (stock code: 2290), all companies listed on Main Board of the Stock Exchange and a company secretary of Asia Pioneer Entertainment Holdings Limited (stock code: 8400), a company listed on GEM of the Stock Exchange.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy Committee.

Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code in November 2025. The Audit Committee consists of Ms. He Qin, Ms. Tang Xiaoyan and Ms. Wu Xiaoqing, with Ms. He Qin being the chairlady of the committee. The primary function of the Audit Committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code in November 2025. The Remuneration and Appraisal committee consists of Ms. Tang Xiaoyan, Mr. Liu and Ms. Wu Xiaoqing, with Ms. Tang Xiaoyan being the chairlady of the committee. The primary function of the Remuneration and Appraisal committee is to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

Nomination Committee

We have established a nomination committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code in November 2025. The Nomination Committee consists of Mr. Liu, Ms. Tang Xiaoyan and Ms. Wu Xiaoqing, with Mr. Liu being the chairman of the committee. The primary function of the Nomination Committee is to make recommendations to our Board in relation to the appointment and removal of Directors.

Strategy Committee

We have established a Strategy Committee in November 2025 whose primary functions are to devise and advise on the long-term development strategy and sustainable development and material investment decisions of our Company and to study and make recommendations on our sustainable development goals, strategic plans, governance structure, and management systems. The Strategy Committee consists of 3 members, comprising Mr. Liu, Ms. Zheng Hong and Mr. Yang Yueqi, with Mr. Liu being the chairman of our Strategy Committee.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at 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 November 6, 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 had 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 at 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.

CORPORATE GOVERNANCE

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu is our chairman of the Board and the general manager of our Company. With extensive experience in the technology industry and having served in our Company since its establishment, Mr. Liu is in charge of overall management, business, strategic development and scientific research and development of our Group. Despite the fact that the roles of our chairman of the Board and our general manager are both performed by Mr. Liu which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the

operation of our Board, our senior management, which comprises experienced and diverse individuals. Our Board currently comprises four executive Directors (including Mr. Liu) and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the **[REDACTED]**.

Board Diversity

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") prior to the **[REDACTED]** in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Our Company recognizes and embraces the benefits of having a diverse Board. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the Latest Practicable Date, our Board consists of three male members and four female member with ages ranging from 43 years old to 53 years old. Our Directors have a balanced portfolio of knowledge and skills, including engineering, education, banking, finance and accounting etc. They obtained degrees in various fields such as engineering, science, accounting and economics. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Upon the **[REDACTED]**, the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. The Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report.

EMOLUMENT OF DIRECTORS AND SENIOR MANAGEMENT

We offer our Directors and senior management members, who are also employees of our Company, emolument in the form of salaries, bonuses, allowances and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

The aggregate amount of remuneration which was paid to our Directors for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were approximately RMB71.6 million, RMB5.8 million, RMB6.6 million and RMB3.3 million, respectively.

It is estimated that the aggregate amount of remuneration payable to Directors for the year ending December 31, 2026 will be approximately RMB6.2 million under arrangements in force at the date of this document.

The total emoluments for the five highest paid employees during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 were approximately RMB20.6 million, RMB14.2 million, RMB10.8 million and RMB3.7 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Group during the Track Record Period.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited ("**Compliance Adviser**") as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

(b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;

(c) where we propose to use the **[REDACTED]** of 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 of us regarding unusual **[REDACTED]** and **[REDACTED]** or other issues under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the **[REDACTED]** and end on the date on which we distribute the annual report of the first full financial year commencing after the **[REDACTED]** pursuant to the Rule 13.46 of the Listing Rules.

SHARE CAPITAL

Immediately before the [REDACTED]

As at the Latest Practicable Date, the registered share capital of the Company was RMB30,000,000, comprising of 30,000,000 Domestic Unlisted Shares with a nominal value of RMB1.00.

Upon the Completion of the [REDACTED]

Immediately after the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic Unlisted Shares in issue	—	—
H Shares to be converted from Domestic Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100%**

Immediately after the **[REDACTED]** (assuming that the **[REDACTED]** exercised in full), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic Unlisted Shares in issue	—	—
H Shares to be converted from Domestic Unlisted Shares	**[REDACTED]**	**[REDACTED]**%
H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100%**

CLASS OF SHARES

Upon completion of the **[REDACTED]**, we would have only one class of Shares, namely H Shares. The H Shares in **[REDACTED]** following the completion of the **[REDACTED]** and the Domestic Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. Apart from certain qualified domestic institutional **[REDACTED]** in the PRC, as well as certain PRC qualified **[REDACTED]** under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval or filing with any competent authorities, including our existing Shareholders who may convert their Domestic Unlisted Shares into H shares upon completion of filing with the CSRC, H Shares generally cannot be **[REDACTED]** by or **[REDACTED]** among legal and natural persons of the PRC.

RANKING

Domestic Unlisted Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank *pari passu* for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF OUR DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has [filed] for a "full circulation" of all the existing **[REDACTED]** Domestic Unlisted Shares into H Shares on a one-for-one basis, and submitted the application reports, authorization documents of the shareholders of Domestic Unlisted Shares for which an H-share "full circulation" are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The relevant filings of the conversion of the existing **[REDACTED]** Domestic Unlisted Shares held by the existing Shareholders into H Shares on a one-for-one basis have been completed on [•].

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the holders of our Domestic Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Unlisted Shares, such converted Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange, provided that prior to the **[REDACTED]** of such converted shares any requisite internal approval processes shall have been duly completed and the approval or filing from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, **[REDACTED]** shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the **[REDACTED]** of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Unlisted Shares into H Shares as described in this section, we can apply for the **[REDACTED]** of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the **[REDACTED]**. As any **[REDACTED]** of additional Shares after our **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our **[REDACTED]** maintained in Hong Kong and instruct the **[REDACTED]** to **[REDACTED]** H Share certificates. Registration on our **[REDACTED]** will be conditional on (a) the **[REDACTED]** lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the **[REDACTED]** and the due dispatch of H Share certificates and (b) the admission of the H Shares to **[REDACTED]** on the Stock Exchange in compliance with the Listing Rules, **[REDACTED]** in force from time to time. Until the converted shares are re-registered on our **[REDACTED]**, such Shares would not be **[REDACTED]** as H Shares.

No Shareholder voting by class is required for the **[REDACTED]** and **[REDACTED]** of the converted Shares on an overseas stock exchange. Any application for **[REDACTED]** of the converted shares on the Stock Exchange after our **[REDACTED]** is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

We have applied to the Listing Committee of the Stock Exchange for the granting of **[REDACTED]** of, and permission to **[REDACTED]** in, our H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (including any H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**), and the H Shares to be converted from **[REDACTED]** Domestic Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange. We will perform the following procedures for the conversion of Domestic Unlisted Shares into H Shares after receiving the **[REDACTED]** of the Stock Exchange: (1) giving instructions to our **[REDACTED]** regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by **[REDACTED]** for deposit, clearance and settlement in the **[REDACTED]**.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which Shareholders' general meeting is required, please refer to "Appendix III — Summary of Articles of Association" to this document.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 business days upon its listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current offering and listing of shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with the PRC Company Law, the shares issued prior to any **[REDACTED]** of shares by a company cannot be transferred within one year from the date on which such publicly **[REDACTED]** shares are **[REDACTED]** and **[REDACTED]** on the relevant stock exchange. As such, the Shares **[REDACTED]** by our Company prior to the **[REDACTED]** of H Shares will be subject to such statutory restriction on transfer within a period of one year from the **[REDACTED]**.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from our Shareholders is required for our Company to **[REDACTED]** H Shares and apply the **[REDACTED]** of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on November 13, 2025.

SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to 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 share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

				Approximate percentage of interest	
Shareholder/Ultimate Shareholder	**Nature of Interest**	**Class of Shares**	**Number of Shares[2]**	**In the relevant class of Shares upon the completion of the [REDACTED][1]**	**In the total share capital of our Company upon the completion of the [REDACTED][1]**
Mr. Liu	Interest in controlling corporation[3]	H Shares	4,971,456(L)	**[REDACTED]**%	**[REDACTED]**%
	Beneficial Interest	H Shares	4,868,441(L)	**[REDACTED]**%	**[REDACTED]**%
Wang Xin	Interest in controlling corporation[4]	H Shares	4,418,444(L)	**[REDACTED]**%	**[REDACTED]**%
Changgu Yingshi. . .	Beneficial interest[4]	H Shares	3,910,368(L)	**[REDACTED]**%	**[REDACTED]**%
Shanghai Yungu . . .	Interest in controlling corporation[4]	H Shares	3,910,368(L)	**[REDACTED]**%	**[REDACTED]**%
SVF II	Beneficial Interest	H Shares	2,635,741(L)	**[REDACTED]**%	**[REDACTED]**%
Eigen Chengzhi . . .	Beneficial Interest[3]	H Shares	2,613,296(L)	**[REDACTED]**%	**[REDACTED]**%
Eigen Jihui	Beneficial Interest[3]	H Shares	2,354,033(L)	**[REDACTED]**%	**[REDACTED]**%

Note:

(1) The calculation is based on the assumption that (i) the **[REDACTED]** is not exercised; and (ii) the total number of the Shares in issue will be **[REDACTED]** H Shares (including the **[REDACTED]** Domestic Unlisted Shares that will be converted into H Shares) immediately after completion of the **[REDACTED]**.

(2) "L" denotes long position.

(3) Mr. Liu is the general partner of Eigen Chengzhi and Eigen Jihui, our Employee Shareholding Platforms. By virtue of the SFO, Mr. Liu is deemed to be interested in the Shares held by Eigen Chengzhi and Eigen Jihui.

(4) Ningbo Changgu Yingshi Investment Partnership (Limited Partnership)* (寧波長谷英時投資合夥企業(有限合夥)) ("**Changgu Yingshi**") was owned as to approximately 1% by Shanghai Yungu Investment Center (Limited Partnership)* (上海允谷投資中心(有限合夥)) ("**Shanghai Yungu**") as its general partner, and 65.67% by Wang Xin (王新) as its limited partner. Ningbo Junyi Investment Management Center (Limited Partnership)* (寧波鈞毅投資管理中心(有限合夥)) ("**Ningbo Junyi**") was owned as to approximately 1% by Shanghai Junyi Investment Co., Ltd.* (上海鈞毅投資管理有限公司) ("**Shanghai Junyi**") as its general partner, and 99% by Wang Xin (王新) as its limited partner. Shanghai Junyi and Shanghai Yungu were ultimately controlled by Wang Xin (王新). By virtue of the SFO, Shanghai Yungu is deemed to be interested in the Shares held by Changgu Yingshi while Mr. Wang Xin is deemed to be interested in the Shares held by Changgu Yingshi and Ningbo Junyi.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the **[REDACTED]**, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to document. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

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. 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-Al and Open-CPU technologies. 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.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). The Historical Financial Information has been prepared under the historical cost convention. For further details, please refer to Note 2 to the Accountants' Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

A number of external and internal factors have influenced, and are expected to continue to influence, our financial performance during the Track Record Period and going forward. Key considerations are set out as below.

Industry Competition and Market Landscape

The cellular IoT industry is highly competitive and dynamic, characterized by rapid technological advancements and an increasing number of players vying for market share. Our performance is directly impacted by broader market conditions, including industry trends, economic shifts, and the competitive landscape. As new entrants continue to emerge and established players expand their offerings, competition intensifies, which can exert downward pressure on gross margins.

One of our primary competitive advantages lies in our ability to drive innovation while maintaining cost-effective products. We have successfully integrated advanced technologies into our chips positioning us to capitalize on the increasing trend of "intelligent connectivity". This allows us to provide products that not only meet the demands of traditional IoT applications but also extend into new, high-growth markets.

Our strategic initiatives to expand our presence in the 5G segment are key to sustaining our competitive edge. The 5G IoT market is set to experience significant growth, driven by increasing demand for high-speed, low-latency applications, such as autonomous vehicles, industrial automation, and smart healthcare. Our 5G RedCap chips, designed to deliver high performance at lower costs, position us well to meet the growing demand for 5G connectivity solutions.

Additionally, we are proactively entering the satellite IoT market, an emerging opportunity that we believe will transform industries reliant on remote or isolated operations. Our EC626N chips, which support IoT-NTN satellite communication, are already opening doors to new applications in sectors such as oil and gas, agriculture, and environmental monitoring in remote areas, where traditional network connectivity is unavailable or unreliable. This strategic move into satellite IoT aligns with the growing trend of global connectivity, enabling us to diversify our market presence and reduce reliance on traditional network infrastructure.

In summary, although competition in the cellular IoT market is fierce, we remain well-positioned for growth. Our continued focus on technological innovation, coupled with our strategic expansion into 5G, satellite IoT, and Edge-AI solutions, ensures that we can meet the evolving needs of a diverse range of industries, strengthening our market position both domestically and internationally.

Product Development and Portfolio Expansion

Product innovation and the strategic expansion of our portfolio are the core drivers of our growth and financial success. By continuously evolving our product offerings, we have positioned ourselves as a leader in the rapidly growing cellular IoT market. This includes the development of new chip models, expanding from NB-IoT to 5G RedCap, and optimizing our existing products to balance power efficiency, performance, and cost-effectiveness. Our focus on enhancing integration, such as combining baseband, RF, and power management into a single chip, ensures that we offer competitive and scalable solutions for a wide range of applications across various industries.

Our 5G RedCap products, specifically the EC80x series, support both the 3GPP R17 RedCap and R15 LTE Cat.4 standards. Equipped with enhanced Edge-AI and multimedia capabilities, this dual-mode series serves as a highly versatile solution suitable for applications requiring fast data speeds, reliable connectivity, and energy efficiency. As a key product of the series, the EC800L successfully completed tape-out in early 2026 and has passed rigorous functional testing and reliability certification, achieving mass-production-level technical maturity. The EC800L offers higher bandwidth and lower latency compared to previous generations, while maintaining the low power consumption and cost-effectiveness that have been the hallmark of our product line. This strategic addition of the EC80x series to our portfolio has established a new benchmark for cost-efficient 5G solutions in the industry.

Looking ahead, we remain committed to further expanding our portfolio with a focus on next-generation connectivity technologies such as 5G RedCap and Edge-AI capability. These advancements will enable us to meet the evolving demands of industries, including 5G, satellite IoT, and edge computing, ensuring that we continue to lead in the rapidly growing cellular IoT space. Our continuous innovation, supported by strong research and development efforts, has positioned us as a key player in shaping the future of "intelligent connectivity."

Cost Control and Expense Optimization

Effective cost and expense control are critical to maintaining and improving our financial performance. We have implemented targeted strategies aimed at optimizing both production costs and operating expenses, ensuring we drive efficiencies and maintain profitability even as we scale our business.

Our cost control strategy primarily revolves around two key factors: optimizing our supply chain management and refining product design. By working closely with our foundries and OSAT partners through a fabless model, we are able to outsource wafer fabrication, packaging, and testing. This approach minimizes our capital expenditures while enabling us to scale production quickly and efficiently. Additionally, we optimize the bill of materials ("**BOM**") and streamline packaging processes, resulting in significant cost savings. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB485.4 million, RMB429.0 million, RMB563.4 million, RMB260.3 million and RMB383.3 million. Cost control initiatives helped us improve our gross profit margin from 8.9% in the year ended December 31, 2023, to 22.3% and 18.3% in the year ended December 31, 2024 and 2025, respectively, demonstrating the effectiveness of our cost optimization efforts and product mix enhancements. For the six months ended June 30, 2026, our gross profit margin decreased to 7.8% from 22.8% for the same period in 2025, mainly driven by more proactive pricing strategies to seize favorable market opportunities.

On the expense control front, we continue to optimize our research and development expenses, which represent a significant portion of our business investment. Our commitment to research and development ensures that we remain at the forefront of technological advancements and maintain our competitive edge in the cellular IoT industry. At the same time, we remain focused on optimizing the allocation of research and development spending, particularly by increasing the share of self-developed IP in our products to reduce reliance on external IP and lower associated licensing fees. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB186.1 million, RMB138.9 million, RMB134.9 million, RMB68.0 million and RMB69.1 million, representing approximately 34.9%, 25.1%, 19.6%, 20.2% and 16.6%, of the total revenue of each of the years/periods, respectively. With a focus on next-generation products, especially our 5G RedCap and Cat.1bis chips, we remain committed to advancing product development. To enhance cost efficiency, we have made strides in increasing the share of self-developed IP in our products, which has helped reduce third-party technology costs. By effectively balancing self-developed IP and external IP expenses, we ensure that our research and development investments remain efficient, supporting our goal to drive innovation while keeping costs under control. We optimized our research and development processes, improving productivity and focusing on the most impactful technologies, such as our Open-CPU architecture, Edge-AI enabled solutions and 5G connectivity chips. Through a combination of streamlined design processes, better supply chain management, and smarter research and development cost allocation, we have been able to enhance our operational efficiency. These efforts have contributed to our ability to maintain profitability even during challenging economic periods. As we continue to evolve our product portfolio, particularly with our upcoming 5G RedCap and Edge-AI products, we anticipate that our research and development investments will be key to sustaining growth and expanding our market share.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to make estimates, assumptions, and complex judgments related to various accounting items. These estimates, assumptions, and judgments have a material impact on our financial position and operational results. We continuously evaluate these estimates and assumptions based on our past experience, industry practices, and expectations of future events. For further details, please refer to Notes 2 and 3 to the Accountants' Report included in Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS 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. For more details, please refer to the Accountants' Report included 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*	*%*	*RMB'000*	*%*
							(unaudited)			
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)	—	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)**

We are a fast-growing fabless semiconductor company operating in a highly competitive cellular IoT chip market. As we continued to invest in product development, technology upgrades and portfolio expansion, we incurred accumulated losses and recorded losses in certain periods, particularly when (i) our gross profitability was constrained by industry-wide pricing cycles and temporary industry chip shortage, and (ii) we incurred substantial operating expenses, especially research and development expenses, to support our long-term technology roadmap and commercialization capability.

For the year ended December 31, 2023, we recorded a loss for the year and total comprehensive loss of RMB158.5 million. While we recorded gross profit of RMB47.6 million in 2023, our profitability remained constrained by the combined effect of (i) continued industry-wide ASP compression in mass-market NB-IoT and Cat.1bis segments, and (ii) the lingering impact of earlier high-cost procurement commitments and contracted capacity secured during the chip shortage, which limited the pace at which our unit economics could normalize within the year. Against this market and cost backdrop, we also maintained a relatively high operating expense base to support our technology roadmap and commercialization capability. In particular, our research and development expenses amounted to RMB186.1 million in 2023, reflecting our continued investment in research and development of our technologies and products. We focused on enhancing core modem algorithms and refining chip architecture, which are vital for maintaining our technological competitiveness. This strategic allocation of resources ultimately led to the successful development and launch of our two Cat.1bis chips (EC716 and EC718) in late 2023, bolstering our next-generation product portfolio. A significant portion of these expenses was non-cash in nature, as it included share-based payment expenses of RMB72.6 million recognized under our equity incentive plan, which increased materially in 2023 as a larger number of awards vested during the year. In addition, we continued to incur necessary administrative and selling expenses to support operations and customer acquisition in a competitive market environment.

For the year ended December 31, 2024, we recorded a profit for the year and total comprehensive income of RMB12.4 million, turning from loss-making to profit-making. This turnaround was driven by improvement in our gross profitability and a more normalized operating expense profile, reflecting both supply-chain normalization and product and procurement optimization. On the cost side, following the steady recovery of wafer supply since 2023, we strengthened our procurement strategy by introducing domestic wafer suppliers to complement our overseas supply chain. This dual-sourcing model enhanced our control over procurement costs and reduced our raw material procurement costs from RMB393.3 million in 2023 to RMB324.9 million in 2024, together with gradual optimization in assembly and testing expenses. On the product side, after the successful launch of our new Cat.1bis products (including EC716 and EC718) in late 2023, we achieved stronger product-level profitability in 2024. For example, our Cat.1bis gross profit increased from RMB10.3 million in 2023 to RMB58.2 million in 2024, and our Cat.1bis gross profit margin increased from 3.0% in 2023 to 16.1% in 2024. In parallel, we maintained disciplined pricing for NB-IoT chips and restored the gross profit margin for NB-IoT chips to approximately 18.1% in 2024. In addition, our operating expense base became more normalized in 2024. Our research and development expenses decreased to RMB138.9 million in 2024 from RMB186.1 million in 2023, which was primarily attributable to the normalization of share-based payment expenses, as the vesting schedules entered stable phases, leading to a consequent reduction in such expenses. Specifically, share-based payment expenses included in research and development expenses decreasing to RMB17.1 million in 2024 from RMB72.6 million in 2023.

For the year ended December 31, 2025, we recorded a loss for the year and total comprehensive loss of RMB16.0 million. While our revenue increased to RMB689.4 million in 2025, our gross profit increased only marginally to RMB126.0 million and our gross profit margin decreased to 18.3% from 22.3%. In addition, our other income and gains decreased by RMB16.5 million to RMB37.0 million in 2025, mainly comprising by government grants and value-added tax additional deduction and fair value gains on financial instruments at fair value through profit or loss. In 2025, we also recorded higher expenses and charges comparing with that of 2024. Our administrative expenses increased to RMB24.1 million in 2025 from RMB13.3 million in 2024, primarily due to the increase in **[REDACTED]** expenses. We also recorded impairment losses on financial assets, net, of RMB4.6 million in 2025 (as compared to RMB0.4 million in 2024), primarily reflecting higher provisioning for expected credit losses on trade receivables. In addition, our finance costs increased to RMB0.9 million in 2025 from RMB0.4 million in 2024 as we incurred higher interest and financing costs to support our operating and working capital needs. We also incurred other expenses of RMB2.3 million in 2025, compared to nil in 2024.

For the six months ended June 30, 2026, we recorded a loss for the period and total comprehensive loss of RMB39.0 million. Our revenue increased by 23.3% period-on-period to RMB415.8 million for the six months ended June 30, 2026 from RMB337.2 million for the same period in 2025, demonstrating the effectiveness of our competitive pricing strategy and the competitiveness of our products. In the meantime, cost of sales surged by 47.2%, outpacing revenue growth by a wide margin. As a result, our gross profit decreased to RMB32.5 million for the six months ended June 30, 2026 from RMB76.8 million for the same period in 2025, and our gross profit margin decreased to 7.8% for the six months ended June 30, 2026 from 22.8% for the same period in 2025. In addition, our other income and gains decreased by RMB4.1 million, mainly comprising government grants. The operating expenses, such as selling and distribution expenses, administrative expenses and research and development expenses, increased by a smaller margin relative to revenue growth. Accordingly, the net loss mainly stemmed from a contraction in gross profit margin due to our proactive pricing strategy to seize favorable market opportunities.

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/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* (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.

Revenue

Revenue by Product and Service

The following table sets forth the breakdown of our revenue by product and services 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)			
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 sale of chips has remained our dominant revenue stream, accounting for 95.8%, 87.9%, 91.3%, 86.7% and 96.2% of our total revenue for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The primary chip products contributing to this revenue were NB-IoT chips and Cat.1bis chips.

NB-IoT Chips

Our revenue from NB-IoT chips decreased from RMB169.6 million in 2023 to RMB125.0 million in 2024, primarily due to a decrease in our sales volume by approximately 21.8% and a decrease in our ASP by approximately 5.8% in 2024 compared to 2023. In 2024, while the overall NB-IoT market continued to expand, pricing competition intensified following supply normalization. Against this backdrop, we did not fully match the then industry prevailing price reduction tactics and instead applied a selective order acceptance approach, declining certain projects where pricing fell below our internal margin thresholds after taking into account wafer procurement and testing costs. We primarily focused on customers and applications that value (i) higher integration (including integrated PA/PMIC in selected models), (ii) ultra-low power consumption for battery-powered use cases (such as smart meters and alarms), and (iii) stable performance under harsh operating environments, which supported sustainable unit economics.

In 2025, our revenue from NB-IoT chips amounted to RMB161.4 million. Compared to 2024, our sales volume increased by approximately 48.3%, while ASP decreased by approximately 12.8%. The sales volume rebound was mainly driven by broader participation in selected price-sensitive segments supported by our improved cost base, while the continued ASP decline reflected ongoing industry-wide pricing pressure. As a result, the 2025 movement reflected higher sales volume partially offset by lower ASP.

For the six months ended June 30, 2026, our revenue from NB-IoT chips increased to RMB75.2 million from RMB70.0 million for the same period in 2025. Compared to the same period in 2025, our sales volume increased by approximately 24.3%, while ASP decreased by approximately 13.7%. While the continued ASP decline reflected ongoing industry-wide pricing pressure and our proactive pricing strategy to capture market share, revenue growth was primarily driven by a substantial increase in sales volume.

Cat.1bis Chips

Our revenue from Cat.1bis chips increased from RMB340.9 million in 2023 to RMB360.6 million in 2024, mainly driven by an increase in our sales volume by approximately 38.6%, which more than offset a decrease in ASP by approximately 23.7% over the same period. The ASP decrease in 2024 reflected intensified competition as Cat.1bis became a mainstream upgrade path in multiple IoT applications. In response, we implemented phased and targeted pricing adjustments, primarily for new customer projects and higher-volume applications, to support adoption of newly launched products (including EC716 and EC718) and accelerate scale. At the same time, our Cat.1bis positioning was supported by specific product features and use-case fit, including Open-CPU capability, improved processing and memory performance (particularly for Open-CPU scenarios), and higher integration in selected models (including integrated PA/PMIC), which supported broader applications such as POS terminals, AI devices and industrial terminals.

In 2025, our revenue from Cat.1bis chips amounted to RMB468.1 million. Compared to 2024, our sales volume increased by approximately 71.4%, while ASP decreased by approximately 24.2%. The sales volume increase was primarily attributable to expanded adoption of upgraded Cat.1bis products (including EC716 and EC718M), particularly in Open-CPU and Edge-AI-enabled applications, while the ASP decline reflected continued market pricing adjustments and our market-penetration strategy in a highly competitive environment. Despite ASP compression, the substantial sales volume increase supported overall revenue growth in this segment.

For the six months ended June 30, 2026, our revenue from Cat.1bis chips increased to RMB324.7 million from RMB222.0 million for the same period in 2025. Compared to the same period in 2025, our sales volume increased by approximately 73.3%, while ASP decreased by approximately 15.6%. The uplift in sales volume was mainly underpinned by our product competitiveness, notably the expansion of our customer base for Open-CPU scenarios. The persistent downward trend in ASP primarily reflected our cost advantages and proactive pricing strategy to capture market opportunities amid a favorable market window. Although ASP kept trending lower, higher shipment volumes underpinned revenue growth of the segment.

Overall, our NB-IoT and Cat.1bis revenue movements during the Track Record Period were primarily driven by the combined effects of ASP adjustments and sales volume changes under industry-wide pricing cycles and our evolving strategy to balance unit economics and scale expansion.

Our licensing and services revenue, which was derived solely from Customer Q during the Track Record Period, was project-based, milestone-driven and non-linear, and therefore fluctuated from period to period depending primarily on the scope and timing of project deliverables, acceptance and Customer Q's commercialization progress. In particular, revenue derived from Customer Q typically comprised two components with different recognition criteria: (i) a one-time license fee that was contractually fixed and payable upon delivery and acceptance of the relevant licensed IP and/or design documentation package, and was non-recurring for the same project; and (ii) a sales-based royalty calculated by reference to Customer Q's shipment volume of chips incorporating our licensed technology, which was collected on an ongoing basis and typically settled on a quarterly basis. Accordingly, while the royalty component may provide a recurring baseline linked to Customer Q's shipment volumes, the one-time license fee component may cause period-to-period fluctuations depending on whether new projects were awarded or major milestones were completed in the relevant year/period. The growth in 2024 was primarily driven by milestone completions in our custom design services, which added incremental value to our business. Revenue from license and services decreased for the six months ended June 30, 2026 compared with the same period in 2025, primarily attributable to timing differences in revenue recognition of long-cycle licensing projects. Substantial one-time licensing income from Customer Q was recognized in the six months ended June 30, 2025 upon completion of all deliverables, while fewer

one-time licensing project satisfied the full delivery criteria for revenue recognition in the same period in 2026. This fluctuation arises generally from timing differences in revenue recognition and does not indicate a sustained decline in our licensing business.

Revenue by Geographical Market

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. Revenue by geographical markets is presented based on the registered locations of our customer groups, which may differ from the locations of the underlying end customers.

	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)			
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.

During the Track Record Period, revenue from Chinese Mainland accounted for 71.2%, 68.0%, 37.3%, 31.4% and 30.5% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, while revenue attributed to Hong Kong accounted for 24.7%, 19.9%, 53.8%, 55.3% and 51.0% in the same years/periods, respectively. The dynamics change between Chinese Mainland and Hong Kong in 2025 primarily reflects a change in procurement channel and customer onboarding structure. In particular, a significant portion of our chip shipments continued to be ultimately deployed with end customers located in Chinese Mainland; however, certain PRC end customers increasingly appointed, or procured through, Hong Kong-registered channel sales partners for the purchase of our chips. As a result, the corresponding revenue was recorded under Hong Kong based on the customer group's place of registration, even though the underlying demand and deployment remained predominantly PRC-based. This arrangement is in line with our hybrid sales model and the role of channel sales partners as procurement agents appointed by end customers. For further details on our sales model, including the role of channel sales partners and the underlying end customers, see "Business — Sales and Marketing — Sales Models" in this document.

Revenue from the U.S. market is entirely derived from licensing services income from our key customer, Customer Q, which contributed to substantially all U.S. revenue.

Revenue from the United Kingdom remains minimal in 2024, 2025 and the six months ended June 30, 2026, with just one customer generating revenue.

Revenue from Taiwan and Singapore for the six months ended June 30, 2026 was attributable to existing end customers engaging channel sales partners registered in Taiwan and Singapore, respectively, to act as their procurement agents.

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**

Raw material costs represented the largest component of our cost of sales during the Track Record Period. Our raw material costs decreased from RMB393.3 million in 2023 to RMB324.9 million in 2024, primarily due to a more cost-efficient wafer sourcing mix. In 2025, our raw material costs increased to RMB450.1 million, mainly driven by higher shipment volume in line with our revenue growth, as wafer input costs generally scale with shipments under a fabless model. Compared with 2023, we sourced a larger portion of wafers from domestic suppliers in 2024 and 2025, which helped reduce our unit procurement costs; however, the unit-cost benefit was more than offset at the total-cost level by the increase in overall shipments in 2025. Our raw material costs increased from RMB205.8 million for the six months ended June 30, 2025 to RMB303.0 million for the same period in 2026, in line with growth in shipment volumes.

Meanwhile, our assembly and testing expenses were RMB88.9 million, RMB81.2 million, RMB106.3 million, RMB51.7 million and RMB78.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The increases in 2025 and the six months ended June 30, 2026 were likewise mainly attributable to higher shipment volume, partially offset by our continued optimization of self-developed testing programs and workflows, which helped improve testing efficiency and reduce per-unit testing costs.

Others, primarily related to NRE services and warranty provisions, increased from RMB3.2 million in 2023 to RMB23.0 million in 2024, primarily because our cost of sales in 2024 included certain one-off costs associated with a customized non-recurring engineering service delivered under our licensing and services business, including share-based payment and related personnel costs. In 2025, other costs decreased to RMB6.9 million as no comparable project-based NRE costs were recorded. The increase in other costs in 2024 also reduced the proportion of raw material costs in our cost of sales for that year. For the six months ended June 30, 2026, other costs further decreased to RMB1.4 million, as compared to RMB2.8 million for the same period in 2025, consistent with lower revenue recognized from our licensing and services business.

Furthermore, our cost composition is consistent with the fabless semiconductor business model and industry practice. According to F&S, the cost of wafers, together with related mask and process costs, constitute the primary cost driver for fabless cellular IoT chip companies. This aligns with the observed cost structure during the Track Record Period, where raw material expenditures consistently dominated the cost base. Such cost structure is characteristic of mass-market chip providers, where wafer inputs costs dictate competitive pricing dynamics.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by product and services for the 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)			
Sale 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**

For the year ended December 31, 2023, our gross profit from sales of chips was RMB25.4 million, with a gross profit margin of 5.0%. By product type, our gross profit from NB-IoT chips was RMB15.2 million, with a gross profit margin of 8.9%, while our gross profit from Cat.1bis chips was RMB10.3 million, with a gross profit margin of 3.0%. During the year, the ASP of our NB-IoT chips was RMB5.0, with sales volume of 33.7 million units, while the ASP of our Cat.1bis chips was RMB7.7, with sales volume of 44.1 million units. The relatively low gross profit margin of our chip products in 2023 was primarily attributable to the lingering impact of inventory procured at an exceptionally high cost level during the earlier global wafer supply shortage and the fact that our unit cost base had not yet fully normalized. In particular, the cost of such high-priced inventory recognized in our cost of sales for the year ended December 31, 2023 amounted to approximately RMB198.5 million, representing approximately 50.5% of our raw material costs for the same year, and our average wafer procurement cost was approximately RMB5.1 per unit.

For the year ended December 31, 2024, our gross profit from sales of chips increased to RMB80.8 million, with a gross profit margin of 16.6%. By product type, our gross profit from NB-IoT chips increased to RMB22.6 million, with its gross profit margin improving to 18.1%, while our gross profit from Cat.1bis chips increased to RMB58.2 million, with its gross profit margin improving to 16.1%. During the year, the ASP of our NB-IoT chips decreased slightly from RMB5.0 in 2023 to RMB4.8 in 2024, while its sales volume decreased from 33.7 million units to 26.3 million units, primarily due to cyclical procurement adjustments by downstream customers following the normalization of semiconductor supply and inventory digestion in certain application scenarios, together with competitive dynamics in the NB-IoT market. The ASP of our Cat.1bis chips decreased from RMB7.7 in 2023 to RMB5.9 in 2024, while its sales volume increased from 44.1 million units to 61.1 million units, primarily reflecting continued market adoption following product upgrades and commercialization progress. Notwithstanding the decrease in ASPs, our chip gross profit margin improved in 2024 primarily because our cost base normalized and improved. Specifically, the cost of high-priced inventory recognized in our cost of sales decreased to nil for the year ended December 31, 2024, and our average wafer procurement cost declined to approximately RMB3.7 per unit. Meanwhile, we strengthened our procurement strategy by engaging domestic wafer suppliers to complement our existing overseas supply chain.

For the year ended December 31, 2025, our gross profit from sales of chips decreased to RMB67.6 million, with a gross profit margin of 10.7%. By product type, our gross profit from NB-IoT chips increased slightly to RMB23.8 million, while its gross profit margin decreased to 14.7%; our

gross profit from Cat.1bis chips decreased to RMB43.8 million, while its gross profit margin decreased to 9.4%. During the year, the ASP of our NB-IoT chips decreased from RMB4.8 in 2024 to RMB4.1 in 2025, while its sales volume increased from 26.3 million units to 39.0 million units. The ASP of our Cat.1bis chips decreased from RMB5.9 in 2024 to RMB4.5 in 2025, while its sales volume increased significantly from 61.1 million units to 104.8 million units. The substantial increase in shipment volume, particularly for Cat.1bis chips, was primarily driven by our competitive pricing strategy, customer penetration and broader market adoption of our products. However, the positive effect of shipment growth and cost optimization was more than offset by the ASP reductions amid continued competitive pricing pressure in the cellular IoT chip market, resulting in a decrease in gross profit and gross profit margin from sales of chips in 2025.

For the six months ended June 30, 2026, our gross profit from sales of chips decreased to RMB17.0 million from RMB33.2 million for the same period in 2025, with gross profit margin decreasing to 4.2% from 11.4% over the same periods. By product type, our gross profit from NB-IoT chips decreased to RMB8.0 million from RMB11.2 million, with the gross profit margin slipping from 15.9% to 10.6%; our gross profit from Cat.1bis chips decreased to RMB9.0 million from RMB22.0 million, with the gross profit margin falling from 9.9% to 2.8%. During the period, the ASP of our NB-IoT chips decreased from RMB4.2 to RMB3.7, while sales volume increased from 16.5 million units to 20.6 million units; the ASP of our Cat.1bis chips decreased from RMB4.7 to RMB4.0, alongside an increase in sales volume from 47.3 million units to 82.0 million units. The substantial growth in shipment volumes, representing a 73.3% uplift for Cat.1bis chips in particular, was mainly attributable to our proactive pricing strategy adopted to seize favorable market opportunities amid intensified industry competition. Accordingly, the downward pressure on ASPs outweighed the positive contribution from higher shipment volumes, resulting in lower gross profit and gross profit margins for both product lines.

The movement in our chip gross profit margin during the Track Record Period should therefore be viewed in the context of both industry-wide pricing dynamics and our evolving commercial strategy. According to F&S, the PRC and global cellular IoT chip markets experienced broad-based ASP compression during the Track Record Period, particularly in mature, mass-market cellular IoT chip categories such as NB-IoT and Cat.1bis, primarily due to intensified competition, increasing standardization of mature products, downstream customers' cost-down requirements and the normalization of upstream supply following the earlier semiconductor shortage. Our chip revenue during the Track Record Period was concentrated in NB-IoT and Cat.1bis products, which are mass-market and relatively price-sensitive categories and therefore more exposed to ASP compression during periods of intensified competition. The improvement in 2024 primarily reflected cost normalization, supply-chain optimization and improved unit economics after the high-priced inventory impact was largely eliminated. The decline in 2025 primarily reflected our competitive pricing strategy amid continued pricing pressure, particularly in the Cat.1bis segment, where we achieved significant shipment growth but accepted lower ASPs to accelerate market penetration and scale expansion. In particular, the ASP reduction in 2025 exerted downward pressure on gross profit margin, while lower unit procurement and production costs, product design optimization and scale effects partially offset such downward pressure. For the six months ended June 30, 2026, we continued with a proactive pricing strategy to accelerate market penetration and capture market share. Over the longer term, we aim to support our gross profit margin through a combination of continued cost control, scale-driven procurement and manufacturing efficiency, product mix upgrades toward higher-speed and higher-value products, and broader revenue diversification. Following the establishment of our market position, we plan to evaluate opportunities for appropriate price adjustments subject to prevailing market conditions.

For license and service, our gross profit margin was 98.7%, 63.8%, 97.5%, 96.7% and 97.6% for the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, respectively. The gross profit margin of this segment was generally higher than that of sales of chips, primarily because our license and service arrangements typically involved technology licensing and

chip design services based on our existing technology platforms, IP, design capabilities and prior research and development accumulation, which required relatively limited incremental direct costs when the relevant technology packages or deliverables were delivered and accepted. According to F&S, technology licensing and semiconductor IP licensing arrangements in the semiconductor industry generally have a structurally higher gross profit margin profile than chip product sales, as they typically do not involve wafer fabrication, assembly and testing costs, and may involve repeated or follow-on monetization of existing IP, design platforms or technology deliverables with limited incremental direct costs. The gross profit margin of this segment fluctuated during the Track Record Period primarily due to differences in revenue mix among one-time license fees, royalty payments and design fees/NRE fees, as well as the extent of customization, engineering support, testing and validation work required for the relevant projects.

For the year ended December 31, 2023, our gross profit from license and service was RMB22.2 million, with a gross profit margin of 98.7%. This high gross profit margin was primarily attributable to the project mix in that year, as revenue from Customer Q primarily consisted of one-time license fees and royalty payments, which amounted to RMB17.9 million and RMB4.0 million, respectively, while no design fees were recognized in 2023. The relevant licensing arrangements were based on our existing technology platforms, IP, design capabilities and prior research and development accumulation, and therefore required limited incremental engineering support, testing or validation costs during the year. As a result, the direct cost recognized for license and service was relatively low at approximately RMB0.3 million in 2023.

For the year ended December 31, 2024, our gross profit from license and service increased to RMB42.6 million, while our gross profit margin decreased to 63.8%. The decrease in gross profit margin was primarily attributable to a change in project mix and the higher cost intensity of certain projects undertaken during the year. In particular, compared with 2023, a higher proportion of our license and service revenue in 2024 was generated from design fees/NRE fees, which amounted to RMB50.2 million and represented the majority of revenue from Customer Q in 2024, while one-time license fees and royalty payments amounted to RMB4.9 million and RMB11.5 million, respectively. The relevant design and customization projects required more engineering, research and development, product adaptation, testing, validation and customer support efforts. Accordingly, the direct cost recognized for license and service increased significantly from approximately RMB0.3 million in 2023 to approximately RMB24.2 million in 2024. Such projects were more labor- and support-intensive than the higher-margin licensing projects recognized in 2023, and therefore resulted in a lower gross profit margin for the license and service segment in 2024.

For the year ended December 31, 2025, our gross profit margin for license and service increased to 97.5%, primarily because the relevant projects recognized during the year required limited additional manpower and direct project costs, as they were mainly based on our existing technology platforms, IP and accumulated design results. In 2025, revenue from Customer Q consisted of one-time license fees of RMB26.0 million, royalty payments of RMB23.7 million and design fees/NRE fees of RMB10.0 million. Compared with 2024, the proportion of design fees/NRE fees decreased significantly, while higher-margin one-time license fees and royalty payments accounted for a larger portion of revenue from Customer Q. The direct cost recognized for license and service decreased to approximately RMB1.5 million in 2025.

For the six months ended June 30, 2026, our gross profit from license and service decreased to RMB15.6 million from RMB43.6 million for the same period in 2025, with the gross profit margin improving from 96.7% to 97.6%. The decrease in gross profit was primarily attributable to lower revenue recognized from Customer Q during the period, which mainly reflected the non-linear, milestone-driven nature of our licensing and service business. The higher gross profit margin was mainly due to the limited marginal costs associated with such license and service business.

The fluctuation in the gross profit margin of our license and service segment during the Track Record Period was therefore primarily driven by the mix of licensing and service projects, the extent of customization and engineering support required, and the timing and amount of direct project costs recognized in the relevant year/period.

We mitigate ongoing pricing pressure and support our gross profit margin primarily through disciplined cost control and mix optimization. On the cost side, we continue to advance supply chain localization and deepen collaboration with upstream suppliers on product and technology initiatives to secure more competitive quotations and improve unit economics, while leveraging scale and process improvements to enhance procurement efficiency. On the revenue side, we focus on improving our customer and application mix by expanding into relatively higher-margin end markets, such as wearable applications, and pursuing overseas market expansion to broaden our customer base and diversify demand, which in turn supports more resilient gross profit margin performance over time.

Other Income and Gains

Other income and gains consist of government grants and value-added tax additional deduction, interest income, fair value gains on financial instruments at fair value through profit or loss, foreign exchange gains and others. The following table sets forth a breakdown of our other income and gains 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)			
Government grants and value-added tax additional deduction	5,351	13.0	15,568	29.1	11,504	31.1	8,129	37.3	2,285	13.0
Interest income	7,291	17.8	8,876	16.6	8,914	24.1	4,175	19.2	2,217	12.5
Fair value gains on financial instruments at fair value through profit or loss	27,983	68.2	27,655	51.8	16,545	44.8	9,468	43.5	13,127	74.5
Foreign exchange gains	410	1.0	1,323	2.5	—	—	—	—	—	—
Others	5	0.0	—	—	—	—	—	—	—	—
Total	**41,040**	**100.0**	**53,422**	**100.0**	**36,963**	**100.0**	**21,772**	**100.0**	**17,629**	**100.0**

Government grants and value-added tax additional deduction represent the receipt of various government subsidies, including those for research and development, talent retention, and economic development funds, as well as the preferential treatment of the additional deduction of value-added tax, which supported our ongoing business expansion.

Interest income mainly represent interest income from our bank deposits following our equity financing.

We recorded fair value gains on financial instruments at fair value through profit or loss for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, mainly reflecting our investments in wealth management products.

We recorded foreign exchange gains for the years ended December 31, 2023 and 2024, primarily reflecting the changes in the exchange rate of the USD against the RMB, as we held the USD-denominated monetary assets.

Selling and Distribution Expenses

Our selling and distribution expenses consist of employee benefit expenses, share-based payment expenses, travel expenses, depreciation and amortization expenses, and other miscellaneous costs. The table below sets forth a breakdown of our selling and distribution expenses 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)			
Employee benefit expenses	8,223	60.9	7,584	66.6	7,999	66.6	3,476	64.7	4,346	68.6
Share-based payment expenses	3,573	26.5	2,440	21.4	2,589	21.5	1,046	19.5	589	9.3
Travel expenses	605	4.5	402	3.5	470	4.0	217	4.0	173	2.7
Depreciation and amortization expenses	232	1.7	182	1.6	182	1.5	93	1.7	91	1.5
Other expenses	871	6.4	785	6.9	774	6.4	542	10.1	1,135	17.9
Total	**13,504**	**100.0**	**11,393**	**100.0**	**12,014**	**100.0**	**5,374**	**100.0**	**6,334**	**100.0**

Our selling and distribution expenses during the Track Record Period had not experienced significant fluctuations overall. The fluctuations were mainly driven by employee benefit expenses fluctuating in line with the scaling of the sales workforce.

Administrative Expenses

The table below sets forth a breakdown of our administrative expenses 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)			
Employee benefit expenses	6,740	14.3	6,880	51.7	8,007	33.2	3,321	62.3	4,601	63.7
Share-based payment expenses	33,684	71.2	1,018	7.6	654	2.7	413	7.7	131	1.8
Intermediary fees	4,357	9.2	3,192	23.9	1,196	5.0	621	11.7	17	0.2
Depreciation and amortization expenses	1,137	2.4	1,108	8.3	1,037	4.3	498	9.3	458	6.3
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses	1,352	2.9	1,130	8.5	1,076	4.4	477	9.0	672	9.3
Total	**47,270**	**100.0**	**13,328**	**100.0**	**24,114**	**100.0**	**5,330**	**100.0**	**7,230**	**100.0**

The main contributors to the fluctuations in administrative expenses during the Track Record Period were the continuous decrease in share-based payment expenses throughout the Track Record Period and the **[REDACTED]** expenses incurred in 2025 and the six months ended June 30, 2026.

Research and Development Expenses

The table below sets forth a breakdown of our research and development expenses 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)			
Employee benefit expenses	84,445	45.4	104,378	75.2	106,172	78.7	51,073	75.1	56,549	81.8
Share-based payment expenses	72,591	39.0	17,139	12.3	12,761	9.5	6,570	9.7	1,957	2.8
Material costs	17,019	9.1	8,255	5.9	8,069	6.0	6,338	9.3	6,589	9.5
Depreciation and amortization expenses	5,698	3.1	5,058	3.6	4,688	3.5	2,349	3.5	2,457	3.6
Other expenses	6,391	3.4	4,083	3.0	3,220	2.3	1,637	2.4	1,597	2.3
Total	**186,144**	**100.0**	**138,913**	**100.0**	**134,910**	**100.0**	**67,967**	**100.0**	**69,149**	**100.0**

Employee benefit expenses, which primarily consist of salaries, bonuses, and social insurance contributions for research and development personnel, saw an increase during the Track Record Period. This rise was primarily driven by the expansion of our research and development team to support the development of key projects.

Share-based payment expenses associated with shares granted to employees in the research and development department decreased from RMB72.6 million in 2023 to RMB17.1 million in 2024, primarily attributable to the vesting of share awards for certain employees in 2023, and these expenses continued to decline to RMB12.8 million in 2025, as we made share-based payments that vest in installments, the total expense is allocated proportionally and sequentially to each vesting period based on the remaining service period, which resulted in lower annual charges. Our share-based payment expenses decreased from RMB6.6 million for the six months ended June 30, 2025 to RMB2.0 million for the six months ended June 30, 2026, primarily due to the amortization profile of previously granted equity awards, which were expected to vest upon the **[REDACTED]**, with no new equity awards granted during the period.

Material costs decreased by RMB8.8 million in 2024 as compared to 2023, mainly due to as fewer products entered the tape-out phase. For the six months ended June 30, 2025 and 2026, our material costs remained relatively stable at RMB6.3 million and RMB6.6 million, respectively.

Other Expenses

The table below sets forth a breakdown of our other expenses 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)			
Foreign exchange losses	—	—	—	—	2,297	99.5	522	99.8	6,202	100.0
Others	2	100.0	—	—	11	0.5	1	0.2	—	—
Total	**2**	**100.0**	**—**	**—**	2,308	100.0	523	100.0	6,202	100.0

For the year ended December 31, 2025 and the six months ended June 30, 2026, we recorded foreign exchange losses of RMB2.3 million and RMB 6.2 million, respectively, mainly due to the changes in exchange rate of the USD against the RMB.

Finance costs

Our finance costs comprise of (i) interest on interest-bearing bank; and (ii) interest on lease liabilities for leasing of offices. Other financial liabilities were recognized initially at the fixed redemption amount repayable on demand, with contractual interest factored in upfront without applying market interest rates. Please refer to Note 26 to the Accountants' Report included in Appendix I to this document for more details. The following table below sets forth a breakdown of our finance costs 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)			
Interest on interest-bearing bank borrowings	56	13.2	129	31.3	775	83.0	376	81.7	562	87.4
Interest on lease liabilities	368	86.8	283	68.7	159	17.0	84	18.3	81	12.6
Total	**424**	**100.0**	**412**	**100.0**	**934**	**100.0**	**460**	**100.0**	**643**	**100.0**

Income Tax (Credit)/Expense

We did not incur income tax expenses during the Track Record Period, primarily due to our accumulated tax losses.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue and gross profit

For the six months ended June 30, 2026, we achieved RMB415.8 million in revenue, reflecting a 23.3% increase compared to RMB337.2 million for the same period in 2025. This growth was largely driven by substantial increase in sales volumes of our chip products.

For the six months ended June 30, 2026, our gross profit was RMB32.5 million, a 57.6% decrease compared to RMB76.8 million for the same period in 2025. Our gross profit margin declined to 7.8% for the six months ended June 30, 2026 from 22.8% for the same period in 2025. The decrease was mainly attributable to our proactive pricing strategy to seize favorable market opportunities amid intensified industry competition.

Cost of sales

For the six months ended June 30, 2026, our cost of sales increased by approximately 47.2%, from RMB260.3 million for the same period in 2025 to RMB383.3 million. The increase was primarily due to higher raw material pronouncement costs together with assembly and testing expenses, in line with the substantial increase in sales volumes of our chip products.

Other income and gains

For the six months ended June 30, 2026, other income and gains fell by approximately 19.0% from RMB21.8 million for the same period in 2025 to RMB17.6 million. This was primarily driven by lower government grants, which mainly stemmed from timing differences in government grant receipts.

Selling and distribution expenses

For the six months ended June 30, 2026, our selling and distribution expenses increased by 17.9% from RMB5.4 million for the same period in 2025 to RMB6.3 million. The increase was mainly due to higher employee benefit expenses and booth setup expenses for industry exhibitions.

Administrative expenses

For the six months ended June 30, 2026, our administrative expenses increased by 35.6% from RMB5.3 million for the same period in 2025 to RMB7.2 million. The increase was primarily driven by higher employee benefit expenses.

Research and development expenses

For the six months ended June 30, 2026, our research and development expenses remained relatively stable, increasing slightly by 1.7% from RMB68.0 million for the same period in 2025 to RMB69.1 million.

Other expenses

For the six months ended June 30, 2026, other expenses increased from RMB0.5 million for the same period in 2025 to RMB6.2 million, mainly due to the foreign exchange losses arising from the sustained weakening of the USD against the RMB.

Finance costs

For the six months ended June 30, 2026, finance costs increased slightly from RMB0.5 million for the same period in 2025 to RMB0.6 million.

(Impairment losses)/Reversal of impairment losses on financial assets, net

For the six months ended June 30, 2026, we recorded a reversal of impairment losses on financial assets of RMB0.4 million, compared to an impairment loss of RMB2.1 million for the same period of 2025. This change was primarily due to improvements in credit management, better collections, and the stabilization of customer credit conditions.

Profit/(Loss) for the period

As a result of the foregoing, we recorded a loss of RMB39.0 million for the six months ended June 30, 2026, while we recorded a profit of RMB16.9 million for the same period in 2025.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue and gross profit

For the year ended December 31, 2025, our revenue increased by 24.8% from RMB552.4 million in 2024 to RMB689.4 million. This increase was primarily driven by higher sales volume of our chips, while a reduction in ASP remained a critical offsetting factor affecting our revenue growth in 2025. For details, please refer to "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue" above. For the year ended December 31, 2025, our gross profit increased to RMB126.0 million from RMB123.4 million in 2024. Our overall gross profit margin decreased modestly from 22.3% in 2024 to 18.3% in 2025. For details, please refer to "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit" above.

Cost of sales

For the year ended December 31, 2025, our cost of sales increased by approximately 31.3%, from RMB429.0 million in 2024 to RMB563.4 million in the same period in 2025. The increase was primarily due to the increase in sales volume of our chips, which led to higher raw material costs and assembly and testing expenses. In addition, cost of sales in 2024 included certain project-based NRE costs, which did not recur in 2025.

Other income and gains

For the year ended December 31, 2025, other income and gains decreased by approximately 30.8% from RMB53.4 million in 2024 to RMB37.0 million. This was primarily due to the reduction in our government grants and fair value gains on financial instruments at fair value through profit or loss from wealth management products.

Selling and distribution expenses

For the year ended December 31, 2025, our selling and distribution expenses remained relatively stable, at RMB11.4 million in 2024 and RMB12.0 million in 2025. The slight increase was primarily due to higher employee benefits expenses and share-based payments.

Administrative expenses

For the year ended December 31, 2025, our administrative expenses increased from RMB13.3 million in 2024 to RMB24.1 million in the same period in 2025. The increase was due to **[REDACTED]** expenses incurred in connection with the **[REDACTED]**.

Research and development expenses

For the year ended December 31, 2025, our research and development expenses amounted to RMB134.9 million, representing 19.6% of total revenue. This represented a 2.9% decrease from RMB138.9 million in 2024.

Other expenses

For the year ended December 31, 2025, other expenses increased from nil for the same period in 2024 to RMB2.3 million, mainly due to the foreign exchange losses from changes in the exchange rate of the USD against the RMB.

Finance costs

For the year ended December 31, 2025, finance costs increased from RMB0.4 million in 2024 to RMB0.9 million. This increase was mainly driven by new loans totaling RMB43.0 million secured from commercial banks to support our working capital needs.

Impairment losses on financial assets, net

For the year ended December 31, 2025, we recorded net impairment losses on financial assets of RMB4.6 million, compared to RMB0.4 million in 2024. The increase was primarily due to higher outstanding receivables from one customer.

Profit for the year

As a result of the foregoing, our profit for the year turned to a loss of RMB16.0 million from a profit of RMB12.4 million for year ended December 31, 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue and gross profit

Our revenue increased by approximately 3.6% in the year ended December 31, 2024 compared to the year ended December 31, 2023, rising from RMB533.1 million to RMB552.4 million. This growth was driven by strong performance in our Cat.1bis product category, despite a slight decline in NB-IoT chip sales due to price competition. We also saw increased revenue from our licensing services, which grew substantially in the year ended December 31, 2024 due to the completion of key milestones in certain design services projects.

For the year ended December 31, 2024, our gross profit increased to RMB123.4 million, a 159.0% increase compared to RMB47.6 million for the year ended December 31, 2023. Our gross profit margin improved significantly from 8.9% in 2023 to 22.3% in 2024, reflecting better operational efficiency and cost optimization strategies. The consumption of high-priced inventory purchased during the 2022 wafer supply shortage in 2023 had resulted in a relatively lower gross profit margin that year. Furthermore, assembly and testing costs stabilized as production efficiencies were realized. Our continued research and development investments also played a key role in improving product cost structures, contributing to the higher gross profit margin in 2024.

Cost of sales

Our cost of sales decreased by 11.6% from RMB485.4 million for the year ended December 31, 2023 to RMB429.0 million for the year ended December 31, 2024, primarily due to a decrease in raw material costs as we consumed high-priced wafer inventory purchased during the 2022 supply shortage. Moreover, lower assembly and testing costs, together with improved production efficiencies, contributed to the reduction in our overall costs.

Other income and gains

Our other income and gains increased by 30.2% from RMB41.0 million for the year ended December 31, 2023 to RMB53.4 million for the year ended December 31, 2024. This increase was primarily driven by higher government grants related to research and development and economic development subsidies, alongside investment returns from term deposits, net-value financial products, and fair value changes of financial assets.

Selling and distribution expenses

Our selling and distribution expenses decreased by 15.6%, from RMB13.5 million for the year ended December 31, 2023 to RMB11.4 million for the year ended December 31, 2024. This reduction was primarily due to the lower share-based payment expenses in 2024 compared to 2023.

Administrative expenses

For the year ended December 31, 2024, our administrative expenses decreased to RMB13.3 million. This marked a significant 71.8% reduction compared to RMB47.3 million in 2023. The decrease was mainly due to the lower share-based payment expenses in 2024, which were notably higher in 2023 due to share-based incentives granted during that year.

Research and development expenses

For the year ended December 31, 2024, our research and development expenses were RMB138.9 million, accounting for 25.1% of total revenue. This represented a 25.4% decrease compared to RMB186.1 million for the year ended December 31, 2023, primarily due to the share-based payment expenses in 2023.

Other expenses

For the year ended December 31, 2024, other expenses was nil, compared to RMB2,000 for the year ended December 31, 2023.

Finance costs

For the year ended December 31, 2024, our finance costs remained relatively stable, decreasing slightly from RMB424 thousand in 2023 to RMB412 thousand.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded an impairment loss on financial assets of RMB375 thousand for the year ended December 31, 2024, compared to a reversal of impairment losses of RMB120 thousand for the year ended December 31, 2023. This reflects an increase in credit impairments, primarily due to a higher volume of receivables requiring provision.

Profit for the year

As a result of the foregoing, we reversed a loss of RMB158.5 million in 2023, and recorded a profit of RMB12.4 million in 2024, marking a positive turnaround. This significant improvement was primarily driven by better cost management, higher revenue, and improved gross profit margin. Furthermore, the reduction in share-based payment expenses played an important role in the turnaround.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Statement

Our Directors confirm that taking into account the financial resources presently available to our Group, including our internal resources and the estimated **[REDACTED]** of the **[REDACTED]**, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this document.

For the year ended December 31, 2025, we recorded negative cash flows from operating activities, reflecting the impact of increased working capital needs, primarily driven by higher inventory levels. While we continue to manage our liquidity carefully, we acknowledge that the negative cash flow during this period highlights the challenges of balancing business growth and cash conversion. For more details about our negative cash flow and liquidity risks, please refer to "Risk Factors — Negative operating cash flow may subject us to liquidity risks" in this document. We remain committed to maintaining sufficient liquidity to support our operations and growth strategy, and we will continue to monitor cash flow closely to ensure adequate funding for our business needs.

Cash Flows

The following table sets out a summary of our cash flows 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* (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 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 end of year/period	**22,311**	**35,222**	**88,629**	**123,423**	**102,805**

For the year ended December 31, 2025, we recorded net cash flows used in operating activities of RMB186.0 million. In 2025, our inventory build-up was primarily driven by (i) strategic stocking under a framework arrangement with a major customer, under which we planned production and procured key materials in advance to ensure supply continuity and delivery reliability, and (ii) our rolling monthly production planning based on order intake and demand forecasts, as we continued to receive new orders on an ongoing basis from 2025 into 2026. The increase in inventories in 2025 mainly reflected the build-up of finished goods for newly launched products to support revenue fulfillment, rather than slow-moving stock accumulation. In addition, our inventory turnover remained disciplined, with inventory aging generally not exceeding six months, and our historical inventory build-ups were substantially cleared in a timely manner in line with sales fulfillment. Our operating cash flow is materially affected by our inventory procurement cycle and the timing difference between payments to upstream suppliers and collections from downstream customers. Our product manufacturing cycle is approximately four months and we typically arrange production in advance based on customers' forecast demand. As a result, under normal circumstances, there is generally a four-to-five-month timing gap between our payments to upstream suppliers and our collections from customers. During periods of business growth, or when the industry faced capacity tightness and we expanded production scheduling or pre-locked capacity to secure supply, our working capital requirements increased, which could cause net cash used in operating activities to be negative in the relevant period.

To improve operating cash flow management and working capital efficiency, we have implemented a series of measures, including: (i) optimizing upstream payment terms, for example, by shortening the prepayment period by approximately one-third; (ii) establishing a multi-supplier system and deepening cooperation with suppliers to enhance bargaining power and obtain more competitive quotations; (iii) strengthening accounts receivable management by maintaining stable credit terms for major customers while tightening credit control and collection management for small and medium-sized customers; (iv) improving inventory planning precision based on customer demand forecasts and avoiding unnecessary inventory accumulation; and (v) optimizing product and customer mix by expanding into higher-margin markets, such as wearable applications, and pursuing overseas market expansion.

Net cash flows from/(used in) operating activities

For the six months ended June 30, 2026, our net cash flows generated from operating activities amounted to RMB24.0 million. This was derived from a loss before tax of RMB39.0 million. A series of positive and negative adjustments were made to this loss, leading to the final cash flow figure. The main positive adjustments to the operating cash flow included: (i) a decrease in prepayments, other receivables, and other assets of RMB44.8 million, primarily due to export tax rebates; and (ii) a decrease in inventories of RMB29.1 million, driven by the gradual digestion of inventory stockpiled in 2025 to support business expansion. The main negative adjustments were: (i) the net gain arising on financial instruments at fair value through profit or loss of RMB13.1 million; (ii) a decrease in other payables and accruals of RMB10.4 million, mainly driven by a reduction in payroll and welfare payable; and (iii) an increase in trade receivables of RMB10.4 million, reflecting higher outstanding payments from customers. These positive and negative adjustments collectively resulted in the net operating cash inflow of RMB24.0 million for the period.

For the year ended December 31, 2025, our net cash flows used in operating activities amounted to RMB186.0 million. Starting from a loss before tax of RMB16.0 million, we made a series of adjustments in arriving at net cash flows used in operating activities, which were primarily affected by working capital movements, in particular the increase in inventories of RMB137.2 million. Such inventory build-up was the principal driver of our operating cash outflow and primarily reflected inventory preparation to support business expansion and increased chip shipments. The principal negative adjustments were: (i) the increase in inventories of RMB137.2 million; (ii) the increase in prepayments, other receivables and other assets of RMB37.9 million, primarily due to the increase in deductible input value-added tax; and (iii) the net gain arising on financial instruments at fair value through profit or loss of RMB16.5 million. These negative adjustments were partially offset by certain positive adjustments, primarily including (i) share-based payment expenses of RMB16.0 million, reflecting non-cash stock-based compensation granted to employees, and (ii) the increase in trade payables of RMB10.1 million.

For the year ended December 31, 2024, our net cash flows generated from operating activities amounted to RMB57.3 million. This was derived from a profit before tax of RMB12.4 million. A series of positive and negative adjustments were made to this profit, leading to the final cash flow figure. The positive adjustments include: (i) a decrease in inventories of RMB23.2 million, driven by stock buildup to meet future customer demand; (ii) a decrease in prepayments, other receivables, and other assets of RMB71.2 million, primarily related to timing differences in payments and receipts; and (iii) share-based payment expenses of RMB21.0 million, reflecting the non-cash cost of stock-based compensation granted to employees. This amount was added back to the operating profit as no cash was expended during the period for this expense. The main negative adjustments were due to changes in working capital, including (i) an increase in trade receivables of RMB12.0 million, reflecting higher outstanding payments from customers; and (ii) a decrease in other payables and accruals of RMB21.5 million, driven by a reduction in accrued liabilities. These adjustments resulted in net cash generated from operating activities of RMB57.3 million for the year.

For the year ended December 31, 2023, our net cash flows generated from operating activities amounted to RMB187.1 million. This was derived from a loss before tax of RMB158.5 million. A series of positive and negative adjustments were made to this loss, leading to the final cash flow figure. The major positive adjustments to the operating cash flow included (i) depreciation of property, plant, and equipment of RMB4.2 million, representing the non-cash expense associated with the use of tangible fixed assets; (ii) share-based payment expenses of RMB119.3 million, reflecting the cost of stock-based compensation granted to employees; (iii) a decrease in trade receivables of RMB22.6 million, primarily driven by faster collection from customers; and (iv) a decrease in prepayments, other receivables, and other assets of RMB235.1 million, largely due to timing differences in payments and receipts. The main negative adjustments were due to changes in working capital. There including (i) an increase in inventories of RMB26.9 million; and (ii) an increase in other payables and accruals of RMB26.3 million, driven by the timing of expenses and liabilities. These adjustments, both positive and negative, resulted in net cash generated from operating activities of RMB187.1 million for the year.

Net cash flows (used in)/from investing activities

For the six months ended June 30, 2026, our net cash flows generated from investing activities amounted to RMB18.5 million. This was primarily due to proceeds from the maturity and redemption of financial assets at fair value through profit or loss of RMB480.0 million and the withdrawal of time deposits of RMB195.0 million, partially offset by purchases of financial assets at fair value through profit or loss of RMB673.5 million.

For the year ended December 31, 2025, our net cash flows generated from investing activities amounted to RMB187.5 million. This was primarily due to proceeds from the maturity and redemption of financial assets at fair value through profit or loss, amounting to RMB1,173.5 million, which also included the associated gains. These proceeds were partially offset by purchases of financial assets at fair value through profit or loss of RMB1,000.7 million and purchases of property, plant, and equipment amounting to RMB7.4 million. Furthermore, we received withdrawal of time deposits of RMB20.7 million, which slightly contributed to the positive cash flow from investing activities.

For the year ended December 31, 2024, our net cash flows used in investing activities amounted to RMB48.8 million. This was primarily driven by purchases of financial assets at fair value through profit or loss of RMB1,532.6 million and purchases of property, plant, and equipment of RMB2.0 million, partially offset by proceeds from the maturity and redemption of financial assets at fair value through profit or loss of RMB1,485.8 million.

For the year ended December 31, 2023, our net cash flows used in investing activities amounted to RMB301.5 million. This was mainly due to purchases of financial assets at fair value through profit or loss of RMB2,021.2 million, and purchases of property, plant, and equipment of RMB12.7 million, partially offset by proceeds from the maturity and redemption of financial assets at fair value through profit or loss of RMB1,947.7 million.

Net cash flows (used in)/from financing activities

For the six months ended June 30, 2026, our net cash flows used in financing activities amounted to RMB28.4 million. This was primarily driven by decrease in bank overdrafts of RMB50.7 million, partially offset by new bank loans of RMB24.5 million.

For the year ended December 31, 2025, our net cash flows generated from financing activities amounted to RMB52.0 million. This was primarily driven by increase in bank overdraft of RMB57.6 million, partially offset by lease payment of RMB2.9 million. Furthermore, our bank loans of RMB43.0 million was fully repaid upon maturity.

For the year ended December 31, 2024, our net cash flows generated from financing activities amounted to RMB4.4 million. This was primarily driven by new bank overdraft of RMB7.4 million, partially offset by lease payments of RMB2.9 million and interest paid of RMB0.1 million.

For the year ended December 31, 2023, our net cash flows generated from financing activities amounted to RMB2.4 million. This was driven by capital injection from our shareholders of RMB5.0 million, partially offset by lease payments of RMB2.6 million and interest paid of RMB0.1 million.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,			As of June 30	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current assets					
Inventories	110,531	87,300	224,512	195,461	223,516
Trade receivables	60,489	72,091	81,835	92,628	116,658
Prepayments, other receivables and other assets	130,287	59,301	99,900	55,582	37,357
Financial assets at fair value through profit or loss	644,030	718,453	562,243	768,842	744,068
Time deposits	—	21,970	213,928	—	—
Restricted cash	—	58	—	—	—
Cash and cash equivalents	22,311	35,222	88,629	102,805	139,801
Total current assets	**967,648**	**994,395**	**1,271,047**	**1,215,318**	**1,261,400**
Total non-current assets	**246,941**	**227,887**	**21,692**	**24,731**	**24,685**
Current liabilities					
Trade payables	22,695	13,762	23,899	41,480	86,228
Other payables and accruals	53,990	32,451	36,566	26,118	28,678
Interest-bearing bank borrowings	—	7,439	65,004	38,857	46,060
Lease liabilities	2,396	2,528	2,726	2,217	2,149
Provisions	2,269	1,935	2,818	3,075	3,075
Other financial liabilities	—	—	1,629,600	1,629,600	1,629,600
Total current liabilities	**81,350**	**58,115**	**1,760,613**	**1,741,347**	**1,795,790**
Total non-current liabilities	**5,082**	**2,573**	**85**	**3,009**	**2,837**
Net current assets/(liabilities)	**886,298**	**936,280**	**(489,566)**	**(526,029)**	**(534,390)**
Net assets/(liabilities)	**1,128,157**	**1,161,594**	**(467,959)**	**(504,307)**	**(512,542)**

As of December 31, 2023, 2024, 2025 and June 30, 2026, our net assets/(liabilities) were RMB1,128.2 million, RMB1,161.6 million, RMB(468.0) million and RMB(504.3) million, respectively. The fluctuations in our net assets/(liabilities) during the Track Record Period were primarily driven by our (loss)/profit for the year/period and total comprehensive (loss)/income for the year/period, as reflected in the consolidated statements of changes in equity in the Accountants' Report included in Appendix I to this document. As of June 30, 2026, excluding other financial liabilities of RMB1,629.6 million, we would have recorded net assets of RMB1,125.3 million. Other financial liabilities primarily represented the redemption rights granted to certain **[REDACTED]** investors on November 27, 2025.

As of December 31, 2023, we recorded net assets of RMB1,128.2 million, which was affected by a loss for the year and total comprehensive loss of RMB158.5 million. The loss was primarily driven by continued industry-wide ASP compression in our mass-market NB-IoT and Cat.1bis products and a still-normalizing cost base following the earlier 2022's supply disruption, as well as our sustained investment in research and development and commercialization capability to support product iteration and long-term portfolio expansion. These factors were partially offset by a capital injection of RMB5.0 million during the year.

As of December 31, 2024, our net assets increased by RMB33.4 million, primarily because we recorded a profit for the year and total comprehensive income of RMB12.4 million. The turnaround from loss-making in 2023 to profit-making in 2024 was mainly attributable to a meaningful improvement in gross profitability and a more normalized expense profile, supported by (i) procurement normalization and cost optimization, including stronger control over wafer procurement costs through the introduction of domestic wafer suppliers and overall supply chain optimization, and (ii) improved product-level profitability following the commercialization of new Cat.1bis products launched in late 2023, which enabled us to better balance market penetration and profitability amid ongoing price competition.

As of December 31, 2025, we recorded net liabilities of RMB468.0 million and net current liabilities of RMB489.6 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. As a result, as of December 31, 2025, we recorded a net liabilities and net current liabilities position as of year-end, which was mainly driven by the impact from the recognition of redemption right liabilities rather than a deterioration in our working capital position. Please refer to Note 26 to the Accountants' Report included in Appendix I to this document for more information.

As of June 30, 2026, we recorded net current liabilities and net liabilities amounting to RMB526.0 million and RMB504.3 million, respectively. The net current liabilities and net liabilities primarily arose from redemption rights granted to investors, amounting to RMB1,629.6 million as of June 30, 2026. Such redemption rights would be terminated and the redemption liabilities would be reclassified to equity upon the **[REDACTED]**.

Property, Plant and Equipment ("PPE")

Our PPE consist of machinery, office equipment and electronic devices, vehicles, and leasehold improvements. The table below sets forth a breakdown of our PPE as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery	13,721	13,244	15,953	16,925
Office equipment and electronic devices	2,165	1,243	873	846
Vehicles	398	268	138	72
Leasehold improvements	1,327	808	382	174
Total	**17,611**	**15,563**	**17,346**	**18,017**

During the Track Record Period, changes in PPE were mainly driven by our expansion in our operations and research and development capabilities. Specifically, our increase in machinery was primarily driven by the purchase of research and development equipment, such as ATE machines and consistency testing systems, essential for the development and testing of new products. These

investments are crucial for our ongoing research and development activities and are expected to improve testing efficiency and product validation. In terms of office equipment and electronic devices, we saw a steady decrease in net value, mainly due to normal depreciation and the fact that some equipment reached the end of its useful life in 2024, with no further amortization needed for these assets.

Right-of-Use Assets

Our right-of-use assets primary consist of leased office buildings. The table below sets forth the breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leased office buildings	6,443	4,201	2,203	4,918
Total	**6,443**	**4,201**	**2,203**	**4,918**

Intangible Assets

Intangible assets consist of (i) software, and (ii) licenses. The table below sets forth the breakdown of our intangible assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	57	34	12	2
Licenses	61	—	—	—
Total	**118**	**34**	**12**	**2**

Inventories

The following tables set forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	43,797	20,010	55,124	62,706
Work in progress	22,810	33,924	68,410	85,062
Contract fulfillment costs	20,893	1,467	—	—
Finished goods	23,031	31,899	100,978	47,693
Total	**110,531**	**87,300**	**224,512**	**195,461**

Raw materials

Our raw materials in inventory primarily consist of semiconductor wafers, electronic components, and packaging materials for cellular IoT chips. As of December 31, 2024, the value of raw materials decreased to RMB20.0 million, compared to RMB43.8 million in 2023, primarily due to the consumption of raw materials purchased in previous years. As of December 31, 2025, raw material inventory increased to RMB55.1 million, driven by production expansion in response to rising market

demand, particularly for new products. As of June 30, 2026, raw material inventory increased to RMB62.7 million, consistent with normal inventory stocking to support higher sales volumes of our chip products.

Work in progress

Work in progress in inventory consists of semi-finished cellular IoT chips still in manufacturing stages. Work in progress increased to RMB33.9 million as of December 31, 2024, compared to RMB22.8 million as of December 31, 2023, and further to RMB68.4 million as of December 31, 2025, driven by preparations to meet market demands. As of June 30, 2026, work in progress increased to RMB85.1 million, consistent with normal inventory stocking to support higher sales volumes of our chip products.

Finished goods

Our finished goods in inventory represent fully manufactured cellular IoT chips, ready for sale. As of December 31, 2024, the value of finished goods increased to RMB31.9 million, compared to RMB23.0 million as of December 31, 2023, mainly due to expanded production to meet rising customer demand. As of December 31, 2025, the value of finished goods surged to RMB101.0 million, primarily due to a buildup of unsold stock for chips such as the EC716S, EC718, and EC618 to meet growing customer demand. As of June 30, 2026, the value of finished goods decreased to RMB47.7 million, primarily due to the fulfillment of customer orders.

Aging analysis

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within a month	67,659	55,998	124,648	125,860
1 to 2 months	4,074	12,394	36,730	37,540
2 to 3 months	1,500	4,157	37,799	24,465
Over 3 months	37,298	14,751	25,335	7,596
Total	**110,531**	**87,300**	**224,512**	**195,461**

Turnover days

The following table sets forth our inventory turnover days during the Track Record Period:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
		days		
Inventory turnover days[(1)]	81	83	100	99

Note:

(1) Inventory turnover days is calculated based on the average of the beginning and ending balance of inventories divided by cost of sales for the year/period, then multiplied by 360/180.

Our inventory turnover days remained stable at 81 days in 2023 and 83 days in 2024. It further increased to 100 days for the year ended December 31, 2025 and stayed relatively unchanged at 99 days for the six months ended June 30, 2026, primarily in preparation for the estimated increase of future customer demands.

As of July 31, 2026, approximately RMB147.6 million, or 75.5%, of our inventories as of June 30, 2026, had been sold or utilized.

Trade receivables

Our trade receivables primarily represent amounts due from customers for goods sold and services rendered. We have a mix of regular commercial partners and high-profile industry players, with payment terms varying by customer.

As of December 31, 2024, our trade receivables increased to RMB72.1 million, from RMB60.5 million as of December 31, 2023. This increase was mainly due to higher sales in the second half of 2024, including an overdue amount from a large state-owned enterprise, where the internal payment approval process caused a delay. As of December 31, 2025, trade receivables increased to RMB81.8 million, reflecting the ongoing sales growth. As of June 30, 2026, trade receivables increased to RMB92.6 million, consistent with revenue growth during the period.

The table below sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	60,489	72,466	86,841	97,256
Impairment	—	(375)	(5,006)	(4,628)
Total	**60,489**	**72,091**	**81,835**	**92,628**

Aging analysis

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within a month	57,463	58,161	69,557	73,003
1 to 2 months	3,026	827	11,975	15,033
2 to 3 months	—	2,915	—	4,568
Over 3 months	—	10,188	303	24
Total	**60,489**	**72,091**	**81,835**	**92,628**

The majority of our trade receivables are within one month, reflecting the strong payment discipline of our customers. As of December 31, 2025, trade receivables within one month increased to RMB69.6 million, compared to RMB57.5 million as of December 31, 2023 and RMB58.2 million as of December 31, 2024, primarily due to the increase in our revenue in 2025, which was in line with higher sales of chips. As of June 30, 2026, trade receivables within one month further increased to RMB73.0 million, consistent with our revenue growth. The aging analysis also reveals that amounts outstanding between 1 to 2 months increased significantly as of December 31, 2025, reaching RMB12.0 million, primarily driven by higher sales to customers with credit terms of 1–2 months.

Turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Trade receivables turnover days[(1)]	48	43	40	38

Note:

(1) Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by 360/180.

As of July 31, 2026, approximately RMB45.6 million, or 46.8%, of our trade receivables as of June 30, 2026, had been subsequently settled.

Prepayments, other receivables

Our prepayments and other receivables primarily consist of deposits, tax recoverable amounts, prepayments to suppliers, prepaid expenses, and minor receivables.

The table below sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion:				
Deposits	38	47	14	14
Other tax recoverable	450	171	45,084	6,174
Prepayments to suppliers	129,438	58,866	51,680	47,083
Prepaid expenses	358	195	939	191
Impairment allowance	—	—	1,989	2,109
Others	3	22	194	11
Non-current portion:				
Deposits	741	741	741	741
Prepayments	—	—	1,390	1,053
Total	**131,028**	**60,042**	**102,031**	**57,376**

Deposits

Deposits are minimal and primarily consist of rental deposits.

Other tax recoverable

Other tax recoverable primarily consists of input tax credits. As of December 31, 2025, other tax recoverable had increased significantly to RMB45.1 million, compared to RMB171 thousand at the end of 2024. This sharp increase was primarily driven by higher procurement activities to support increased inventory purchases in 2025. As of June 30, 2026, other tax recoverable decreased to RMB6.2 million, mainly attributable to export tax rebates received in early 2026 relating to goods exported towards the end of 2025.

Prepayments to suppliers

Prepayments to suppliers primarily consist of advance payments for semiconductor wafers, which is common industry practice. As of December 31, 2024, prepayments to suppliers had decreased to RMB58.9 million, compared to RMB129.4 million as of December 31, 2023, and further slightly decreased to RMB51.7 million as of December 31, 2025 and RMB47.1 million as of June 30, 2026. This reduction was primarily due to optimized wafer prepayment schedules based on production planning and inventory levels, which reduced our capital commitments. Additionally, prepaid wafer production capacity from prior years was gradually delivered in 2025, further lowering our prepayments.

Prepaid expenses

Our prepaid expenses are minimal and primarily consist of administrative-related prepayments, such as telecom services, medical examination fees, and short-term rent.

Other receivables

Other receivables are minimal and primarily consist of personal imprest funds.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss consist primarily of net-value wealth management products and other term deposits purchased from banks. The value of these financial assets grew from RMB644.0 million as of December 31, 2023 to RMB718.5 million as of December 31, 2024, before declining to RMB562.2 million as of December 31, 2025. In 2024, the growth was largely attributed to increased investments in wealth management products, including higher-value net-value products. However, the decrease as of December 31, 2025 was mainly due to a reduction in holdings as we liquidated some of these assets to meet operational and liquidity needs. As of December 31, 2025, the balance of financial assets at fair value through profit or loss was predominantly invested in net-value wealth management products, amounting to RMB562.2 million. It further increased to RMB768.8 million as of June 30, 2026. The wealth management products are classified as Risk Grade II (R2 - Lower to Moderate Risk) under the PRC asset management product risk grading system.

Our investment in wealth management products is intended to enhance the utilization of idle funds while prioritizing capital preservation and liquidity. Our capital planning team is responsible for evaluating proposed investments with reference to our overall cash position, working capital requirements and prevailing market conditions, and we manage the maturity profile of such products to align with our anticipated operational funding needs. Our counterparties are reputable financial institutions with sound credit standing. We have also established internal approval procedures for investments in wealth management products. On an annual basis, the proposed maximum balance of entrusted wealth management investments for the upcoming year is submitted to our Board or shareholders' meeting for approval, and all investments are made within the approved cap. The implementation of individual investment arrangements is subject to approval by our chairman or his authorized delegate. Following **[REDACTED]**, we will conduct any such investments in compliance with Chapter 14 of the Listing Rules, including applicable notification, announcement and shareholders' approval requirements, where necessary.

Trade payables

Our trade payables primarily consist of amounts due to suppliers for wafer procurement, packaging services, and testing services.

As of December 31, 2024, trade payables decreased mainly due to a reduction in production. In late 2023 and early 2024, we accumulated more inventory to prepare for anticipated demand increases.

As of December 31, 2025, we experienced a significant increase in trade payables. This increase was driven by the expansion of our production capacity and the launch of new products. The rise in payables was primarily due to higher procurement volumes from our major suppliers, which were necessary to support the development of new products and meet the growing sales demand. As of June 30, 2026, trade payables increased to RMB41.5 million, consistent with substantially higher procurement volumes during the period.

Aging analysis

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	22,695	13,762	23,899	41,480

As of June 30, 2026, all of our trade payables were within a 3-month period. The majority of our payables are to suppliers for wafer procurement, packaging services, and testing services, with notable payables to two suppliers engaged in packaging services and a supplier involved in wafer procurement. We have not experienced any significant overdue trade payables during the Track Record Period.

Turnover days

The following table sets forth our trade payables turnover days during the Track Record Period.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Trade payables turnover days[(1)]	19	15	12	15

Note:

(1) Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year/period, then multiplied by 360/180.

Our trade payables turnover days recorded a downward trend from 2023 to 2025, before rebounding slightly to 15 days as of June 30, 2026. This was mainly attributable to our ongoing efforts for trade payables management and settlement from 2023 to 2025 and more favorable payment terms negotiated with suppliers, resulting in an optimized payment schedule in the first half of 2026.

As of July 31, 2026, approximately RMB16.1 million, or 38.9%, of our trade payables as of June 30, 2026, had been subsequently settled.

Other payables and accruals

The table below sets forth our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion:				
Contract liabilities	25,965	3,980	4,178	6,211
Sale of chips	2,287	1,230	3,946	6,041
License and service	23,678	2,750	232	170
Payroll and welfare payable	20,973	24,058	24,333	16,194
Other tax payables	3,477	4,218	4,981	2,914
Deferred income	40	—	22	22
Payable for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	3,535	195	2,672	175
Non-current portion:				
Deferred income	—	—	66	55
Total	**53,990**	**32,451**	**36,632**	**26,173**

Contract liabilities

Contract liabilities represent amounts received in advance from customers for services to be rendered in the future. Contract liabilities amounted to RMB26.0 million, RMB4.0 million, RMB4.2 million and RMB6.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. The large amount of contract liabilities was recorded as of December 31, 2023 was mainly due to a large upfront payment from a customer for NRE services.

Payroll and welfare payables

Payroll and welfare payables consist mainly of accrued wages, social insurance, and housing provident fund contributions. As of December 31, 2023, 2024, 2025 and June 30, 2026, the payroll and welfare expenses amounted to RMB21.0 million, RMB24.1 million, RMB24.3 million and RMB16.2 million, respectively. The increase from 2023 to 2025 was driven by higher wage levels and increased headcount, along with higher social insurance and housing fund contribution bases. The decrease as of June 30, 2026 was primarily attributable to the recognition of only a half-year bonus accrual in the first half of 2026, compared with a full-year bonus accrual as of December 31, 2025.

Other taxes payables

Other taxes payable mainly consist of accrued tax liabilities, including individual income tax on wages and bonuses. As of December 31, 2025, the balance of other taxes payable increased to RMB5.0 million, compared to RMB4.2 million as of December 31, 2024 and RMB3.5 million as of December 31, 2023. The increase trend was primarily driven by the increase in wages and bonuses, which led to higher tax accruals. The balance as of June 30, 2026 amounted to RMB2.9 million, representing only individual income tax in respect of half-year bonus accrual, whereas the year-end balances covered individual income tax relating to the full-year bonus accrual.

Others

The balance of "Others" primarily includes miscellaneous items such as employee reimbursements and deposits.

INDEBTEDNESS

As of July 31, 2026, being the most recent practicable date for this indebtedness statement, save as disclosed in this paragraph headed "Indebtedness" in this section, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. From July 31, 2026 up to the Latest Practicable Date, there was no material change in our indebtedness.

As of the Latest Practicable Date, our unutilized credit facilities amounted to approximately RMB114.7 million, of which approximately RMB94.7 million represented committed unutilized credit facilities. We also confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our credit facilities were subject to the standard banking conditions and covenants, and there were no material covenants that impose a substantial limitation on our ability to obtain further banking facilities; (ii) we had no material default in repayments of our borrowings and with regard to covenants and/or breaches of the covenants under our credit facilities; (iii) we had not received any notice from any bank indicating that it might withdraw or downsize our facilities; (iv) we did not experience any difficulty in obtaining credit facilities and request for early repayments of our borrowings; and (v) we had no material external debt financing plans out of the ordinary course of our business.

The table below sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current					
Interest-bearing bank borrowings	—	7,439	65,004	38,857	46,060
Lease liabilities	2,396	2,528	2,726	2,217	2,149
Non-current					
Lease liabilities	5,082	2,573	19	2,954	2,784
Total	**7,478**	**12,540**	**67,749**	**44,028**	**50,993**

Interest-bearing bank borrowings

As of December 31, 2024, the total balance of our interest-bearing bank borrowings amounted to RMB7.4 million, which represented a new loan facility obtained during the year. The loan was drawn from a commercial bank to support working capital needs. This marked an increase from zero in 2023, with a short-term borrowings in 2023 that were fully repaid within the year. As of December 31, 2025, the total balance of our interest-bearing bank borrowings amounted to RMB65.0 million, due to additional borrowings from commercial banks, which were used to fund both working capital requirements and expansion efforts. As of June 30, 2026, the total balance of our interest-bearing bank borrowings decreased to RMB38.9 million.

The table below sets forth our interest-bearing bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Bank overdrafts	—	7,439	65,004	14,334	46,060
Bank loans	—	—	—	24,523	—
Total	**—**	**7,439**	**65,004**	**38,857**	**46,060**

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery	10,811	1,581	5,115	2,420
Office equipment and electronic devices	217	170	197	109
Leasehold improvements	186	—	—	—
Software	68	—	—	—
Total	**11,282**	**1,751**	**5,312**	**2,529**

CAPITAL COMMITMENTS

The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Property, plant and equipment	**—**	4,385	244	2,457
Total	**—**	**4,385**	**244**	**2,457**

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, please refer to Note 34 to the Accountants' Report included in Appendix I to this document.

Our Directors believe that our transactions with the related parties during the Track Record were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

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 profit/(loss) 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

Note:

(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 profit/(loss) margin (non-IFRS measure) is calculated using adjusted net profit/(loss) (non-IFRS measure) for the year/period divided by revenue for the year/period 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.

FINANCIAL RISK MANAGEMENT

In the ordinary course of our business, we are exposed to various financial risks, including foreign currency risk, credit risk, and liquidity risk. Details of the risk to which we are exposed are set out in Note 37 to the Accountants' Report included in Appendix I to 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. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations.

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.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any reserves available for distribution to our Shareholders.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For more details, please refer to "Unaudited **[REDACTED]** Financial Information" included in Appendix II to this document.

[REDACTED] EXPENSES

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]** 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.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, save as disclosed in this document, there has been no material adverse change in our financial, operational or trading positions or prospects since June 30, 2026, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please refer to "Business — Strategies" in this document for a detailed discussion of our future plans.

[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.

Enriching Product Portfolio and Expanding Downstream Applications

We intend to allocate approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** (equivalent to HK$**[REDACTED]**) to enriching our product portfolio and expanding our downstream applications. This funding will be split into two key areas:

We believe expanding our product portfolio into higher-speed 5G categories is critical to improving our long-term product mix, margin profile and competitiveness as the cellular IoT market transitions toward mid- and high-speed applications. During the period from 2026 to 2030, global shipments of 5G RedCap chips, which are designed for mid-speed IoT applications, are expected to grow at a compound annual growth rate of approximately 78.7%. Over the same period, shipments of 5G eMBB chips are expected to grow at a compound annual growth rate of approximately 20.1%. Compared with legacy NB-IoT and Cat.1bis technologies, 5G RedCap and 5G eMBB typically support higher bandwidth and lower latency use cases and enable more complex data processing, which generally allows these products to command higher average selling prices and achieve structurally higher gross margins at the industry level.

In parallel with connectivity upgrades, downstream application scenarios are increasingly requiring integrated multimedia processing and on-device AI capabilities. As IoT devices become more intelligent, use cases such as IPCs, asset trackers and AI-enabled consumer devices are increasingly demanding chips that can handle real-time audio-video processing and local AI inference. By strengthening our chip-level video codec, image signal processing and AI acceleration capabilities, we expect to increase the value-added content per chip, expand into higher-value application verticals and enhance customer stickiness, consistent with our strategy of enhancing terminal application scenarios and embracing Edge-AI capability.

The table below summarizes the indicative implementation roadmap and related deployment focus:

	2026	2027	2028	2029	2030	Total
			(RMB in million)			
Product Portfolio Expansion	**30.6**	**62.2**	**68.3**	**59.3**	**54.8**	**275.2**
Research and development personnel	5.6	13.2	19.3	24.3	29.8	92.2
Tape-out expenses	20.0	40.0	40.0	30.0	20.0	150.0
EC80x (Redcap)	20.0	20.0	10.0	10.0	10.0	70.0
EC80x (eRedcap)	—	10.0	10.0	—	—	20.0
EC90x (eMBB)	—	10.0	20.0	20.0	10.0	60.0
Testing and certification	5.0	9.0	9.0	5.0	5.0	33.0
GCF certification	1.0	1.0	1.0	1.0	1.0	5.0
IoT and carrier testing	2.0	4.0	4.0	2.0	2.0	14.0
Field testing	2.0	4.0	4.0	2.0	2.0	14.0
Downstream Application Upgrade	**15.5**	**34.0**	**30.8**	**44.1**	**25.8**	**150.2**
Research and development personnel	3.5	11.0	17.8	21.1	23.8	77.2
Tape-out expenses	10.0	20.0	10.0	20.0	—	60.0
VPU enhancement	10.0	10.0	10.0	10.0	—	40.0
Video and imaging IP integration	—	10.0	—	10.0	—	20.0
Testing and certification	2.0	3.0	3.0	3.0	2.0	13.0
Audio and video quality assessment	—	1.0	1.0	1.0	—	3.0
AI training and testing	1.0	1.0	1.0	1.0	1.0	5.0
Testing for other application expansion	1.0	1.0	1.0	1.0	1.0	5.0
Total	**46.1**	**96.2**	**99.1**	**103.4**	**80.6**	**425.4**

Specifically, approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be allocated to advancing our next-generation cellular IoT chip portfolio, including 5G RedCap, 5G enhanced RedCap and 5G eMBB technologies. These initiatives will support system architecture optimization, modem algorithm enhancement, integration of baseband and radio frequency modules, and multi-scenario validation to ensure scalability across diverse industrial and consumer use cases. The **[REDACTED]** will also support recruitment of specialized research and development personnel and cover non-recurring engineering costs, tape-out expenses, product testing and global certification.

Furthermore, approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be allocated to enhancing chip-level multimedia processing and Edge-AI capabilities. This includes further development and optimization of video codec IP, image processing modules and AI model acceleration engines, as well as integration of Edge-AI frameworks into our chip platform. These investments will enable improved energy efficiency, enhanced real-time processing performance and stronger competitiveness in intelligent terminal applications.

Strengthening Research and Development Capabilities and Technological Innovation

We intend to allocate approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** (equivalent to HK$**[REDACTED]**) to enhancing our research and development capabilities.

Approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be allocated toward the procurement of research and development equipment and software to support the design, testing and validation of our cellular IoT chips. This will include (i) wireless device testing systems for evaluating performance in real-world wireless environments and supporting compliance testing against applicable standards; (ii) electronic design automation ("**EDA**") tools for IC design, simulation and verification to improve design accuracy and shorten development cycles; (iii) IC testing equipment, including automated testing and failure analysis capabilities, to validate chip functionality and reliability under varying environmental conditions; and (iv) network emulators and conformance testers that simulate network environments and relevant protocols to verify interoperability and standards compliance. We also plan to procure software toolchains for algorithm modeling, system-level simulation, embedded debugging, PCB layout design, and IC schematic, layout and verification to enhance engineering efficiency and validation rigor.

Approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be allocated to enhancing our core technological capabilities in research and development, including advancements in chip process technology, improvements in chip integration, upgrades to SoC architecture, integrated multimedia processing capabilities and on-device AI model optimization capabilities. We expect to apply these **[REDACTED]** to continuous product optimization to enhance performance while lowering power consumption and reducing production costs, and to strengthen our execution capability across the full development cycle, including architecture definition, design, verification, tape-out, validation and certification. A portion of this allocation will also be used to expand and retain our research and development team through targeted hiring and an annual salary increase for existing personnel, so as to support sustained innovation and maintain our technological expertise.

The proposed development of integrated multimedia processing and on-device AI capabilities is intended to enable our chip products to better support audio, voice, image and video processing functions and lightweight AI functions at the terminal-device level. For example, multimedia processing capabilities may include audio codecs such as AMR, MP3 and OPUS, image/video codecs such as MJpeg and H.264, and quality enhancement algorithms such as noise suppression and echo cancellation. On-device AI capabilities may include keyword spotting, facial recognition and image preprocessing based on lightweight AI models deployed locally on terminal devices. These capabilities are expected to support application scenarios such as AI toys, learning devices, voice assistants, intercom devices, access control systems and monitoring equipment.

Our implementation plan for this portion of the **[REDACTED]** will be carried out in stages over the five years upon the **[REDACTED]**. First, we plan to procure and upgrade research and development equipment and software, including EDA tools, testing systems, network emulators, conformance testers and software toolchains, to support chip architecture design, system-level simulation, embedded debugging, algorithm modeling, multimedia processing and on-device AI model optimization. Second, we plan to recruit additional research and development personnel in key technical functions to support our next-generation product roadmap and enhance our capabilities in 5G communication, multimedia processing, Edge-AI integration, embedded software, security, testing and certification. Third, we plan to apply these enhanced capabilities to the development, validation and commercialization of our next-generation cellular IoT chips and reference designs, particularly for application scenarios that require low-power, high-integration and always-connected AI interaction capabilities. We expect to focus on equipment and software procurement, team recruitment and capability build-out during the earlier stage of the five-year period, and progressively apply the enhanced research and development capabilities to product development, validation, certification and customer introduction as our LTE Cat.4 and 5G-related product roadmap advances.

Over the five years upon the **[REDACTED]**, we plan to recruit approximately 70 additional research and development personnel in phases to support the implementation of our next-generation product roadmap and the strengthening of our core technology capabilities. We plan to recruit approximately 20 additional research and development personnel in the first year after the **[REDACTED]**, a further 20 in the second year, and a further 10 in each of the third, fourth and fifth years. The planned recruitment will be allocated across our principal technical functions. We expect to

hire approximately five personnel in SoC architecture design, responsible for system-level architecture planning and overall chip framework design; approximately ten in baseband algorithm development focusing on 5G physical layer optimization; and approximately ten in digital IC design dedicated to RTL design and logic verification. We also plan to recruit approximately five engineers in RF analog design to enhance RF front-end capabilities and five in backend physical design to support layout implementation and timing closure. In software development, we intend to add approximately fifteen personnel to protocol stack development covering 5G L1/L2/L3 implementation and optimization. In addition, we expect to recruit approximately five engineers in Edge-AI integration to support on-device AI model optimization, cloud-edge collaboration and low-power device-side AI interaction; five engineers in audio and multimedia development to support codec optimization, voice and audio processing, multimedia data transmission and audio-visual application adaptation; and three engineers in embedded security focusing on secure boot, encryption technologies and protection of device-side data transmission. To strengthen product commercialization and quality assurance, we plan to add approximately ten engineers in reference design for module and terminal platform development and approximately fifteen personnel in testing and certification to support operator certification and product validation.

We expect architecture-level experts to generally have a master's degree or PhD in microelectronics or communications engineering, substantial SoC design experience and commercial tape-out exposure; senior engineers to generally have a relevant graduate degree with meaningful industry experience in IC design, communications or computer science; and junior engineers to generally have at least a bachelor's degree in relevant disciplines. We believe this talent expansion, together with our retention measures and planned equipment and software procurement, will enhance our ability to (i) accelerate the development of 5G-related and LTE Cat.4 products; (ii) improve the power consumption, integration, connectivity and cost efficiency of our cellular IoT chips; (iii) support multimedia and on-device AI application scenarios such as AI toys, learning devices, voice assistants, intercom devices, access control systems, monitoring equipment and other intelligent terminal devices; and (iv) strengthen the testing, validation and commercialization capabilities required for next-generation cellular IoT products.

Domestic Market Brand Building and Overseas Market Expansion

We intend to allocate approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** (equivalent to HK$**[REDACTED]**) to enhancing our domestic market brand presence and expanding our overseas market footprint. This funding will be distributed across three key areas as below.

- **Enhancing technical services and after-sales support**. Approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be used to improve the technical services and after-sales support for our existing products in the domestic market. This investment will primarily focus on expanding our sales and customer support teams to better serve both current and prospective customers within China. We plan to recruit approximately 15 additional staff members over the next two years, specifically for sales, customer support, and product service roles. This team expansion is critical for improving our customer engagement and technical support capabilities, thereby strengthening relationships with clients in sectors such as IoT, smart cities, and industrial automation.

- **Overseas market expansion, brand promotion, and business activities.** Approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be allocated to expanding our overseas market presence, including brand promotion and related business activities. During the Track Record Period, the majority of our revenue was generated in Chinese Mainland and Hong Kong, and we plan to expand overseas in a phased manner to diversify our revenue base and capture international growth in cellular IoT connectivity. Overseas markets typically feature established local competitors, mature module ecosystems and higher certification barriers. We plan to compete by leveraging our product-level optimization, a cost-efficient fabless model, and a flexible supply chain, while emphasizing

execution capabilities such as localized technical support, faster customer integration and structured certification planning. Our overseas expansion will prioritize markets with (i) active development of IoT module ecosystems, (ii) demand for cost-effective, scalable connectivity solutions, (iii) relatively clear operator or customer certification pathways, and (iv) meaningful downstream application opportunities in areas such as smart metering, asset tracking, industrial IoT, payment terminals, consumer IoT devices and other connected terminal applications. We will initially focus on our mass-market product categories and progressively introduce higher-speed 5G offerings as our product roadmap, customer validation and local certification progress. In executing this strategy, we expect to build local commercial and technical coverage through a combination of recruiting regional sales leadership and field application engineers, establishing representative presence and technical exchange touchpoints, participating in industry exhibitions and customer roadshows, and developing local channel relationships with module makers, solution partners and customers, while coordinating closely with our overseas certification plan described below. As of the Latest Practicable Date, we had commenced product testing, customer validation and/or promotional activities in selected South and Southeast Asian markets, and had also initiated or maintained customer engagement in selected European markets.

- **Phase 1 (2026-2027): South Asia, Southeast Asia, and Europe.** We plan to prioritize selected key markets in South Asia, Southeast Asia, and Europe, initially including India, Vietnam, Thailand, Singapore and Norway. We had also commenced product testing in Indonesia. These markets are expected to be our first-stage overseas focus because they have sizeable or fast-growing cellular IoT application demand, relatively active module and solution ecosystems, and demand for cost-effective connectivity products. Our initial product focus will be Cat.1bis and NB-IoT chips to address broad-based and cost-sensitive cellular IoT applications, including smart metering, asset tracking, payment terminals, shared economy devices, industrial IoT terminals and consumer IoT devices. As of the Latest Practicable Date, our relevant products had completed testing and entered customer validation in India, and had completed testing in Vietnam, Thailand, Singapore, Germany, France, Spain, South Africa, Kenya, Nigeria, Ethiopia and the United States, where we expect to primarily promote our products through existing module customers' overseas business development channels. We had also commenced product testing in Indonesia. During this phase, we plan to focus on customer sampling, design-in opportunities, local channel development, technical support and preliminary operator/customer certification work.

- **Phase 2 (2027-2028): Europe.** Leveraging the foothold gained with our existing Norwegian customer, we plan to deepen this cooperation while continuing to expand into selected European markets, such as Germany, France and Spain, subject to customer demand, local certification progress, channel resources and commercialization readiness. We expect to prioritize Europe because it has relatively mature IoT module ecosystems, established industrial and consumer IoT application demand, and more stringent certification and compliance requirements, which are better suited for a phased entry after we accumulate initial overseas customer engagement and certification experience. Our product focus in this phase will include Cat.1bis Open-CPU solutions and 5G RedCap offerings, with potential application scenarios including industrial IoT, smart metering, asset tracking, connected devices, smart city applications and selected AIoT terminal devices, subject to product readiness, customer validation and certification progress. We plan to support this phase through enhanced local compliance readiness, cooperation with European module makers and ecosystem partners, and targeted engagement with customers requiring higher-value and higher-speed cellular IoT solutions.

- **Phase 3 (post-2028): Further deepening and broader overseas expansion.** Subject to market conditions, product readiness, certification progress and geopolitical considerations, we plan to continue deepening our presence in South and Southeast Asia, further evaluate opportunities in Europe, and explore opportunities in North America, notably the United States, where customer demand, regulatory requirements, local certification progress, channel resources and commercialization readiness support such expansion. In these markets, we expect to prioritize higher-speed and higher-value products, including 5G RedCap and other 5G-related products, where supported by product readiness and customer validation. We expect this phase to focus more on higher-speed and higher-value products and technology collaboration opportunities, rather than broad-based entry into lower-speed, highly price-sensitive mass-market segments.

- **Accelerating overseas operator/customer certification**. Approximately **[REDACTED]**% of the **[REDACTED]** (equivalent to HK$**[REDACTED]**) will be dedicated to accelerating the certification process with overseas operators and customers. This step is crucial for expanding our international market presence, ensuring our products comply with regional regulatory requirements and meet the approval standards of key industry players. These certifications will focus on major overseas operators and key customers in strategic markets, ensuring our products are fully compatible with their networks and meet their specific operational and technical needs.

Working Capital and Corporate Purposes

Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be reserved for general working capital and operational flexibility. This allocation will allow us to respond to strategic opportunities, unforeseen market shifts, and other financial needs in a timely and prudent manner, including the repayment of loans or any other necessary funding requirements.

In the event that the designated **[REDACTED]** are insufficient to fully fund the aforementioned purposes, we intend to utilize internal resources or equity debt financing to address any shortfalls. Conversely, should there be surplus funds, these will be applied toward other projects consistent with our strategic objectives.

In the event that the **[REDACTED]** is fixed below or above the mid-point of the indicative **[REDACTED]**, the **[REDACTED]** allocated to the above purposes will be adjusted on a pro rata basis. Any additional **[REDACTED]** received from the exercise of the **[REDACTED]** will be allocated to the above purposes on a pro rata basis.

In the event of any material change in our use of **[REDACTED]** of the **[REDACTED]** from the purposes described above or in our allocation of the **[REDACTED]** among the purposes described above, a formal announcement will be made.

To the extent that the **[REDACTED]** from the **[REDACTED]** are not immediately applied to the above purposes, we will only deposit such **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

We will issue an announcement in the event that there is any material change in the use of **[REDACTED]** of the **[REDACTED]** as described above.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI EIGENCOMM TECHNOLOGIES CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Shanghai Eigencomm Technologies Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the initial **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the [REDACTED] of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[•] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	5	533,076	552,404	689,390	337,162	415,848
Cost of sales		(485,428)	(429,010)	(563,398)	(260,347)	(383,309)
Gross profit		47,648	123,394	125,992	76,815	32,539
Other income and gains	5	41,040	53,422	36,963	21,772	17,629
Selling and distribution expenses		(13,504)	(11,393)	(12,014)	(5,374)	(6,334)
Administrative expenses		(47,270)	(13,328)	(24,114)	(5,330)	(7,230)
Research and development expenses		(186,144)	(138,913)	(134,910)	(67,967)	(69,149)
Other expenses		(2)	—	(2,308)	(523)	(6,202)
Finance costs	7	(424)	(412)	(934)	(460)	(643)
Reversal of impairment losses/(impairment losses) on financial assets, net		120	(375)	(4,631)	(2,080)	378
(LOSS)/PROFIT BEFORE TAX	6	(158,536)	12,395	(15,956)	16,853	(39,012)
Income tax	10	—	—	—	—	—
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(158,536)	12,395	(15,956)	16,853	(39,012)
Attributable to:						
Owners of the parent		(158,536)	12,395	(15,956)	16,853	(39,012)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted *(RMB)*	12	(5.39)	0.41	(0.53)	0.56	(1.30)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(158,536)	12,395	(15,956)	16,853	(39,012)
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)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD		(158,536)	12,395	(15,956)	16,853	(39,025)
Attributable to:						
Owners of the parent		(158,536)	12,395	(15,956)	16,853	(39,025)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	17,611	15,563	17,346	18,017
Right-of-use assets	*14*	6,443	4,201	2,203	4,918
Intangible assets	*15*	118	34	12	2
Prepayments, other receivables and other assets	*19*	741	741	2,131	1,794
Long-term time deposits	*21*	222,028	207,348	—	—
Total non-current assets		246,941	227,887	21,692	24,731
CURRENT ASSETS					
Inventories	*17*	110,531	87,300	224,512	195,461
Trade receivables	*18*	60,489	72,091	81,835	92,628
Prepayments, other receivables and other assets	*19*	130,287	59,301	99,900	55,582
Financial assets at fair value through profit or loss	*20*	644,030	718,453	562,243	768,842
Time deposits	*21*	—	21,970	213,928	—
Restricted cash	*21*	—	58	—	—
Cash and cash equivalents	*21*	22,311	35,222	88,629	102,805
Total current assets		967,648	994,395	1,271,047	1,215,318
CURRENT LIABILITIES					
Trade payables	*22*	22,695	13,762	23,899	41,480
Other payables and accruals	*23*	53,990	32,451	36,566	26,118
Interest-bearing bank borrowings	*24*	—	7,439	65,004	38,857
Lease liabilities	*14*	2,396	2,528	2,726	2,217
Provisions	*25*	2,269	1,935	2,818	3,075
Other financial liabilities	*26*	—	—	1,629,600	1,629,600
Total current liabilities		81,350	58,115	1,760,613	1,741,347
NET CURRENT ASSETS/ (LIABILITIES)		886,298	936,280	(489,566)	(526,029)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,133,239	1,164,167	(467,874)	(501,298)
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	5,082	2,573	19	2,954
Other payables and accruals	*23*	—	—	66	55
Total non-current liabilities		5,082	2,573	85	3,009
Net assets/(liabilities)		1,128,157	1,161,594	(467,959)	(504,307)
EQUITY					
Equity attributable to owners of the parent					
Paid-in/share capital	*28*	30,000	30,000	30,000	30,000
Reserves	*30*	1,098,157	1,131,594	(497,959)	(534,307)
Total equity/(deficits)		1,128,157	1,161,594	(467,959)	(504,307)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				
	Paid-in/share capital	Capital reserve*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000 *Note 28*	*RMB'000* *Note 30*	*RMB'000* *Note 29*	*RMB'000*	*RMB'000*
As at 1 January 2023	10,115	1,435,521	21,147	(304,418)	1,162,365
Loss for the year and total comprehensive loss for the year	—	—	—	(158,536)	(158,536)
Capital injection	506	4,494	—	—	5,000
Share-based payments	—	—	119,328	—	119,328
Transfer of share-based payment reserve upon the vesting of restricted shares	—	107,731	(107,731)	—	—
Conversion into a joint-stock company *(note 28)*	—	(203,181)	—	203,181	—
Transfer of capital reserve to share capital	19,379	(19,379)	—	—	—
As at 31 December 2023	30,000	1,325,186	32,744	(259,773)	1,128,157

Year ended 31 December 2024

	Attributable to owners of the parent				
	Share capital	Capital reserve*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000 *Note 28*	*RMB'000* *Note 30*	*RMB'000* *Note 29*	*RMB'000*	*RMB'000*
As at 1 January 2024	30,000	1,325,186	32,744	(259,773)	1,128,157
Profit for the year and total comprehensive income for the year	—	—	—	12,395	12,395
Share-based payments	—	—	21,042	—	21,042
Transfer of share-based payment reserve upon the vesting of restricted shares	—	14,079	(14,079)	—	—
As at 31 December 2024	30,000	1,339,265	39,707	(247,378)	1,161,594

Year ended 31 December 2025

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 28	*Note 30*	*Note 29*	*Note 30*		
As at 1 January 2025	30,000	1,339,265	39,707	—	(247,378)	1,161,594
Loss for the year and total comprehensive loss for the year	—	—	—	—	(15,956)	(15,956)
Share-based payments	—	—	16,003	—	—	16,003
Transfer of share-based payment reserve upon the vesting of restricted shares	—	13,024	(13,024)	—	—	—
Recognition of financial liabilities in respect of redemption rights issued to investors *(note 26)*	—	—	—	(1,629,600)	—	(1,629,600)
As at 31 December 2025	30,000	1,352,289	42,686	(1,629,600)	(263,334)	(467,959)

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent				
	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 28	*Note 30*	*Note 29*		
As at 1 January 2025 (audited)	30,000	1,339,265	39,707	(247,378)	1,161,594
Profit for the period and total comprehensive income for the period (unaudited)	—	—	—	16,853	16,853
Share-based payments (unaudited)	—	—	8,027	—	8,027
Transfer of share-based payment reserve upon the vesting of restricted shares (unaudited)	—	7,045	(7,045)	—	—
As at 30 June 2025 (unaudited)	30,000	1,346,310	40,689	(230,525)	1,186,474

Six months ended 30 June 2026

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Share-based payment reserve*	Other reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 Note 28	*RMB'000* Note 30	*RMB'000* Note 29	*RMB'000* Note 30	*RMB'000* Note 30	*RMB'000*	*RMB'000*
As at 1 January 2026	30,000	1,352,289	42,686	(1,629,600)	—	(263,334)	(467,959)
Loss for the period	—	—	—	—	—	(39,012)	(39,012)
Other comprehensive loss for the period:							
Exchange differences related to foreign operations	—	—	—	—	(13)	—	(13)
Total comprehensive loss for the period	—	—	—	—	(13)	(39,012)	(39,025)
Share-based payments	—	—	2,677	—	—	—	2,677
Transfer of share-based payment reserve upon the vesting of restricted shares	—	7,056	(7,056)	—	—	—	—
As at 30 June 2026	30,000	1,359,345	38,307	(1,629,600)	(13)	(302,346)	(504,307)

* These reserve accounts represent the total consolidated reserves of RMB1,098,157,000, RMB1,131,594,000 in the consolidated statements of financial position as at 31 December 2023 and 2024, respectively, and the total consolidated deficits of RMB497,959,000, RMB534,307,000 as at 31 December 2025 and 30 June 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax		(158,536)	12,395	(15,956)	16,853	(39,012)
Adjustments for:						
Depreciation of property, plant and equipment	*6*	4,206	3,799	3,529	1,751	1,858
Depreciation of right-of-use assets	*6*	2,461	2,467	2,353	1,177	1,138
Amortisation of intangible assets	*6*	400	84	22	11	10
Share-based payment expenses	*6*	119,328	21,042	16,003	8,027	2,677
(Reversal of impairment losses)/impairment losses on trade receivables	*6*	(120)	375	4,631	2,080	(378)
Finance costs	*7*	424	412	934	460	643
Net gain arising on financial instruments at fair value through profit or loss	*6*	(27,983)	(27,655)	(16,545)	(9,468)	(13,127)
Interest income	*5*	(7,291)	(8,876)	(8,914)	(4,175)	(2,217)
		(67,111)	4,043	(13,943)	16,716	(48,408)
(Increase)/decrease in inventories		(26,867)	23,231	(137,212)	(70,756)	29,051
Decrease/(increase) in trade receivables		22,611	(11,977)	(14,375)	(1,157)	(10,415)
Decrease/(increase) in prepayments, other receivables and other assets		235,063	71,214	(37,920)	(92,607)	44,765
Increase/(decrease) in provisions		1,152	(334)	883	410	257
Increase/(decrease) in other payables and accruals		26,282	(21,539)	4,128	(13,857)	(10,432)
(Decrease)/increase in trade payables		(5,027)	(8,933)	10,137	14,760	17,581
Cash generated from/(used in) operations		186,103	55,705	(188,302)	(146,491)	22,399
Interest received		959	1,586	2,275	853	1,608
Net cash flows from/(used in) operating activities		187,062	57,291	(186,027)	(145,638)	24,007

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant, and equipment		(12,669)	(1,978)	(7,393)	(2,535)	(2,519)
Purchases of intangible assets		(68)	—	—	—	—
Proceeds from maturity of financial assets at fair value through profit or loss		1,947,680	1,485,786	1,173,458	798,137	480,030
Purchases of financial assets at fair value through profit or loss		(2,021,197)	(1,532,555)	(1,000,702)	(621,303)	(673,503)
Decrease/(increase) in restricted cash		450	(58)	58	58	—
Placement of time deposits		(215,696)	—	—	—	—
Withdrawal of time deposits		—	—	20,696	20,696	195,000
Interest received		—	—	1,333	1,333	19,537
Net cash flows (used in)/from investing activities		(301,500)	(48,805)	187,450	196,386	18,545
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection from the Company's shareholders		5,000	—	—	—	—
Payment of **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Increase/(decrease) in bank overdrafts		—	7,439	57,565	26,181	(50,670)
New bank loans		—	—	42,965	42,965	24,523
Repayment of bank loans		—	—	(42,965)	(29,965)	—
Lease payments	*31(b)*	(2,578)	(2,885)	(2,870)	(1,352)	(1,508)
Interest paid		(56)	(129)	(775)	(376)	(562)
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 end of year /period		22,311	35,222	88,629	123,423	102,805
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*21*	22,311	35,280	88,629	123,423	102,805
Time deposits	*21*	222,028	229,318	213,928	210,611	—
Subtotal		244,339	264,598	302,557	334,034	102,805
Less: Restricted cash	*21*	—	(58)	—	—	—
Short-term time deposits	*21*	—	(21,970)	(213,928)	(210,611)	—
Long-term time deposits	*21*	(222,028)	(207,348)	—	—	—
Cash and cash equivalents as stated in the statements of financial position and statements of cash flows		22,311	35,222	88,629	123,423	102,805

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Investments in subsidiaries	*16*	3,994	5,209	6,232	7,254
Property, plant and equipment	*13*	17,603	15,560	17,345	18,016
Right-of-use assets	*14*	6,443	4,201	2,203	4,918
Intangible assets	*15*	118	34	12	2
Prepayments, other receivables and other assets	*19*	741	741	2,131	1,794
Long-term time deposits	*21*	222,028	207,348	—	—
Total non-current assets		250,927	233,093	27,923	31,984
CURRENT ASSETS					
Inventories	*17*	110,268	87,300	224,512	195,461
Trade receivables	*18*	60,489	72,091	81,835	92,628
Prepayments, other receivables and other assets	*19*	129,902	59,034	99,874	55,500
Financial assets at fair value through profit or loss	*20*	644,030	718,453	562,243	768,842
Time deposits	*21*	—	21,970	213,928	—
Restricted cash	*21*	—	58	—	—
Cash and cash equivalents	*21*	22,075	35,182	88,590	101,907
Total current assets		966,764	994,088	1,270,982	1,214,338
CURRENT LIABILITIES					
Trade payables	*22*	22,695	13,762	23,899	41,480
Other payables and accruals	*23*	53,319	32,217	36,518	25,842
Interest-bearing bank borrowings	*24*	—	7,439	65,004	38,857
Lease liabilities	*14*	2,396	2,528	2,726	2,217
Due to a subsidiary		3,047	3,710	1,476	2,924
Provisions	*25*	2,269	1,935	2,818	3,075
Other financial liabilities	*26*	—	—	1,629,600	1,629,600
Total current liabilities		83,726	61,591	1,762,041	1,743,995
NET CURRENT ASSETS/ (LIABILITIES)		883,038	932,497	(491,059)	(529,657)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,133,965	1,165,590	(463,136)	(497,673)
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	5,082	2,573	19	2,954
Other payables and accruals	*23*	—	—	66	55
Total non-current liabilities		5,082	2,573	85	3,009
Net assets/(liabilities)		1,128,883	1,163,017	(463,221)	(500,682)
EQUITY					
Paid-in/share capital	*28*	30,000	30,000	30,000	30,000
Reserves	*30*	1,098,883	1,133,017	(493,221)	(530,682)
Total equity/(deficits)		1,128,883	1,163,017	(463,221)	(500,682)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the People's Republic of China ("**PRC**") with limited liability on 21 February 2017. The registered office of the Company is located at Rooms 707, 709 and 710, 7th Floor, Building 1, No. 298 Xiangke Road, China (Shanghai) Pilot Free Trade Zone, Shanghai. On 18 April 2023, the Company was converted into a joint stock company with limited liability.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "**Group**") were principally engaged in the research and development ("**R&D**") and sale of cellular IoT communication chips, provision of Intellectual Property ("**IP**") licensing service and design services for chips.

As at the end of the Relevant Periods, the Company had all direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	*Note*	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Principal activities
				%	
Nanjing Eigen Communication Technologies Co., Ltd. 南京矽亘通信科技有限公司	*(1)*	PRC/Chinese mainland/18 August 2021	RMB5,000,000	100	R&D and design of chips
Eigencomm Technologies (Hong Kong) Co., Limited 移芯通信科技(香港)有限公司	*(1)*	Hong Kong/18 July 2024	HKD1,000,000	100	Not yet commenced operation

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Note:

(1) No audited financial statements have been prepared for this entity since its date of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the six months ended 30 June 2025.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

The Historical Financial Information have been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2026, the Group recorded net current liabilities and net liabilities amounting to RMB526,029,000 and RMB504,307,000, respectively. The net current liabilities and net liabilities primarily arose from the redemption rights issued to investors which amounted to RMB1,629,600,000 as at 30 June 2026. Pursuant to the supplemental agreement entered between the Company and certain **[REDACTED]** investors on 27 November 2025, redemption rights granted by the Company shall automatically terminate at the time when the Company submits its application for the **[REDACTED]** of the shares on the Stock Exchange (the "**Submission**"), provided in the event where the Submission is withdrawn, terminated, rejected, refused or lapsed within a prescribed period of time, such repurchase rights shall automatically be reinstated in full, and shall be exercisable upon the occurrence of specified contingent events disclosed in note 26 to the Historical Financial Information. The directors of the Company are of the opinion that no payment is expected for the settlement of the redemption liabilities as the related redemption rights would be terminated and the redemption liabilities would be converted into equity upon the qualified **[REDACTED]** of the Company's H shares on the Stock Exchange.

In addition, the Group has performed a cash flow forecast for the next twelve months from 30 June 2026. The directors of the Company believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 30 June 2026. Accordingly, the directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the Relevant Periods and the six months ended 30 June 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IFRS 10 and IAS 28	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[4]

[1] Effective for annual/reporting periods beginning on or after 1 January 2027

[2] Effective for annual/reporting periods beginning on or after 1 January 2029

[3] No mandatory effective date yet determined but available for adoption

[4] The amendments are applied when an entity first applies IFRS 18

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below. IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the consolidated statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the consolidated statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In

addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRSs Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Except for the IFRS 18, the adoption of the above standards and amendments will not expect to have significant impact on the operating results, comprehensive income and financial position of the Group.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its wealth management products at fair value at the end of each Relevant Periods and the six months ended 30 June 2025. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value

in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal useful lives used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Machinery	5 to 10 years
Office equipment and electronic devices	3 to 5 years
Vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each Relevant Periods.

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 3 years.

Software

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 3 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased office buildings	2 to 6 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the

transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables and financial liabilities at fair value through profit or loss, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, payables and financial liabilities at fair value through profit or loss, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS

9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, borrowings and other financial liabilities)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain chips for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised at each reporting date.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed or deducted from the related expense.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of chips

The Group manufactures and sells chips. Revenue from the sale of chips is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer.

Some contracts provide customers with a right of rebates which give rise to variable consideration subject to constraint. Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied.

(b) License and service

Licenses and sales-based royalties: The licenses granted by the Group are the right to use Group's intellectual property. The Group usually receives non-refundable upfront payments under license arrangements and is entitled to receive royalties based on the future sales volume. Revenue upon non-refundable upfront payments is recognised at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the license. Sales-based royalties are recognised when the related sales occur.

Maintenance service income: The revenue from the provision of maintenance services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Design service: The Group recognises revenue from design services at a point in time when the relevant services are completed and acknowledged by the customers. Costs incurred for the provision of design services are recognised as contract fulfilment costs, which are recognised as the cost of sales when recognising revenue.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a series of share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer (1) referencing the investors' recent capital injection price; and (2) applying the discounted cash flow ("**DCF**") method, further details of which are given in note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each

reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The employees of the Group's subsidiaries in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

Borrowing costs

All borrowing costs are expensed in the periods in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the beginning of the month in which the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group has tax losses of RMB637,980,000, RMB713,060,000, RMB827,347,000 and RMB930,673,000, respectively, for which no deferred tax assets have been recognised. These losses related to entities that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The Group has neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

The Group operates employee incentive schemes for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair value of the shares of the employee incentive schemes was determined based on (1) referencing the investors' recent capital injection price; and (2) applying the DCF method. Further details are contained in note 29 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the research and development and sale of cellular Internet of Things (IoT) communication chips, provision of intellectual property licensing service and design services for chips. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Chinese mainland	379,624	375,688	257,377	105,578	126,986
Hong Kong	131,528	109,905	371,171	186,579	211,895
Taiwan	—	—	—	—	61,142
The United States	21,924	66,648	59,737	45,005	15,538
Singapore	—	—	—	—	205
The United Kingdom	—	163	1,105	—	82
Total revenue	533,076	552,404	689,390	337,162	415,848

The revenue information above is based on the registered locations of the customer group.

(b) Non-current assets

Almost all the non-current assets of the Group are physically located in Chinese mainland.

Information about major customers

The revenue generated from sales to customers which individually amounted to more than 10% of the Group's total revenue during each of the Relevant Periods and the six months ended 30 June 2025 is set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer G	*	*	196,355	90,386	112,637
Customer A	173,482	137,146	196,995	102,156	94,713
Customer I	*	*	*	*	61,142
Customer B	61,319	111,472	*	*	*
Customer C	160,892	95,830	*	36,827	*
Customer Q	*	66,648	*	45,005	*

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers	533,076	552,404	689,390	337,162	415,848

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services					
Sale of chips	510,570	485,566	629,510	292,050	399,903
License and service	22,506	66,838	59,880	45,112	15,945
Total	533,076	552,404	689,390	337,162	415,848
Timing of revenue recognition					
Goods transferred or services provided at a point in time	533,076	548,492	685,101	335,007	414,635
Services transferred over time	—	3,912	4,289	2,155	1,213
Total	533,076	552,404	689,390	337,162	415,848

The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	2,742	25,965	3,980	3,980	4,178

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of chips

The performance obligation is satisfied upon delivery of chips to the customer and payment is generally due within 15 to 60 days, except for certain new customers, where payment in advance is normally required. Some contracts provide customers with rebates which give rise to variable consideration subject to constraint.

License and service

The licenses granted by the Group are right to use Group's intellectual property. The Group usually receives non-refundable upfront payments under license arrangements and is entitled to receive royalties based on the future sales volume. Revenue upon non-refundable upfront payments is recognised at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the license. Sales-based royalties are recognised when the related sales occur.

The revenue from the provision of maintenance services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group recognises revenue from design services at a point in time when the relevant services are completed and acknowledged by the customers. Contract costs include contract fulfilment costs. Costs incurred for the provision of design services are recognised as contract fulfilment costs, which are recognised as the cost of sales when recognising revenue.

The management of the Group expects the transaction price (not include variable consideration) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as of the end of each of the Relevant Periods and the six months ended 30 June 2025 will be recognised within one year from the end of the respective periods.

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Government grants and value-added tax additional deduction	5,351	15,568	11,504	8,129	2,285
Interest income	7,291	8,876	8,914	4,175	2,217
Total other income	12,642	24,444	20,418	12,304	4,502
Gains					
Fair value gains on financial instruments at fair value through profit or loss	27,983	27,655	16,545	9,468	13,127
Foreign exchange gains, net	410	1,323	—	—	—
Others	5	—	—	—	—
Total gains	28,398	28,978	16,545	9,468	13,127
Total other income and gains	41,040	53,422	36,963	21,772	17,629

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of goods sold*		485,144	404,800	561,931	258,880	382,930
Cost of services provided*		284	24,210	1,467	1,467	379
Depreciation of property, plant and equipment	*13*	4,206	3,799	3,529	1,751	1,858
Depreciation of right-of-use assets	*14*	2,461	2,467	2,353	1,177	1,138
Amortisation of intangible assets	*15*	400	84	22	11	10
Research and development expenses		186,144	138,913	134,910	67,967	69,149
Lease payments not included in the measurement of lease liabilities	*14(c)*	1,044	591	393	199	203
Foreign exchange differences, net		(410)	(1,323)	2,297	523	6,202
(Reversal of impairment losses)/impairment losses on trade receivables	*18*	(120)	375	4,631	2,080	(378)
Product warranty provision	*25*	1,358	911	1,183	556	429
Fair value gain on financial instruments at fair value through profit or loss	*5*	(27,983)	(27,655)	(16,545)	(9,468)	(13,127)
[REDACTED] expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):						
Wages and salaries		88,957	101,529	102,280	47,977	55,297
Equity-settled share-based payment expense		119,328	21,042	16,003	8,027	2,677
Pension scheme contributions (defined contribution scheme)		18,670	19,470	19,898	9,888	10,578
Less: Amount capitalised		(17,701)	(2,898)	—	—	—
		209,254	139,143	138,181	65,892	68,552

* Cost of goods sold and cost of services provided include write-down of inventories, depreciation and amortisation and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on interest-bearing bank borrowings	56	129	775	376	562
Interest on lease liabilities	368	283	159	84	81
Total	424	412	934	460	643

8. DIRECTORS' REMUNERATION

Directors' remuneration during the Relevant Periods and the six months ended 30 June 2025, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	106	136	89	40	90
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	2,099	3,144	3,836	1,502	2,138
Performance related bonuses*	564	834	1,032	340	433
Share-based payment expenses	68,546	1,184	942	473	290
Pension scheme contributions	332	518	696	261	352
Subtotal	71,541	5,680	6,506	2,576	3,213
Total	71,647	5,816	6,595	2,616	3,303

* Certain directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods and the six months ended 30 June 2025, certain directors were granted restricted shares, in respect of their services to the Group, under the employee incentive schemes of the Company, further details of which are set out in note 29 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods and the six months ended 30 June 2025 are included in the above directors' remuneration disclosures.

The remuneration of each director of the Company (excluding share-based payment expenses and emoluments for services rendered as employees of the Group entities prior to their appointment as directors of the Company) paid or payable by the Group during the Relevant Periods and the six months ended 30 June 2025 is set out below:

(a) Independent non-executive directors

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees					
Mr. Zhang Feifei	53	68	37	20	—
Mr. Lou Hetong	41	—	—	—	—
Dr. He Qin	12	68	42	20	30
Ms. Tang Xiaoyan	—	—	5	—	30
Ms. Wu Xiaoqing	—	—	5	—	30
Total	106	136	89	40	90

Mr. Zhang Feifei was appointed as an independent director from April 2023 to October 2025.

Mr. Lou Hetong was appointed as an independent director from April 2023 to October 2023.

Dr. He Qin was appointed as an independent director in October 2023 and was redesignated to an independent non-executive director in November 2025.

Ms. Tang Xiaoyan and Ms. Wu Xiaoqing were appointed as independent non-executive directors in November 2025.

(b) Directors

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2023				
Directors:				
Mr. Liu Shi *(i)*	1,245	420	166	1,831
Mr. Yang Yueqi *(ii)*	854	144	166	1,164
Ms. Xia Xinyi *(iii)*	—	—	—	—
Mr. Wang Yingbo *(iv)*	—	—	—	—
Mr. Cao Huinan *(v)*	—	—	—	—
Mr. KUANTAI YEH *(vi)*	—	—	—	—
Mr. Guo Shi *(vii)*	—	—	—	—
Mr. Xia Zhijin *(viii)*	—	—	—	—
Total	2,099	564	332	2,995

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2024				
Directors:				
Mr. Liu Shi *(i)*	1,364	420	173	1,957
Mr. Yang Yueqi *(ii)*	904	270	173	1,347
Ms. Xia Xinyi *(iii)*	—	—	—	—
Ms. Zheng Hong *(ix)**	876	144	172	1,192
Total	3,144	834	518	4,496

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2025				
Directors:				
Mr. Liu Shi *(i)*	1,450	452	174	2,076
Mr. Yang Yueqi *(ii)*	821	225	174	1,220
Ms. Zheng Hong *(ix)*	898	190	174	1,262
Mr. Jiao Changjin *(x)**	667	165	174	1.006
Total	3,836	1,032	696	5,564

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2025 (unaudited)				
Directors:				
Mr. Liu Shi *(i)*	682	176	87	945
Mr. Yang Yueqi *(ii)*	385	78	87	550
Ms. Zheng Hong *(ix)*	435	86	87	608
Total	1,502	340	261	2,103

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026				
Directors:				
Mr. Liu Shi *(i)*	803	155	88	1,046
Mr. Yang Yueqi *(ii)*	417	88	88	593
Ms. Zheng Hong *(ix)*	540	109	88	737
Mr. Jiao Changjin *(x)*	378	81	88	547
Total	2,138	433	352	2,923

Share-based payment expenses

The amount of remuneration which was paid to Mr. Liu Shi for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 were RMB67,646,000, nil, nil, nil (unaudited) and nil, respectively.

The amount of remuneration which was paid to Mr. Yang Yueqi for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 were RMB900,000, RMB374,000, RMB247,000, RMB147,000 (unaudited) and RMB37,000, respectively.

The amount of remuneration which was paid to Ms. Zheng Hong for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 were nil, RMB810,000, RMB627,000, RMB326,000 (unaudited) and RMB243,000, respectively.

The amount of remuneration which was paid to Mr. Jiao Changjin for the year ended 31 December 2025 and the six months ended 30 June 2026 were RMB68,000 and RMB10,000, respectively.

Notes:

(i) Mr. Liu Shi was appointed as the chairman of the Board and a director of the Company in February 2017 and will be redesignated as an executive director with effect from the date of **[REDACTED]**.

(ii) Mr. Yang Yueqi was appointed as a director in October 2019 and will be redesignated as an executive director with effect from the date of **[REDACTED]**.

(iii) Ms. Xia Xinyi was appointed as a director from January 2022 to November 2024.

(iv) Mr. Wang Yingbo was appointed as a director from January 2022 to April 2023.

(v) Mr. Cao Huinan was appointed as a director from January 2022 to April 2023.

(vi) Mr. KUANTAI YEH was appointed as a director from January 2022 to April 2023.

(vii) Mr. Guo Shi was appointed as a director from January 2022 to April 2023.

(viii) Mr. Xia Zhijin was appointed as a director from January 2022 to April 2023.

(ix) Ms. Zheng Hong was appointed as a director in October 2024 and will be redesignated as an executive director with effect from the date of **[REDACTED]**.

(x) Mr. Jiao Changjin was appointed as a director in November 2025 and will be redesignated as an executive director with effect from the date of **[REDACTED]**.

* The remuneration amount represents the director's annual compensation.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 included one, nil, one, nil and two directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 of the remaining four, five, four, five and three highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	4,709	6,543	5,462	3,376	2,344
Performance related bonuses	1,312	1,860	1,722	665	455
Equity-settled share option expense	13,928	4,961	2,947	1,813	612
Pension scheme contributions	664	856	683	427	260
Total	20,613	14,220	10,814	6,281	3,671

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD500,001 to HKD1,000,000	—	—	—	—	1
HKD1,000,001 to HKD1,500,000	—	—	—	3	2
HKD1,500,001 to HKD2,000,000	—	—	—	2	—
HKD2,000,001 to HKD2,500,000	—	1	2	—	—
HKD2,500,001 to HKD3,000,000	—	1	—	—	—
HKD3,000,001 to HKD3,500,000	—	2	—	—	—
HKD3,500,001 to HKD4,000,000	1	1	2	—	—
HKD5,000,001 to HKD5,500,000	1	—	—	—	—
HKD5,500,001 to HKD6,000,000	1	—	—	—	—
HKD8,000,001 to HKD8,500,000	1	—	—	—	—
Total	4	5	4	5	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

The companies incorporated in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for those subject to preferential tax rates set out below. No provision for PRC profits tax has been made as the Group did not generate any assessable profits derived arising in Chinese mainland during the Relevant Periods and the six months ended 30 June 2025.

The Company was granted the qualification of High and New Technology Enterprises ("**HNTE**") and was entitled to a preferential corporate income tax rate of 15% during the Relevant Periods and the six months ended 30 June 2025.

Hong Kong

The subsidiary incorporated in Hong Kong is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it was subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods and the six months ended 30 June 2025. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits derived arising in Hong Kong during the Relevant Periods and the six months ended 30 June 2025.

A reconciliation of the tax charge applicable to (loss)/profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax position is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before tax	(158,536)	12,395	(15,956)	16,853	(39,012)
Tax at the statutory tax rate	(39,634)	3,099	(3,989)	4,213	(9,753)
Lower tax rate enacted by local authority	15,840	(1,309)	1,264	(1,865)	4,014
Expenses not deductible for tax	16,424	4,536	2,463	1,212	413
Super deduction on research and development expenses *(a)*	(15,991)	(17,277)	(17,538)	(8,976)	(10,121)
Tax losses and temporary differences not recognised	23,361	10,951	17,800	5,416	15,447
Tax position	—	—	—	—	—

Note:

(a) Based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Company has claimed such additional super deduction during the Relevant Periods and the six months ended 30 June 2025.

11. DIVIDENDS

No dividends were paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2025.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2025.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2025 in respect of a dilution as the impact of the redeemable preferred shares had an anti-dilutive effect on the basic loss per share amounts presented.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
(Loss)/earnings					
(Loss)/earnings attributable to ordinary equity holders of the parent *(RMB'000)*	(158,536)	12,395	(15,956)	16,853	(39,012)
Shares					
Weighted average number *('000)* of ordinary shares during the year/period	29,436	30,000	30,000	30,000	30,000
(Loss)/earnings per share					
Basic and diluted *(RMB)*	(5.39)	0.41	(0.53)	0.56	(1.30)

On 22 May 2023, the Shareholders resolved to convert RMB19,379,000 from the capital reserve into share capital for all shareholders in proportion by issuing a total of 19,379,526 shares. After the completion of this conversion, the registered shares of the Company increased from RMB10,621,000 to RMB30,000,000. The calculation of basic and diluted (loss)/earnings per share for all periods presented was retrospectively adjusted.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	7,539	7,576	686	2,058	17,859
Accumulated depreciation	(2,600)	(4,075)	(157)	(424)	(7,256)
Net carrying amount	4,939	3,501	529	1,634	10,603
At 1 January 2023, net of accumulated depreciation	4,939	3,501	529	1,634	10,603
Additions	10,811	217	—	186	11,214
Depreciation provided during the year	(2,029)	(1,553)	(131)	(493)	(4,206)
At 31 December 2023, net of accumulated depreciation	13,721	2,165	398	1,327	17,611
At 31 December 2023:					
Cost	18,350	7,793	686	2,244	29,073
Accumulated depreciation	(4,629)	(5,628)	(288)	(917)	(11,462)
Net carrying amount	13,721	2,165	398	1,327	17,611

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	18,350	7,793	686	2,244	29,073
Accumulated depreciation	(4,629)	(5,628)	(288)	(917)	(11,462)
Net carrying amount	13,721	2,165	398	1,327	17,611
At 1 January 2024, net of accumulated depreciation	13,721	2,165	398	1,327	17,611
Additions	1,581	170	—	—	1,751
Depreciation provided during the year	(2,058)	(1,092)	(130)	(519)	(3,799)
At 31 December 2024, net of accumulated depreciation	13,244	1,243	268	808	15,563
At 31 December 2024:					
Cost	19,931	7,963	686	2,244	30,824
Accumulated depreciation	(6,687)	(6,720)	(418)	(1,436)	(15,261)
Net carrying amount	13,244	1,243	268	808	15,563

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	19,931	7,963	686	2,244	30,824
Accumulated depreciation	(6,687)	(6,720)	(418)	(1,436)	(15,261)
Net carrying amount	13,244	1,243	268	808	15,563
At 1 January 2025, net of accumulated depreciation	13,244	1,243	268	808	15,563
Additions	5,115	197	—	—	5,312
Depreciation provided during the year	(2,406)	(567)	(130)	(426)	(3,529)
At 31 December 2025, net of accumulated depreciation	15,953	873	138	382	17,346
At 31 December 2025:					
Cost	25,046	8,160	686	2,244	36,136
Accumulated depreciation	(9,093)	(7,287)	(548)	(1,862)	(18,790)
Net carrying amount	15,953	873	138	382	17,346

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026					
At 1 January 2026:					
Cost	25,046	8,160	686	2,244	36,136
Accumulated depreciation	(9,093)	(7,287)	(548)	(1,862)	(18,790)
Net carrying amount	15,953	873	138	382	17,346
At 1 January 2026, net of accumulated depreciation	15,953	873	138	382	17,346
Additions	2,420	109	—	—	2,529
Depreciation provided during the period	(1,448)	(136)	(66)	(208)	(1,858)
At 30 June 2026, net of accumulated depreciation	16,925	846	72	174	18,017
At 30 June 2026:					
Cost	27,466	8,269	686	2,244	38,665
Accumulated depreciation	(10,541)	(7,423)	(614)	(2,070)	(20,648)
Net carrying amount	16,925	846	72	174	18,017

Management of the Group assessed and identified there were indicators of impairment for long-lived assets mainly included property plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods.

The recoverable amounts of the cash-generating units including such long-lived assets at the end of each of the Relevant Periods had been determined based on value in use calculations, using cash flow projections covering the corresponding operating periods. The pre-tax discount rates applied to the cash flow projections were 12.0%, 12.2%, 12.4% and 11.6%, respectively, as at 31 December 2023, 2024 and 2025 and 30 June 2026. In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Based on the result of the assessments, the directors of the Group concluded that the recoverable amounts of the cash-generating units were higher than their carrying amounts and no impairment was recognised during the Relevant Periods.

The Company

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	7,539	7,561	686	2,058	17,844
Accumulated depreciation	(2,600)	(4,073)	(157)	(424)	(7,254)
Net carrying amount	4,939	3,488	529	1,634	10,590
At 1 January 2023, net of accumulated depreciation	4,939	3,488	529	1,634	10,590
Additions	10,811	217	—	186	11,214
Depreciation provided during the year	(2,029)	(1,548)	(131)	(493)	(4,201)
At 31 December 2023, net of accumulated depreciation	13,721	2,157	398	1,327	17,603
At 31 December 2023:					
Cost	18,350	7,778	686	2,244	29,058
Accumulated depreciation	(4,629)	(5,621)	(288)	(917)	(11,455)
Net carrying amount	13,721	2,157	398	1,327	17,603

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	18,350	7,778	686	2,244	29,058
Accumulated depreciation	(4,629)	(5,621)	(288)	(917)	(11,455)
Net carrying amount	13,721	2,157	398	1,327	17,603
At 1 January 2024, net of accumulated depreciation	13,721	2,157	398	1,327	17,603
Additions	1,581	170	—	—	1,751
Depreciation provided during the year	(2,058)	(1,087)	(130)	(519)	(3,794)
At 31 December 2024, net of accumulated depreciation	13,244	1,240	268	808	15,560
At 31 December 2024:					
Cost	19,931	7,948	686	2,244	30,809
Accumulated depreciation	(6,687)	(6,708)	(418)	(1,436)	(15,249)
Net carrying amount	13,244	1,240	268	808	15,560

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	19,931	7,948	686	2,244	30,809
Accumulated depreciation	(6,687)	(6,708)	(418)	(1,436)	(15,249)
Net carrying amount	13,244	1,240	268	808	15,560
At 1 January 2025, net of accumulated depreciation	13,244	1,240	268	808	15,560
Additions	5,115	197	—	—	5,312
Depreciation provided during the year	(2,406)	(565)	(130)	(426)	(3,527)
At 31 December 2025, net of accumulated depreciation	15,953	872	138	382	17,345
At 31 December 2025:					
Cost	25,046	8,145	686	2,244	36,121
Accumulated depreciation	(9,093)	(7,273)	(548)	(1,862)	(18,776)
Net carrying amount	15,953	872	138	382	17,345

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026					
At 1 January 2026:					
Cost	25,046	8,145	686	2,244	36,121
Accumulated depreciation	(9,093)	(7,273)	(548)	(1,862)	(18,776)
Net carrying amount	15,953	872	138	382	17,345
At 1 January 2026, net of accumulated depreciation	15,953	872	138	382	17,345
Additions	2,420	109	—	—	2,529
Depreciation provided during the period	(1,448)	(136)	(66)	(208)	(1,858)
At 30 June 2026, net of accumulated depreciation	16,925	845	72	174	18,016
At 30 June 2026:					
Cost	27,466	8,254	686	2,244	38,650
Accumulated depreciation	(10,541)	(7,409)	(614)	(2,070)	(20,634)
Net carrying amount	16,925	845	72	174	18,016

14. LEASES

The Group and the Company as a lessee

The Group has lease contracts for various items of office buildings used in its operations. Leases of office buildings generally have lease terms between 2 years and 6 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group and the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group and the Company

	Leased office buildings
	RMB'000
As at 1 January 2023	8,554
Additions	350
Depreciation charge	(2,461)
As at 31 December 2023 and 1 January 2024	6,443
Additions	225
Depreciation charge	(2,467)
As at 31 December 2024 and 1 January 2025	4,201
Additions	544
Lease modification	(189)
Depreciation charge	(2,353)
As at 31 December 2025 and 1 January 2026	2,203
Additions	3,853
Depreciation charge	(1,138)
As at 30 June 2026	4,918

Management of the Group assessed and identified there were indicators of impairment for long-lived assets, which mainly included property, plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods. Further details are given in note 13 to the Historical Financial Information.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	9,338	7,478	5,101	2,745
New leases	350	225	544	3,853
Lease modification	—	—	(189)	—
Accretion of interest recognised during the year/period	368	283	159	81
Payments	(2,578)	(2,885)	(2,870)	(1,508)
Carrying amount at the end of the year/period	7,478	5,101	2,745	5,171
Analysed into:				
Current portion	2,396	2,528	2,726	2,217
Non-current portion	5,082	2,573	19	2,954

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	368	283	159	84	81
Depreciation charge of right-of-use assets	2,461	2,467	2,353	1,177	1,138
Expenses relating to short-term and low-value leases	1,044	591	393	199	203
Total amount recognised in profit or loss	3,873	3,341	2,905	1,460	1,422

The Company

	Year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities	368	283	159	84	81
Depreciation charge of right-of-use assets	2,461	2,467	2,353	1,177	1,138
Expenses relating to short-term leases and low value leases	672	419	338	171	176
Total amount recognised in profit or loss	3,501	3,169	2,850	1,432	1,395

(d) The total cash outflows for leases are disclosed in note 31 to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group and the Company

	Software	**Licences**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
Cost	—	2,836	2,836
Accumulated amortisation	—	(2,386)	(2,386)
Net carrying amount	—	450	450
Cost at 1 January 2023, net of accumulated amortisation	—	450	450
Additions	68	—	68
Amortisation provided during the year	(11)	(389)	(400)
At 31 December 2023	57	61	118

	Software	Licences	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2023 and at 1 January 2024:			
Cost	68	2,837	2,905
Accumulated amortisation	(11)	(2,776)	(2,787)
Net carrying amount	57	61	118
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	57	61	118
Amortisation provided during the year	(23)	(61)	(84)
At 31 December 2024	34	—	34
At 31 December 2024 and at 1 January 2025:			
Cost	68	2,837	2,905
Accumulated amortisation	(34)	(2,837)	(2,871)
Net carrying amount	34	—	34
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	34	—	34
Amortisation provided during the year	(22)	—	(22)
At 31 December 2025	12	—	12
At 31 December 2025 and at 1 January 2026:			
Cost	68	2,837	2,905
Accumulated amortisation	(56)	(2,837)	(2,893)
Net carrying amount	12	—	12
30 June 2026			
Cost at 1 January 2026, net of accumulated amortisation	12	—	12
Amortisation provided during the period	(10)	—	(10)
At 30 June 2026	2	—	2
At 30 June 2026:			
Cost	68	—	68
Accumulated amortisation	(66)	—	(66)
Net carrying amount	2	—	2

Management of the Group assessed and identified there were indicators of impairment for long-lived assets, which mainly included property, plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods. Further details are given in note 13 to the Historical Financial Information.

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments	3,994	5,209	6,232	7,254

17. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	43,797	20,010	55,124	62,706
Work in progress	22,810	33,924	68,410	85,062
Contract fulfilment costs	20,893	1,467	—	—
Finished goods	23,031	31,899	100,978	47,693
Total	110,531	87,300	224,512	195,461

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	43,797	20,010	55,124	62,706
Work in progress	22,810	33,924	68,410	85,062
Contract fulfilment costs	20,630	1,467	—	—
Finished goods	23,031	31,899	100,978	47,693
Total	110,268	87,300	224,512	195,461

18. TRADE RECEIVABLES

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	60,489	72,466	86,841	97,256
Impairment	—	(375)	(5,006)	(4,628)
Net carrying amount	60,489	72,091	81,835	92,628

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally range from 15 to 60 days, depending on the specific payment terms in each contract. Each customer has a maximum credit limit, except for some customers without credit limits, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within a month	57,463	58,161	69,557	73,003
1 to 2 months	3,026	827	11,975	15,033
2 to 3 months	—	2,915	—	4,568
Over 3 months	—	10,188	303	24
Total	60,489	72,091	81,835	92,628

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	120	—	375	5,006
Impairment losses, net	(120)	375	4,631	(378)
At end of year/period	—	375	5,006	4,628

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

		Past Due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.00%	0.00%	—	—	—	0.00%
Gross carrying amount *(RMB'000)*	59,784	705	—	—	—	60,489
Expected credit losses *(RMB'000)*	—	—	—	—	—	—

As at 31 December 2024

		Past Due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.07%	0.31%	1.42%	2.78%	—	0.52%
Gross carrying amount *(RMB'000)*	58,708	322	2,957	10,479	—	72,466
Expected credit losses *(RMB'000)*	41	1	42	291	—	375

As at 31 December 2025

		Past Due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.62%	2.84%	—	—	93.45%	5.76%
Gross carrying amount *(RMB'000)*	74,260	7,958	—	—	4,623	86,841
Expected credit losses *(RMB'000)*	460	226	—	—	4,320	5,006

As at 30 June 2026

		Past Due				
	Current	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.02%	0.09%	—	—	99.48%	4.76%
Gross carrying amount *(RMB'000)*	78,224	14,409	—	—	4,623	97,256
Expected credit losses *(RMB'000)*	16	13	—	—	4,599	4,628

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion:				
Deposits	38	47	14	14
Other tax recoverable	450	171	45,084	6,174
Prepayments	129,438	58,866	51,680	47,083
Prepaid expenses	358	195	939	191
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	3	22	194	11
Subtotal	130,287	59,301	99,900	55,582
Non-current portion:				
Deposits	741	741	741	741
Prepayments	—	—	1,390	1,053
Subtotal	741	741	2,131	1,794
Total	131,028	60,042	102,031	57,376

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion:				
Deposits	5	5	5	5
Other tax recoverable	285	2	45,083	6,140
Prepayments	129,438	58,866	51,680	47,083
Prepaid expenses	171	139	923	152
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	3	22	194	11
Subtotal	129,902	59,034	99,874	55,500
Non-current portion:				
Deposits	741	741	741	741
Prepayments	—	—	1,390	1,053
Subtotal	741	741	2,131	1,794
Total	130,643	59,775	102,005	57,294

An impairment analysis was performed at the end of each of the Relevant Periods. Based on the result of the assessment, the directors of the Group concluded that the amount of impairment is insignificant at the end of each of the Relevant Periods.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OT LOSS

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	644,030	718,453	562,243	768,842

The above wealth management products were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

21. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	22,311	35,280	88,629	102,805
Time deposit	222,028	229,318	213,928	—
Subtotal	244,339	264,598	302,557	102,805
Less: Restricted cash	—	(58)	—	—
Short-term time deposits	—	(21,970)	(213,928)	—
Long-term time deposits	(222,028)	(207,348)	—	—
Cash and cash equivalents	22,311	35,222	88,629	102,805

Denominated in:

Cash and bank equivalents

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in USD	21,591	35,083	77,711	102,629
Denominated in RMB	720	139	10,918	176
Total	22,311	35,222	88,629	102,805

Restricted cash

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in RMB	—	58	—	—
Total	—	58	—	—

Time deposits

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in RMB	222,028	229,318	213,928	—
Total	222,028	229,318	213,928	—

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	22,075	35,240	88,590	101,907
Time deposit	222,028	229,318	213,928	—
Subtotal	244,103	264,558	302,518	101,907
Less: Restricted cash	—	(58)	—	—
Short-term time deposits	—	(21,970)	(213,928)	—
Long-term time deposits	(222,028)	(207,348)	—	—
Cash and cash equivalents	22,075	35,182	88,590	101,907

Denominated in:

Cash and bank equivalents

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in USD	21,591	35,083	77,711	101,737
Denominated in RMB	484	99	10,879	170
Total	22,075	35,182	88,590	101,907

Restricted cash

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in RMB	—	58	—	—
Total	—	58	—	—

Time deposits

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in RMB	222,028	229,318	213,928	—
Total	222,028	229,318	213,928	—

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	22,695	13,762	23,899	41,480

The trade payables are non-interest-bearing and are normally settled within 30 to 90 days upon receipt of the invoices and bills.

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion:				
Contract liabilities *(a)*	25,965	3,980	4,178	6,211
Payroll and welfare payable	20,973	24,058	24,333	16,194
Other tax payables	3,477	4,218	4,981	2,914
Deferred income	40	—	22	22
Payable for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables	3,535	195	2,672	175
Subtotal	53,990	32,451	36,566	26,118
Non-current portion:				
Deferred income	—	—	66	55
Total	53,990	32,451	36,632	26,173

Other payables are non-interest-bearing, unsecured and repayable on demand.

Note:

(a) Details of contract liabilities are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers				
Sale of chips	2,287	1,230	3,946	6,041
License and service	23,678	2,750	232	170
Total	25,965	3,980	4,178	6,211

Contract liabilities include short-term advances received from customers for the sale of chips and licensing revenue. The increase/decrease in contract liabilities during the Relevant Periods was mainly due to the increase/decrease in short-term advances received from customers in relation to the sale of chips and licensing revenue at the end of the respective year.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion:				
Contract liabilities *(a)*	25,965	3,980	4,178	6,211
Payroll and welfare payable	20,532	24,019	24,297	15,918
Other tax payables	3,452	4,218	4,969	2,914
Deferred income	40	—	22	22
Payable for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables	3,330	—	2,672	175
Subtotal	53,319	32,217	36,518	25,842
Non-current portion:				
Deferred income	—	—	66	55
Total	53,319	32,217	36,584	25,897

Other payables are non-interest-bearing, unsecured and repayable on demand.

Note:

(a) Details of contract liabilities are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers				
Sale of chips	2,287	1,230	3,946	6,041
License and service	23,678	2,750	232	170
Total	25,965	3,980	4,178	6,211

24. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank overdrafts — unsecured	LPR-85BP ~ LPR-75BP	On demand	7,439
Total			7,439

	As at 31 December 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank overdrafts — unsecured	LPR-85BP ~ LPR-80BP	On demand	65,004
Total			65,004

	As at 30 June 2026		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank overdrafts — unsecured	2.11%	On demand	14,334
Bank borrowings — unsecured	LPR–92BP	2026	24,523
Total			38,857

The Group's bank loans are denominated in RMB.

25. PROVISIONS

The Group and the Company

	Warranties
	RMB'000
At 1 January 2023	1,117
Additional provision	1,358
Amounts utilised during the year	(206)
At 31 December 2023	2,269

	Warranties
	RMB'000
At 1 January 2024	2,269
Additional provision	911
Amounts utilised during the year	(1,245)
At 31 December 2024	1,935

	Warranties
	RMB'000
At 1 January 2025	1,935
Additional provision	1,183
Amounts utilised during the year	(300)
At 31 December 2025	2,818

	Warranties
	RMB'000
At 1 January 2026	2,818
Additional provision	429
Amounts utilised during the period	(172)
At 30 June 2026	3,075

The Group provides warranties to its customers on certain of its chip products ranging from one to three years. The amount of the provision for the warranties is estimated based on sales revenue and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

26. OTHER FINANCIAL LIABILITIES

On 27 November 2025, the Company and **[REDACTED]** investors entered into a supplemental agreement to the Shareholders' agreement ("**Supplemental Agreement**"), agreeing that the Company granted redemption rights to certain **[REDACTED]** Investors.

Investors' redemption rights

Certain **[REDACTED]** investors would have the right but not the obligation to request the Company to purchase all or part of the shares of the Company held by them, upon the occurrence of any of the specified contingent events, including but not limited to:

(i) the Company fails to complete a qualified **[REDACTED]** within a three-year period commencing from the effective date of the Supplemental Agreement;

(ii) the Company and/or the founding shareholder breaches any of its representations or warranties under the capital increase agreement or the joint venture contract, and such breach is not cured or remedied within 30 days after receipt of a written notice from that investor;

(iii) intellectual property disputes between the founding shareholder and any third party which result in the Company being unable to operate normally for a cumulative period of 30 days or directly result in the Company being unable to complete a qualified **[REDACTED]** within three years from the date of the Supplemental Agreement (i.e., intellectual property disputes are the direct and primary cause of the Company's failure to complete a qualified **[REDACTED]** on time);

(iv) a material change occurs in the Company's principal business without the approval of the board of directors and consent from SVF II Aggregator (Singapore) Pte. Ltd;

(v) the founding shareholder commits personal integrity violations, including: (a) deliberate misappropriation of the Company's interests by the founding shareholder without the knowledge of the investors; (b) unrecorded cash sales proceeds that were not disclosed to the investors due to the fault of the founding shareholder; (c) provision of falsified materials during the due diligence process conducted by legal or financial representatives of certain **[REDACTED]** investors; or

(vi) a deadlock or any of following circumstances occurs due to a fault of the founding shareholder, without the knowledge or consent of the investors: (a) consolidation, merger or transfer of the Company's equity interests that result in a change in control of the Company; (b) sale, transfer or other dispose of all or substantially all of the assets of the Company; (c) exclusive transfer of all or substantially all of the Company's intellectual property rights; (d) any other circumstance caused by a fault of the founding shareholder that results in the Company being unable to operate normally.

The redemption price of each share shall equal to the aggregate of the original issue price plus interest at 20%, except for Cathay Growth Fund II, the redemption price of which is a fixed amount based on its capital investment.

Presentation and classification

As the occurrence of specified redemption triggering events is beyond the Company's control, the Company recognised financial liabilities for its obligation to buy back shares as the financial instruments. The financial liabilities are recognised initially at the carrying amount of the redemption amount. The redemption amount is fixed, which is equal to the aggregate of the original issue price plus interest at 20%, except for Cathay Growth Fund II as mentioned above.

27. DEFERRED TAX

The Group and the Company

The movements in deferred tax assets of the Group and the Company during each of the Relevant Periods are as follows:

	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	1,283	2,119	3,402
Deferred tax (charged)/credited to profit or loss during the year	(317)	120	(197)
As at 1 January 2024	966	2,239	3,205
Deferred tax (charged)/credited to profit or loss during the year	(336)	647	311
As at 1 January 2025	630	2,886	3,516
Deferred tax charged to profit or loss during the year	(218)	(933)	(1,151)
As at 1 January 2026	412	1,953	2,365
Deferred tax credited to profit or loss during the period	364	9	373
As at 30 June 2026	776	1,962	2,738

The movements in deferred tax liabilities of the Group and the Company during the Relevant Periods are as follows:

	Depreciation allowance in excess of related depreciation	Financial assets at fair value through profit or loss	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	767	1,352	1,283	3,402
Deferred tax (credited)/charged to profit or loss during the year	(205)	325	(317)	(197)
As at 1 January 2024	562	1,677	966	3,205
Deferred tax (credited)/charged to profit or loss during the year	(111)	758	(336)	311
As at 1 January 2025	451	2,435	630	3,516
Deferred tax credited to profit or loss during the year	(103)	(748)	(300)	(1,151)
As at 1 January 2026	348	1,687	330	2,365
Deferred tax (credited)/charged to profit or loss during the period	(38)	3	408	373
As at 30 June 2026	310	1,690	738	2,738

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	—	—	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—	—

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	637,980	713,060	827,347	930,673
Deductible temporary differences	8,767	6,687	11,080	10,727

The Group has tax losses arising in Chinese mainland of RMB637,980,000, RMB713,060,000, RMB827,347,000, and RMB930,673,000 as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Paid-in capital/share capital	30,000	30,000	30,000	30,000

A summary of movements in the Company's paid-in/share capital is as follows:

	Notes	Numbers of ordinary shares	Paid-in capital/share capital
			RMB'000
As at 1 January 2023		N/A	10,115
Issue of ordinary shares upon conversion into a joint company	*(i)*	10,114,737	—
Capital injection	*(ii)*	505,737	506
Transfer of capital reserve to share capital	*(iii)*	19,379,526	19,379
As at 1 January 2024, 31 December 2024, 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026		30,000,000	30,000

Notes:

(i) Pursuant to shareholders' resolutions passed on 10 April 2023, the shareholders approved the conversion into a joint-stock company with limited liability. On 18 April 2023, the Company was renamed as Shanghai Eigencomm Technologies Co., Ltd. (上海移芯通信科技股份有限公司). Pursuant to a promoters' agreement dated 24 March 2023, RMB10,115,000 was credited as the registered share capital of the Company.

(ii) In May 2023, the Company further increased the registered capital from approximately RMB10,115,000 to RMB10,621,000 pursuant to which Mr. Liu Shi, Shanghai Xiagenchengzhi Technology Partnership Enterprise (Limited Partnership), Shanghai Xiagenjihui Technology Partnership Enterprise (Limited Partnership) each subscribed to 202,295, 171,157 and 132,285 shares, totalling to 505,737 shares.

(iii) In May 2023, the Company agreed to use RMB19,379,000 from its capital reserve as of 30 April 2023, to convert into share capital proportionally to all shareholders, totalling 19,379,526 shares. Upon completion of this conversion of capital reserve, the registered capital will increase from RMB10,621,000 to RMB30,000,000, and the total number of the shares increased from 10,620,474 to 30,000,000.

29. SHARE-BASED PAYMENTS

For the purpose of awarding the employees and directors of the Group to secure their services and incentivise their maximum effort towards the Group's success, the Group set up several limited partnerships in the PRC as onshore shareholding platforms.

In 2017, the Group adopted a share incentive scheme (the "**2017 Share Incentive Scheme**"), which requires grantee to meet the service condition from the date of grant to the earlier of (1) the "Service Period", where the shares are released in equal 10% over a period of 10 years from the grant date and (2) the date of successful **[REDACTED]** of the Company.

In June 2023, the Group adopted a share incentive scheme (the "**2023 Share Incentive Scheme**"), which requires grantee to meet the service condition from the date of grant to the earlier of (1) the "Service Period", where the shares are released in equal 10% over a period of 10 years from the grant date and (2) the date of successful **[REDACTED]** of the Company and completing 5 years' service period from the date of the employment. At the same time, the service condition of the 2017 Share Incentive Scheme was modified and applied the same service condition of 2023 Share Incentive Scheme, and was approved by the Shareholders, for which no incremental fair value was identified.

Employees became limited partners according to the number of shares granted under the share incentive scheme and indirectly hold the shares underlying the shares by virtue of their capacity as partners of the relevant equity incentive platform.

After taking into consideration of the best estimation of the **[REDACTED]** timetable, the management determined the vesting period of the relevant shares based on the above service conditions. As such, the share-based payment expenses are amortised during the vesting period.

The numbers and subscription price of the Schemes granted are summarised as follows:

	Number of shares	Subscription price
2017 Share Incentive Scheme		
Prior to 31 December 2022	1,462,280	RMB1.06
In 2023	178,839	RMB0.38
2023 Share Incentive Scheme		
In 2023	1,435,044	RMB3.50
In 2024	7,448	RMB3.50
In 2025	9,111	RMB3.50
In 30 June 2026	4,090	RMB3.50

The fair value of the restricted shares granted was determined by two methods: (1) referencing the investors' recent capital injection price; and (2) applying DCF method, which involves selecting an appropriate discount rate and calculating the present value of the expected future cash flows. The following table lists the fair value at measurement date and the significant inputs to the fair value model used in DCF method:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Discount rates (%)	11.2	11.2	11.2	11.2	11.2

Movements in the number of restricted shares granted were as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Outstanding balance at 1 January	748,964	2,234,852	1,757,398	1,275,654
Granted during the year/period	1,613,883	7,448	9,111	4,090
Vested during the year/period	(1,282,691)	(478,682)	(481,744)	(505,601)
Adjustment in number of shares*	1,173,560	—	—	—
Forfeited during the year/period	(18,864)	(6,220)	(9,111)	(4,090)
Outstanding balance at year/period end	2,234,852	1,757,398	1,275,654	770,053

* In May 2023, the Shareholders resolved to convert RMB19,379,000 from the capital reserve into share capital for all shareholders in proportion by issuing a total of 19,379,526 shares. After the completion of this conversion, the registered shares of the Company increased from 10,620,474 shares to 30,000,000 shares, and the number of restricted shares granted was adjusted accordingly.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2025 are presented in the consolidated statements of changes in equity within the Historical Financial Information.

(i) Capital reserve

The capital reserve of the Group mainly represents the premium in issuing shares.

(ii) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 29 to the Historical Financial Information.

(iii) Other reserve

Other reserves of the Group represent the carrying amounts of the redemption rights issued to investors as stipulated in note 26 to the Historical Financial Information.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

The Company

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 28	*Note 29*			
As at 1 January 2023	1,435,521	21,147	—	(303,825)	1,152,843
Total comprehensive loss for the year	—	—	—	(158,403)	(158,403)
Capital injection	4,494	—	—	—	4,494
Share-based payments *(note 29)*	—	119,328	—	—	119,328
Transfer of share-based payment reserve upon the vesting of restricted shares	107,731	(107,731)	—	—	—
Conversion into a joint-stock company	(203,181)	—	—	203,181	—
Transfer of capital reserve to share capital	(19,379)	—	—	—	(19,379)
As at 31 December 2023 and 1 January 2024	1,325,186	32,744	—	(259,047)	1,098,883
Total comprehensive income for the year	—	—	—	13,092	13,092
Share-based payments *(note 29)*	—	21,042	—	—	21,042
Transfer of share-based payment reserve upon the vesting of restricted shares	14,079	(14,079)	—	—	—
As at 31 December 2024 and 1 January 2025	1,339,265	39,707	—	(245,955)	1,133,017
Total comprehensive income for the year	—	—	—	(12,641)	(12,641)
Share-based payments *(note 29)*	—	16,003	—	—	16,003
Transfer of share-based payment reserve upon the vesting of restricted shares	13,024	(13,024)	—	—	—
Recognition of financial liabilities in respect of redemption rights issued to investors *(note 26)*	—	—	(1,629,600)	—	(1,629,600)
As at 31 December 2025 and 1 January 2026	1,352,289	42,686	(1,629,600)	(258,596)	(493,221)
Total comprehensive loss for the period	—	—	—	(40,138)	(40,138)
Share-based payments *(note 29)*	—	2,677	—	—	2,677
Transfer of share-based payment reserve upon the vesting of restricted shares	7,056	(7,056)	—	—	—
As at 30 June 2026	1,359,345	38,307	(1,629,600)	(298,734)	(530,682)

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB350,000, RMB225,000, RMB544,000 and RMB3,853,000 respectively, in respect of lease arrangements for leased office buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Payable for [REDACTED] expenses
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	—	9,338	**[REDACTED]**
Changes from financing cash flows	(56)	(2,578)	**[REDACTED]**
New leases	—	350	**[REDACTED]**
Interest expense	56	368	**[REDACTED]**
At 31 December 2023	—	7,478	**[REDACTED]**
Changes from financing cash flows	7,310	(2,885)	**[REDACTED]**
New leases	—	225	**[REDACTED]**
Interest expense	129	283	**[REDACTED]**
At 31 December 2024	7,439	5,101	**[REDACTED]**
Changes from financing cash flows	56,790	(2,870)	**[REDACTED]**
Changes from operating cash flows	—	—	**[REDACTED]**
New leases	—	544	**[REDACTED]**
Lease modification	—	(189)	**[REDACTED]**
Interest expense	775	159	**[REDACTED]**
Increase in deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
At 31 December 2025	65,004	2,745	**[REDACTED]**
Changes from financing cash flows	(26,709)	(1,508)	**[REDACTED]**
Changes from operating cash flows	—	—	**[REDACTED]**
New leases	—	3,853	**[REDACTED]**
Interest expense	562	81	**[REDACTED]**
Increase in deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
At 30 June 2026	38,857	5,171	**[REDACTED]**

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating activities	1,044	591	393	199	203
Within financing activities	2,578	2,885	2,870	1,352	1,508
Total	3,622	3,476	3,263	1,551	1,711

32. CONTINGENT LIABILITIES

As at 31 December 2023, 2024 and 2025 and 30 June 2026, neither the Group nor the Company had any material contingent liabilities.

33. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Property, plant and equipment	—	4,385	244	2,457

34. RELATED PARTY TRANSACTIONS

(a) Names of related parties and relationship with the Group

Names of related parties	Relationship with the Group
Ms. Cha Li	Spouse of the shareholder of the Group

(b) Transactions with related parties:

The Group had the following material transactions with related parties during the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Purchases of service from Ms. Cha Li	141	215	258	253	—

(c) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	2,596	3,650	4,314	1,729	2,405
Performance related bonuses	655	975	1,165	386	495
Share-based payments	68,897	1,250	993	497	299
Pension scheme contributions	498	691	870	348	440
Total compensation paid to key management personnel	72,646	6,566	7,342	2,960	3,639

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	644,030	—	644,030
Time deposits	—	222,028	222,028
Trade receivables	—	60,489	60,489
Financial assets included in prepayments, other receivables and other assets	—	779	779
Cash and cash equivalents	—	22,311	22,311
Total	644,030	305,607	949,637

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	22,695	22,695
Financial liabilities included in other payables and accruals	3,535	3,535
Lease liabilities	7,478	7,478
Total	33,708	33,708

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	718,453	—	718,453
Restricted cash	—	58	58
Time deposits	—	229,318	229,318
Trade receivables	—	72,091	72,091
Financial assets included in prepayments, other receivables and other assets	—	788	788
Cash and cash equivalents	—	35,222	35,222
Total	718,453	337,477	1,055,930

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	13,762	13,762
Financial liabilities included in other payables and accruals	195	195
Lease liabilities	5,101	5,101
Interest-bearing bank borrowings	7,439	7,439
Total	26,497	26,497

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	562,243	—	562,243
Time deposits	—	213,928	213,928
Trade receivables	—	81,835	81,835
Financial assets included in prepayments, other receivables and other assets	—	755	755
Cash and cash equivalents	—	88,629	88,629
Total	562,243	385,147	947,390

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	23,899	23,899
Financial liabilities included in other payables and accruals	3,052	3,052
Other financial liabilities	1,629,600	1,629,600
Lease liabilities	2,745	2,745
Interest-bearing bank borrowings	65,004	65,004
Total	1,724,300	1,724,300

As at 30 June 2026

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	768,842	—	768,842
Trade receivables	—	92,628	92,628
Financial assets included in prepayments, other receivables and other assets	—	755	755
Cash and cash equivalents	—	102,805	102,805
Total	768,842	196,188	965,030

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	41,480	41,480
Financial liabilities included in other payables and accruals	777	777
Other financial liabilities	1,629,600	1,629,600
Lease liabilities	5,171	5,171
Interest-bearing bank borrowings	38,857	38,857
Total	1,715,885	1,715,885

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, current portion of time deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank borrowings, other financial liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair values of non-current time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to approximate to their carrying amounts.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent wealth management products, issued by banks in Chinese mainland. The Group has estimated the fair values of these wealth management products based on the net values announced by the banks at the end of each reporting period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	633,902	10,128	—	644,030

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	708,365	10,088	—	718,453

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	562,243	—	—	562,243

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	768,842	—	—	768,842

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include interest-bearing bank borrowings, financial assets at fair value through profit or loss, time deposit and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has other financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 28.79%, 31.99%, 52.37%, 68.69% (unaudited) and 69.46% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively, whilst approximately 2.73%, 8.80%, 24.38%, 16.34% (unaudited) and 13.02% of the purchase were denominated in the units' functional currencies for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, respectively.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in USD rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2023			
If the RMB weakens against the USD	5	2,383	2,383
If the RMB strengthens against the USD	(5)	(2,383)	(2,383)

	Increase/(decrease) in USD rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2024			
If the RMB weakens against the USD	5	2,346	2,346
If the RMB strengthens against the USD	(5)	(2,346)	(2,346)

	Increase/(decrease) in USD rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2025			
If the RMB weakens against the USD	5	6,415	6,415
If the RMB strengthens against the USD	(5)	(6,415)	(6,415)

	Increase/(decrease) in USD rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
30 June 2026			
If the RMB weakens against the USD	5	8,518	8,518
If the RMB strengthens against the USD	(5)	(8,518)	(8,518)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on invoice date information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	60,489	60,489
Financial assets included in prepayments, other receivables and other assets — Normal**	779	—	—	—	779
Cash and cash equivalents — Not yet past due	22,311	—	—	—	22,311
Time deposits — Not yet past due	222,028	—	—	—	222,028
Total	245,118	—	—	60,489	305,607

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	72,466	72,466
Financial assets included in prepayments, other receivables and other assets — Normal**	788	—	—	—	788
Cash and cash equivalents — Not yet past due	35,222	—	—	—	35,222
Restricted cash — Not yet past due	58	—	—	—	58
Time deposits — Not yet past due	229,318	—	—	—	229,318
Total	265,386	—	—	72,466	337,852

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	86,841	86,841
Financial assets included in prepayments, other receivables and other assets — Normal**	755	—	—	—	755
Cash and cash equivalents — Not yet past due	88,629	—	—	—	88,629
Time deposits — Not yet past due	213,928	—	—	—	213,928
Total	303,312	—	—	86,841	390,153

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	97,256	97,256
Financial assets included in prepayments, other receivables and other assets — Normal**	755	—	—	—	755
Cash and cash equivalents — Not yet past due	102,805	—	—	—	102,805
Total	103,560	—	—	97,256	200,816

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	22,695	—	—	22,695
Financial liabilities included in other payables and accruals	3,535	—	—	3,535
Lease liabilities	568	2,106	5,317	7,991
Total	26,798	2,106	5,317	34,221

As at 31 December 2024

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	13,762	—	—	13,762
Financial liabilities included in other payables and accruals	195	—	—	195
Lease liabilities	629	2,070	2,637	5,336
Interest-bearing bank borrowings	7,500	—	—	7,500
Total	22,086	2,070	2,637	26,793

As at 31 December 2025

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	23,899	—	—	23,899
Financial liabilities included in other payables and accruals	3,052	—	—	3,052
Other financial liabilities	1,629,600	—	—	1,629,600
Lease liabilities	749	2,038	19	2,806
Interest-bearing bank borrowings	65,377	—	—	65,377
Total	1,722,677	2,038	19	1,724,734

As at 30 June 2026

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	41,480	—	—	41,480
Financial liabilities included in other payables and accruals	777	—	—	777
Other financial liabilities	1,629,600	—	—	1,629,600
Lease liabilities	759	1,613	3,027	5,399
Interest-bearing bank borrowings	38,968	—	—	38,968
Total	1,711,584	1,613	3,027	1,716,224

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using an asset-liability ratio. The asset-liability ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	86,432	60,688	1,760,698	1,744,356
Less: Other financial liabilities	—	—	(1,629,600)	(1,629,600)
Adjusted net debt	86,432	60,688	131,098	114,756
Total assets	1,214,589	1,222,282	1,292,739	1,240,049
Adjusted asset-liability ratio	7.12%	4.97%	10.14%	9.25%

38. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events subsequent to 30 June 2026.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for illustrative purpose only. The unaudited **[REDACTED]** *financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of the Group have been prepared in accordance with Rule 4.29 of the Rules Governing the **[REDACTED]** of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 Preparation of **[REDACTED]** Financial Information for inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the **[REDACTED]** on the consolidated net tangible assets of the Group attributable to owners of the parent as at 30 June 2026 as if **[REDACTED]** had taken place on that time.

The unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the parent had the **[REDACTED]** been completed as at 30 June 2026 or at any future date.

	Consolidated net tangible liabilities of the Group attributable to owners of the parent as at 30 June 2026	Estimated [REDACTED] from the [REDACTED]	Estimated impact related to the termination of redemption rights upon [REDACTED]	Unaudited [REDACTED] adjusted net tangible assets of the Group attributable to owners of the parent	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the parent per Share as at 30 June 2026	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000 (Note 3)*	*RMB'000*	*RMB (Note 4)*	*HK$ (Note 5)*
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible liabilities of the Group attributable to owners of the parent as of 30 June 2026 is the audited consolidated net liabilities of the Group attributable to owners of the parent as of 30 June 2026 of approximately RMB504,307,000, after deducting intangible assets as of 30 June 2026 of approximately RMB2,000 as shown in the Accountants' Report set out in Appendix I to this document.

(2) The estimated **[REDACTED]** from the **[REDACTED]** are based on the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]** per Share, being the low end and high end of the **[REDACTED]**, respectively, after deduction of the **[REDACTED]** fees and other related expenses payable by the Group and do not take into account of any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]**.

(3) For the purpose of the unaudited **[REDACTED]** financial information, considering the estimated impact related to the redemption rights granted by the Company to investors, the unaudited **[REDACTED]** adjusted net tangible assets attributable to the owners of the parent will be increased by RMB1,629,600,000 being the carrying amount of the redemption rights as at 30 June 2026. Upon the qualified **[REDACTED]** of the Company's H shares on the Stock Exchange, all the redemption rights would be terminated, and these redemption liabilities would be converted into equity.

(4) The unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to Shareholders of the parent per Share are arrived at after the adjustments referred to in note 2 above and on the basis of **[REDACTED]** shares in **[REDACTED]**, assuming that the **[REDACTED]** had been completed on 30 June 2026, without taking account of the exercise of the **[REDACTED]**.

(5) For the purpose of this unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.86496. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate.

(6) No adjustment has been made to the unaudited **[REDACTED]** consolidated net tangible assets of the Group attributable to owners of the parent to reflect any trading results or other transactions of our Group subsequent to 30 June 2026.

[REDACTED]

[REDACTED]

[REDACTED]

This Appendix is primarily intended to provide **[REDACTED]** with an overview of the Articles of Association, the following information is a summary and therefore may not contain all the information that is material to **[REDACTED]**.

ISSUANCE OF SHARES

The shares of the Company shall be issued in a fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Subscribers shall pay the same price for each share subscribed for. All shares issued by the Company are denominated in RMB with a par value of RMB 1 per share, and each share has the same nominal value.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws, regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders' meetings:

(i) Public issuance of shares;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Converting the reserve funds into share capital;

(v) Other methods as provided for by laws and administrative regulations and approved by the CSRC and other securities regulatory bodies in the places where the shares of the company are listed.

The Company may decrease the registered share capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law and other regulations, and the Articles of Association.

The Company shall not repurchase its own shares, unless otherwise under the circumstances:

(i) Reducing the Company's registered share capital;

(ii) Merging with other companies which hold our shares;

(iii) Using the shares for an employee stock ownership plan or equity incentive plan;

(iv) Purchasing its shares from shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders;

(vii) Other circumstances permitted by laws and administrative regulations.

The repurchase of the Company's shares by the Company may be carried out through public centralized trading, or other methods recognized under laws and regulations authorities at the place where the Company's shares are listed.

A resolution shall be passed at the shareholders' meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the Articles of Association or the authorization of the shareholders' meeting.

On the premise of complying with the securities regulatory rules of the place where the company's shares are listed, after the Company has repurchased its own shares in accordance with the circumstances above, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above) . If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

After the Company acquires its H shares in accordance with the Articles of Association, it may either cancel the shares immediately or, at its discretion, hold them as treasury shares in accordance with the Hong Kong Listing Rules. If the directors do not specify that the relevant shares will be held as treasury shares, such shares shall be canceled. The Company shall deposit the treasury shares in an independent account within the **[REDACTED]** that can clearly identify them as treasury shares. The Company shall not exercise any rights over the treasury shares, nor will it declare or distribute any dividends on the treasury shares. In compliance with these Articles of Association and the Hong Kong Listing Rules, the Company may dispose of the treasury shares according to the terms and conditions determined by the board of directors.

TRANSFER OF SHARES

The Company's shares shall be transferred in accordance with the law.

The Company shall not accept its own shares as the subject of a pledge.

Shares issued prior to the **[REDACTED]** of the Company shall not be transferred within one year from the date on which the Company are **[REDACTED]** and **[REDACTED]** on the stock exchange.

The Directors and senior management of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company's shares are **[REDACTED]** for **[REDACTED]**. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company.

If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge within the restricted transfer period.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise with respect to the restrictions on the transfer, those provisions shall prevail.

FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN OUR COMPANY

The Company or its subsidiaries (including affiliates of enterprises) shall not offer gifts, loans, guarantees and any financial assistance for others to acquire the shares of the Company or its parent company except for those implemented by employee stock ownership plans by the Company.

Unless otherwise provided upon the resolution of the shareholders' meeting or the resolution adopted by the Board of Directors as authorized by the Articles of Association of the Company or by the shareholders' meeting, the Company may provide financial assistance for other persons to acquire shares in the Company, provided that the aggregate amount of such financial assistance shall not exceed ten percent of the total issued share capital of the Company. The resolution of the Board of Directors shall be passed by two-thirds or more of all the directors.

Where the violation of the aforesaid provisions causes the Company to suffer losses, the directors and senior management personnel who are accountable shall bear compensation liability.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders in accordance with the law. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's Shares. The original register of the shareholders of the overseas listed foreign shares **[REDACTED]** in Hong Kong shall be kept in Hong Kong. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

(i) To receive dividends and other forms of interest distribution according to the number of shares held;

(ii) To legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders' meeting and exercise corresponding voting rights;

(iii) To supervise operations of the Company, provide suggestions or submit queries;

(iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read and copy the Articles of Association, the register of shareholders, shareholders' meeting minutes, resolutions of meetings of the Board of Directors, resolutions of meetings of the Audit Committee and financial and accounting reports, and shareholders who meet the relevant requirements may inspect the Company's accounting books and accounting vouchers;

(vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(vii) To require our Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

If the shareholders request access to or reproduction of relevant information mentioned in the above article or ask for relevant materials, they shall provide the Company with written documents evidencing the class and number of the shares held by them in the Company, upon verification of their status as shareholders, the Company shall provide such shareholders with the information as required by them.

If a shareholder who individually or jointly holds 3% or more of the Company's shares for more than 180 consecutive days requests to inspect the Company's accounting books or accounting vouchers, the provisions of the second, third and fourth paragraphs of Article 57 of the PRC Company Law shall apply.

The provisions of the above articles shall apply to shareholders and their entrusted intermediary institutions such as accounting firms and law firms who request to inspect or replicate the relevant materials of a wholly-owned subsidiary of the company. Shareholders of the company who inspect or replicate the relevant materials shall also comply with the provisions of the Securities Law and related laws and administrative regulations.

If the content of the resolution of the Company's shareholders' meeting or Board of Directors violates laws, administrative regulations, the shareholders have the right to request the court to clarify it invalid. If the convening procedures or voting methods of the shareholders' meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates laws, administrative regulations and the Articles of Association, the shareholders have the right to request the court to revoke the resolution within 60 days from the date on which the resolution is made.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management when performing their duties in the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the court. Where the Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Board of Directors to file an action with the court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company. In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the court pursuant to the provisions of the preceding paragraphs.

The obligations of shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed and the subscription methods;

(iii) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place(s) where the Company's shares are listed and the Articles of Association.

Shareholders of a company who abuse their shareholders' rights and cause the company or other shareholders to suffer damages shall bear compensation liability in accordance with the law. Shareholders of a company who abuse the independent legal person status of the company and limited liability of shareholders to evade debts and cause damage to the interests of the creditors of the company shall bear joint liability for the company's debt.

If the shareholders holding more than 5% of the voting shares of the Company pledge their shares, they shall submit a written report to the Company on the day of such pledge.

The controlling shareholder and actual controller of the Company shall have a duty of good faith to the Company and public shareholders. Controlling shareholder shall exercise its investor's rights in strict accordance with the law and shall not damage the legitimate rights and interests of the Company or of public Shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the capital occupation or the provision of a loan guarantee, nor shall the controlling shareholder abuse its controlling positions to damage the interests of the Company or of public shareholders.

General Provisions for Shareholders' Meetings

The shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

(i) To elect or replace the Directors and to decide on matters relating to the remuneration of Directors;

(ii) To examine and approve reports of the Board of Directors;

(iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) To decide on any increase or decrease of the Company's registered capital;

(v) To decide on the issue of corporate bonds by the Company;

(vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) To amend the Articles of Association;

(viii) Resolution on appointment and dismissal of an accounting firm by the Company;

(ix) To examine and approve the guarantees stipulated in the Articles of Association that need to be examined and approved by the Shareholders' meeting;

(x) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xi) To examine and approve matters relating to changes in the use of proceeds;

(xii) To examine and approve the equity incentive plans and employee stock ownership plans;

(xiii) To decide on the acquisition of the Company's shares under the circumstances specified in the Articles of Association;

(xiv) To review and approve the purchase of liability insurance for the Company's directors and senior executives.

(xv) To examine other matters as required by the laws, administrative regulations, departmental rules, the listing rules of the place(s) where the Company's shares are listed or the Articles of Association of the Company, which shall be decided by the shareholders' meeting.

The shareholders' meeting may authorize the Board of Directors to make resolutions on issuance of bonds by the Company. Except for the above, the aforesaid powers of the shareholders' meeting shall not be exercised by the board of directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

(i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(iii) Basis of the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(v) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(vi) The guarantee to be provided to a shareholder, or to an actual controller or related party thereof;

(vii) Other guarantees required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters requiring external guarantees to be submitted for review by the Company's shareholders' meeting must first be approved by a majority of all directors and two-thirds of the directors present at the board meeting before they can be submitted for review by the shareholders' meeting. When the shareholders' meeting reviews the guarantee matters mentioned in item (iii) of the preceding paragraph, approval must be obtained from more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the shareholders' meeting reviews proposals for guarantees provided to shareholders, actual controller, and their affiliates, the shareholder in question or the shareholder under the control of the actual controller shall not participate in the voting on such proposals. The voting on such proposals shall be passed by a majority of the voting rights held by the other shareholders present at the shareholders' meeting.

The company may provide guarantees for wholly-owned subsidiaries, or for controlled subsidiaries where other shareholders of the controlled subsidiary provide guarantees in proportion to their equity interest. Such guarantees may be exempt from submission for review by the shareholders' meeting if they fall under items (i), (iv), or (v) of the first paragraph of this article.

The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of Directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(iii) A written request from shareholders who separately or jointly hold 10% or more shares in the Company;

(iv) The Board of Directors considers it necessary;

(v) The Audit Committee proposes that such a meeting shall be held;

(vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Assembling of Shareholders' Meetings

The Board of Directors shall convene the shareholders' meeting on time within the prescribed period.

After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the Board of Directors to convene a special shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting. If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. If the Board of Directors disagrees to convene a special shareholders' meeting, it shall state the reasons.

The Audit Committee has the right to propose to the Board of Directors to convene a special shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and this Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the company's shares have the right to request the Board of Directors to convene a special shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold more than 10% of the company's shares have the right to propose to the Audit Committee to convene a special shareholders' meeting and shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the shareholders' meeting. In such cases, shareholders who individually or collectively hold more than 10% of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

Proposals and Notices of Shareholders' Meetings

The company may convene a shareholders' meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the company's shares, have the right to submit proposals to the company.

Shareholders who individually or collectively hold more than 1% of the company's shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders' meeting. The temporary proposal must have a clear agenda and specific resolution items. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal, and submit the temporary proposal to the shareholder' meeting for review. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the company's Articles of Association, or if it is not within the scope of the shareholders' meeting's authority. The Company shall not increase the shareholding percentage required for shareholders to submit a temporary proposal. If, according to the securities regulatory rules of the place where the company's stock is listed, the shareholders' meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the company's stock is listed.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or that do not comply with the provisions of the company's Articles of Association.

The convener shall notify each shareholder by announcement at least 21 days before the annual shareholders' meeting, and at least 15 days before the special shareholders' meeting.

A notice of a shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all Shareholders are entitled to attend shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;

(iv) the record date of registration of Shareholders entitled to attend the shareholders' meeting;

(v) the name and telephone number of the regular contact person for the meeting;

(vi) the record date of registration of Shareholders entitled to attend the shareholders' meeting (if applicable);

(vii) Other requirements.

After the shareholders' meeting notice has been issued, the meeting should not be postponed or canceled without a valid reason, and the proposals listed in the notice should not be canceled. In the event of a postponement or cancelation, the convener shall issue a notice and explain the reasons at least two working days before the originally scheduled date in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the shareholders' meeting is postponed, the new date for the meeting shall be announced in the notice.

Convening of Shareholders' Meetings

All shareholders or their proxies registered on the record date for equity registration shall be entitled to attend the shareholders' meeting. They shall have the right to speak and to exercise voting rights at the meeting in accordance with relevant laws, regulations, and the company's Articles of Association (unless individual shareholders are required to abstain from voting on certain matters under the securities regulatory rules of the place where the company's stock is listed). Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf. If the proxy attends the meeting, it shall be considered as the principal's personal attendance. The shareholders' meeting shall be presided over by the chairman of the board. If the chairman is unable or fails to perform his duties, the meeting shall be presided over by the director elected by a majority of the directors.

If the shareholders' meeting is convened by the Audit Committee, it shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee is unable or fails to perform his duties, one member of the Audit Committee shall be elected by a majority of the members to preside over the meeting.

If the shareholders' meeting is convened by the shareholders themselves, a representative shall be elected by the conveners to preside over the meeting.

If the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the shareholders, the shareholders' meeting may elect one person to serve as the presiding officer to continue the meeting.

The company shall establish rules of procedure for the shareholders' meeting, which shall detail the procedures for convening and voting at the shareholders' meeting, including notification, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, record-keeping and signing, and announcement. The rules shall also specify the principles and specific content of the authorization granted by the shareholders' meeting to the Board of Directors.

The rules of procedure for the shareholders' meeting shall be an appendix to the company's Articles of Association, drafted by the Board of Directors, and approved by the shareholders' meeting.

Voting at the Shareholders' Meeting

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' meeting (including shareholders who appoint a proxy to attend the shareholders' meeting).

A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' meeting (including shareholders who appoint a proxy to attend the shareholders' meeting).

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

(i) Work reports of the Board of Directors;

(ii) Plans of earnings distribution and recovery of losses schemes drafted by the Board of Directors;

(iii) Appointment or dismissal of the members of the Board of Directors, their remunerations and the payment method;

(iv) Decisions on the hiring and dismissal of the accounting firm responsible for the Company's audit.

(v) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, merger, change of corporate form, termination, dissolution and liquidation of the Company;

(iii) Any amendment to the Articles of Association;

(iv) The purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;

(v) Share incentive plan;

(vi) Issuance of stocks, convertible bonds, preferred shares, and other securities recognized by the CSRC;

(vii) Major asset restructuring;

(viii) Decisions on the acquisition of the Company's shares under the circumstances specified in the Articles of Association;

(ix) Other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders (including shareholders who appoint a proxy to attend the shareholders' meeting) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at shareholders' meeting.

When the shareholders' meeting reviews matters related to related-party transactions, associated shareholders shall not participate in the voting, and the number of shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the shareholders' meeting resolution shall fully disclose the voting situation of non-associated shareholders.

In accordance with the requirements of relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on the relevant proposal, or restricts any shareholder from voting only for or against the designated proposal, any vote taken by such shareholder or his representative in violation of the aforesaid provisions or restrictions shall not be counted in the voting results.

Where the securities regulatory authority and/or stock exchange in the place where the Company's shares are listed has established a mechanism for the public solicitation of shareholders' voting rights, the Company's board of directors, independent non-executive directors, shareholders holding more than 1% of the voting shares, or investor-protection organizations established in accordance with laws, administrative regulations or the rules of the securities regulator in the place where the Company's shares are listed may publicly solicit shareholders' voting rights.

When soliciting voting rights, the solicitor must fully disclose to the solicited shareholders specific information such as the intended voting direction.

Eligible shareholders of the Company who publicly solicit from other shareholders any shareholder rights lawfully vested in them — such as the right to convene a shareholders' general meeting, to submit proposals, to nominate candidates, or to vote — may not do so on a paid or disguised-paid basis.

Except for the conditions stipulated in the relevant laws and regulations and the Hong Kong Listing Rules, the Company may not impose any minimum shareholding threshold on the solicitation of voting rights.

BOARD OF DIRECTORS

Directors

Directors may include executive Directors, non-executive Directors, and independent Directors. The non-executive director means the director who does not hold a management position in the Company.

Directors of the Company shall be individuals, and a person may not serve as a Director of the Company in case of any of the following circumstances:

(i) the person without civil conduct capacity or with limited civil conduct capacity;

(ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(iii) the person who is a former director, factory director or General Manager (President) of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license;

(v) the person listed as a judgment defaulter by the court of the PRC because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(vi) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;

(vii) the person who have been publicly recognized by the stock exchange as unsuitable to serve as the Company's directors, senior executives before the expiration of the term;

(viii) Other contents stipulated by laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the shares of the Company are listed.

Where a Director is elected or appointed in violation of the provisions above, the election, appointment or appointment shall be invalid. If a Director falls under the provisions above during his or her tenure, the Company shall dismiss him or her from office.

Non-employee representative directors are elected or replaced by the shareholders' meeting, and may be removed from office by the shareholders' meeting before the expiration of their term. Employee representative directors are elected or replaced through democratic election by the company's employees via the employee representative assembly, staff meetings, or other forms. The term of office for directors is three years, and they may be re-elected and re-appointed upon the expiration of their

term according to the securities regulatory rules of the place where the shares of the Company are listed. However, independent non-executive directors shall not serve for more than nine consecutive years in total.

The term of office for directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for directors expires and a timely re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the company's Articles of Association until the newly elected directors take office.

If the Board of Directors appoints new directors to fill a temporary vacancy or to increase the number of directors, the term of the appointed director shall only extend to the first annual shareholders' meeting following their appointment, at which time they shall be eligible for re-election.

Directors may concurrently hold the position of General Manager or other senior management positions, but the total number of directors who concurrently hold the position of General Manager or other senior management positions shall not exceed half of the total number of directors of the company.

Directors shall comply with laws, administrative regulations, and the company's Articles of Association and owe the following duties of diligence to the company:

(i) They shall exercise the rights granted to them by the company with prudence, diligence, and care to ensure that the company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;

(ii) They shall treat all shareholders fairly;

(iii) They shall promptly understand the status of the company's business operations and management;

(iv) They shall sign a written confirmation on the company's regular reports to ensure that the information disclosed by the company is true, accurate, and complete;

(v) They shall provide relevant information and materials to the Audit Committee truthfully and shall not obstruct the Audit Committee from exercising their powers;

(vi) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's stock is listed, and the company's Articles of Association.

Directors may resign before the expiration of their term. Resignation of a director shall be submitted to the Board of Directors in writing, and the resignation shall take effect on the day the Company receives the resignation letter. The Board of Directors shall disclose the relevant circumstances within two days. If the resignation of a director causes the number of directors on the board to fall below the statutory minimum, or if the resignation of an employee representative director results in no employee representatives remaining on the Board of Directors, the outgoing director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the company's Articles of Association until the newly elected director takes office.

Without the provisions of the company's Articles of Association or the lawful authorization of the Board of Directors, no director shall act on behalf of the company or the Board of Directors in their personal capacity. When a director acts in their personal capacity, if a third party would reasonably believe that the director is acting on behalf of the company or the Board of Directors, the director shall make a prior declaration of their position and identity.

The qualifications, nomination, resignation, and other matters concerning independent directors shall be carried out in accordance with the relevant provisions of laws, regulations, other normative documents, the securities regulatory rules of the place where the company's stock is listed and the company's management system.

Board of Directors

The Company has established a Board of Directors, consisting of seven directors, including three independent directors, one employee representative director, and one chairman. The chairman shall be elected or removed by the Board of Directors with a majority vote of all directors.

The Board shall exercise the following duties and powers:

(i) to convene shareholders' meetings and report its work to the shareholders' meetings;

(ii) to implement the resolutions of the shareholders' meetings;

(iii) to resolve business operation plans and investment plans of the Company;

(iv) to formulate the profit distribution plans and plans for recovery of losses of the Company;

(v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vi) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;

(vii) to determine, to the extent authorized by the shareholders' meeting or the securities regulatory rules of the place where the Company's stock is listed, on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions of the Company;

(viii) to determine the internal management structure of the Company;

(ix) to determine the appointment or dismissal of the General Manager of the Company, the Board secretary; and based on the nomination of the General Manager, to determine the appointment or dismissal of the senior management including Deputy General Managers and chief financial officer of the Company and determine their remuneration, rewards and penalties;

(x) to formulate the basic management system of the Company;

(xi) to formulate proposals for any amendment of the Articles of Association;

(xii) to manage the information disclosure of the Company;

(xiii) to propose to the shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;

(xiv) to listen to work reports of the General Manager of the Company and review his/her work;

(xv) to formulate the company's stock incentive plan, stock option plan, and employee stock ownership plan;

(xvi) to decide on the acquisition of the Company's shares under the circumstances specified in the Articles of Association;

(xvii) to formulate and review the Company's corporate-governance policies and practices;

(xviii) to review and oversee the training and continuing professional development of directors and senior management;

(xix) to review and oversee the Company's policies and practices for compliance with laws and regulatory requirements;

(xx) to formulate, review and oversee codes of conduct and compliance manuals (if any) for employees and directors;

(xxi) to review the Company's compliance with the Corporate Governance Code under the Hong Kong Listing Rules and the disclosure in the Corporate Governance Report;

(xxii) other duties as stipulated in laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's stock is listed and the Articles of Association.

Matters beyond the scope of such authorization shall be submitted to the shareholders' meeting for consideration.

The Board of Directors shall establish special committees such as audit committee, strategy committee, nomination committee, remuneration and appraisal committee, etc. The special committees shall be accountable to the Board of Directors, perform duties pursuant to the company's Articles of Association and the authorization of the Board of Directors, and submit motions to the Board of Directors for deliberation and decision. All members of the special committees shall be directors, among which the audit committee, the nomination committee and the remuneration and appraisal committee shall be chaired by independent directors, while the audit committee shall be chaired by an accounting professional.

The Board of Directors shall convene at least two meetings per year, called by the Chairman, and all directors shall be notified in writing at least 14 days prior to the meeting. Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board of Directors meeting within 10 days after receiving the proposal.

Unless otherwise specified in the Articles of Association, a meeting of the Board of Directors shall be held only if more than half of the directors are present. Unless otherwise specified in the Articles of Association and the attachments, resolutions of the Board of Directors must be passed by a majority of all directors. Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

If a director has an associated relationship with the subject matter of a resolution of the Board of Directors, such director shall promptly report in writing to the Board of Directors, and not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the Board of Directors may be held if more than half of the directors without

associated relationships are present, and resolutions made at the meeting of the Board of Directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the Board of Directors is less than three, the matter shall be submitted to the shareholders' meeting for review. If laws, regulations, or the securities regulatory rules of the place where the company's stock is listed impose additional restrictions on directors' participation in Board of Directors meetings and voting, such provisions shall prevail.

When the Board of Directors reviews matters related to associated transactions, directors (including authorized agents) who have an associated relationship with such matters may attend the Board of Directors meeting and may explain their views to the attending directors in accordance with the meeting procedures, but they must abstain from voting.

Senior Management Members

The company shall have one General Manager, several Deputy General Managers, one Secretary to the Board of Directors, and one Chief Financial Officer, all of whom shall be appointed or dismissed by the Board of Directors.

The provisions in the company's Articles of Association regarding the fiduciary duties and duties of care of directors shall also apply to senior management personnel.

The General Manager is responsible to the Board of Directors and exercises the following powers:

(i) To preside over the company's production and business management activities, implement the resolutions of the Board of Directors, and report work to the Board of Directors;

(ii) To implement the company's annual business plan and investment programs;

(iii) To draft proposals for the establishment of internal management institutions of the company;

(iv) To draft the company's basic management systems;

(v) To formulate specific regulations of the company;

(vi) To propose to the Board of Directors the appointment or dismissal of Deputy General Managers and the Chief Financial Officer, and other senior management members;

(vii) To decide on the appointment or dismissal of management personnel other than those who should be appointed or dismissed by the Board of Directors;

(viii) To decide on the company's employee salary plans, reward and punishment schemes, and employment plans, and to approve the hiring, promotion/demotion, salary adjustments, rewards, punishments, and dismissals of employees;

(ix) To represent the company in signing routine operational contracts and agreements, and issue daily administrative, business, and other documents;

(x) To oversee the overall business strategy;

(xi) To decide on individual external investments, acquisitions, asset sales, bank loans, and guarantees not exceeding 10% (included) of the company's net assets, as well as donations not exceeding 1% (included) of the company's net assets, subject to the company's decision-making procedures. However, this does not include external investment projects that must be reviewed and decided by the shareholders' meeting or board of directors according to laws, regulations, departmental rules, or normative documents;

(xii) Other powers granted by the company's Articles of Association or the Board of Directors.

The General Manager shall attend the meetings of the Board of Directors. The general manager, who is not a director, shall attend board meetings but shall not have voting rights at the meetings.

Senior management personnel of the company shall faithfully perform their duties and safeguard the maximum interests of the company and all shareholders.

If senior management personnel fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the company and the public shareholders, they shall be liable for compensation in accordance with the law.

Audit Committee

The Audit Committee consists of three members, all of whom are directors not holding senior management positions in the company. Among them, two are independent directors, with the chairperson being an independent director with an accounting background.

The Audit Committee shall exercise the following duties and powers:

(i) to check the financial condition of the Company;

(ii) to supervise the performance of Directors and senior management in the performance of their duties, and propose the removal of Directors and senior management who violate laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' meetings;

(iii) to require Directors and the senior management to make corrections if their conduct has damaged the interests of the Company, reporting to the shareholders' meeting or relevant competent governmental authorities if necessary;

(iv) to propose the convening of extraordinary shareholders' meetings and, in the event that the Board of Directors fails to perform the obligations to convene and preside over the shareholders' meetings in accordance with the PRC Company Law, to convene and preside over the shareholders' meetings;

(v) to propose proposals to the shareholders' meetings;

(vi) to file lawsuit against Directors and senior management in accordance with Article 189 of the PRC Company Law;

(vii) other functions and powers granted by laws, administrative regulations, departmental rules, or the Articles of Association.

The Audit Committee shall hold at least one meeting per quarter. A temporary meeting may be convened upon proposal by two or more members, or when the chairperson deems it necessary.

A meeting of the Audit Committee can only be held if more than two-thirds of its members are present.

Resolutions of the Audit Committee must be approved by a majority of all members.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, the and regulations of relevant departments.

The Company shall prepare annual and interim reports in accordance with the law. The financial statements shall be prepared in accordance with the relevant laws and administrative regulations.

The Company's financial reports shall be made available to shareholders for inspection at the Company's premises at least 20 days prior to the annual shareholders' meeting.

The Company shall not establish the statutory account books accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

Distribution of Profits

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

After the company has extracted the statutory surplus reserve from the post-tax profit, it may, upon resolution of the shareholders' meeting, extract a discretionary surplus reserve from the post-tax profit.

If the shareholders' meeting violates the Company Law by distributing profits to shareholders, the shareholders must return the improperly distributed profits to the Company. If this causes any loss to the Company, the shareholders, along with the responsible directors and senior management, shall bear the liability for compensation.

The Company's own shares shall not participate in profit distribution.

In the case of a shareholder's illegal occupation of company funds, the Company shall deduct the shareholder's allocated cash dividends to repay the occupied funds.

After the shareholders' meeting resolves on the profit distribution plan, the board of directors shall carry out the distribution within six months from the date of the shareholders' meeting resolution.

The company's surplus reserves are used to make up for the company's losses, to expand the company's production and operations, or to increase the company's registered capital.

To cover the company's losses, the reserve funds should first be used from the discretionary surplus and the statutory reserve. When the statutory reserve is converted into capital, the retained reserve shall not be less than 25% of the company's registered capital before the conversion.

The company must appoint one or more collection agents in Hong Kong for the H-shareholders. The collection agent shall collect and hold on behalf of the relevant H-shareholders the dividends and other payments distributed by the company in respect of the H-shares, pending payment to such H-shareholders. The collection agent appointed by the company shall meet the requirements of laws and regulations and the securities regulatory rules of the place where the company's share is listed.

Internal Audit

The Company implements an internal audit system, which defines the leadership structure, responsibilities and authority, personnel allocation, funding support, application of audit results, and accountability.

The internal audit department supervises and inspects the Company's business activities, risk management, internal controls, financial information, and other related matters.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors. The head of audit shall be accountable to the Board of Directors.

Appointment of an Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of shareholders' meetings. The Board shall not appoint accounting firm before the approval of the shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by the shareholders' meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 20 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state its opinions in the shareholders' meeting whether the Company has committed any improper act.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

The registered capital of the Company after the reduction shall be reduced in proportion to the shares held by the shareholders, unless otherwise stipulated by law or these Articles of Association.

In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; If the Company is dissolved, it shall go through the deregistration of the procedures company in accordance with the law; If a new company is established, the company establishment registration shall be completed in accordance with the law. If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of the following events:

(i) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;

(ii) a resolution on dissolution is passed by a shareholders' meeting;

(iii) dissolution is required due to the merger or division of the Company;

(iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(v) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the court to dissolve the Company.

If the Company encounters the dissolution circumstances specified in the previous paragraph, it shall publicize the dissolution reason through the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within ten days.

If the Company is in the situation as described in Item (i) and (ii) of the preceding paragraph and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting. The amendment of the Articles of Association or the resolution of the shareholders' meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

If the company is dissolved due to the provisions mentioned in items (i), (ii), (iv), and (v) above, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and must form a liquidation group within 15 days from the date the cause for dissolution arises to carry out the liquidation. The liquidation group shall be composed of directors or persons determined by the Articles of Association or the shareholders' meeting. If the liquidation group is not established within the prescribed period to conduct the liquidation, or if the liquidation group is established but fails to conduct the liquidation, interested parties may apply to the People's Court to appoint relevant personnel to form a liquidation group to conduct the liquidation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in the designated newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice.

When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the company's assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the court for confirmation. The Company's assets shall be used to pay the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company's debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

After sorting out the Company's assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law. After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the court for confirmation, and file it with the company registration authority to apply for the cancelation of the company registration.

If the company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(i) after amendments are made to the PRC Company Law or other relevant laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed;

(ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(iii) the shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of Our Company

The Company was established as a limited liability company under the laws of the PRC on February 21, 2017 and was converted into a joint stock company with limited liability on April 18, 2023.

The Company has established a place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on December 10, 2025, with Ms. Lam Yin Ling appointed as the Hong Kong authorized representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its operations 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 the Articles of Association is set out in Appendix III.

2. Changes in the Share Capital of the Company

Please refer to "History, Development and Corporate Structure" for changes in the share capital of the Company.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Save as disclosed below, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document:

(1) On August 20, 2024, the registered capital of Nanjing Eigen was reduced from RMB50 million to RMB5 million.

(2) On July 18, 2024, Eigencomm Hong Kong was established in Hong Kong.

4. Resolutions Passed by Our Shareholders' General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on November 13, 2025, the following resolutions, among other things, were duly passed:

(i) the **[REDACTED]** by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(ii) the number of H shares to be **[REDACTED]** shall be no more than **[REDACTED]**% of the total issued share capital upon the **[REDACTED]** (before the exercise of the **[REDACTED]**), and the grant of the **[REDACTED]** in respect of no more than **[REDACTED]**% of the number of H Shares **[REDACTED]** pursuant to the **[REDACTED]**;

(iii) conditional upon the completion of the **[REDACTED]**, **[REDACTED]** Domestic Unlisted Shares held by our existing Shareholders will be converted into H Shares;

(iv) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the **[REDACTED]**, the **[REDACTED]** of H Shares on the Stock Exchange;

(v) subject to the completion of the **[REDACTED]**, the conditional adoption of the revised Articles of Association, which shall become effective on the **[REDACTED]**;

(vi) the granting of a general mandate to the Board to (i) allot and **[REDACTED]** Shares, and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares, at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, provided that, the number of Shares to be **[REDACTED]**, or to be sold and/or transferred out of treasury that are held as treasury shares shall not exceed 20% of the number of Shares in issue as of the **[REDACTED]**; and

(vii) the granting of a general mandate to the Board to repurchase H Shares **[REDACTED]** on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares as of the **[REDACTED]** (the "**Repurchase Mandate**").

5. Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) The Board will be granted a conditional general mandate to repurchase the Company's **[REDACTED]** H shares on The Stock Exchange of Hong Kong Limited from the date of the **[REDACTED]** and **[REDACTED]** of the H shares in the **[REDACTED]** until the end of the relevant period. The total number of H Shares to be repurchased shall not exceed **[REDACTED]**% of the total number of the Company's **[REDACTED]** H Shares as of the date of the **[REDACTED]** and **[REDACTED]** of the H shares in the **[REDACTED]** (excluding any H Shares issued pursuant to the exercise of any **[REDACTED]** and any treasury shares).

The general mandate to repurchase Shares would expire on the earlier of: (i) the conclusion of the first annual general meeting of shareholders of our Company following the **[REDACTED]** and **[REDACTED]** of the H shares in the **[REDACTED]**; or (ii) the date on which the authority under this resolution is revoked or varied by a resolution passed at a general meeting of shareholders of our Company.

The Board is authorized to take all necessary or appropriate actions in connection with the exercise of the general mandate to repurchase H Shares, including but not limited to amending the Articles of Association and holding, canceling, or transferring repurchased H Shares as treasury shares.

(b) The Directors believe that it would be beneficial to and in the best interests of the Company and its Shareholders as a whole to have a general authority from Shareholders to enable the Directors to purchase Shares on the market. A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and/or its earnings per Share and strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market, and will only be made when the Directors believe that such repurchase will be to the benefit of the Company and its Shareholders as whole.

(c) It is envisaged that the funds required for any repurchase would be derived from the capital paid up on the shares being repurchased and from the distributable profits of the Company and any funds legally available for such purposes in accordance with the Articles of Association (as amended from time to time) and the applicable laws of the PRC.

(d) It is not envisaged that any repurchase of Shares pursuant to the general mandate (including repurchase of the maximum number of Shares under such mandate effected in full at any time during the period of the mandate) would have a material adverse impact on the working capital or gearing position of the Company.

(e) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any close associates of the Directors who have a present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

(f) The Directors will undertake to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the PRC, where the Company was incorporated.

(g) If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases pursuant to the Repurchase Mandate.

(h) No core connected persons of the Company (as defined in the Listing Rules) have notified it of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Repurchase Mandate is approved by Shareholders and is exercised.

(i) The Company has not bought back any Shares during the six months prior to the date of this statement.

Neither this statement nor the proposed share repurchase has any unusual features. The number of Shares proposed to be **[REDACTED]** pursuant to the **[REDACTED]** of the Company is subject to changes and will be disclosed in the Document.

6. Restrictions on Repurchase

Please refer to Appendix III to this document for details.

7. Our Subsidiaries

So far as is known to any Director or chief executive of our Company, as at the Latest Practicable Date, no person is directly or indirectly interested in 10% or more of the issued voting shares of the subsidiary of our Company.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contract(s)

The Group has entered into the following contract(s) (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark Image	Registration Class	Trademark Owner	Place of Registration	Registration Number	Expiry Date (Year.Month.Day)
1	EIGENCOMM More than connection	42	Our Company	PRC	32613313A	2029.8.27
2	EIGENCOMM More than connection	9	Our Company	PRC	32613313A	2029.8.27

(b) Domain Names

As at the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date (Year.Month.Day)
1.	eigencomm.com	Our Company	2032.12.22

(c) Patents

As at the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent Name	Patent Type	Patent Holder	Place of Registration	Application Date (Year.Month.Day)	Patent Number	Duration
1	Processing Method for IP Address Allocation Abnormality, Mobile Terminal (一種IP地址分配異常的處理方法、移動終端)	Invention Patent	Our Company	PRC	2025.7.1	2025108967798	20 years
2	User Equipment and Method for Data Service Context State Synchronization (用於數據業務上下文狀態同步的用戶設備及方法)	Invention Patent	Our Company	PRC	2025.1.13	2025100450425	20 years
3	Method and Apparatus for Identifying Pseudo Base Station, Mobile Terminal and System (一種識別偽基站的方法及裝置、移動終端、系統)	Invention Patent	Our Company	PRC	2024.11.8	2024115855913	20 years
4	Information Processing Method, Device, Terminal, and Communication System (信息處理方法、裝置、終端、及通信系統)	Invention Patent	Our Company	PRC	2024.1.30	2024115232128	20 years
5	Time Stamp Information Processing Method, Apparatus, Computer Apparatus and Storage Medium (時間戳信息處理方法、裝置、計算機設備及存儲介質)	Invention Patent	Our Company	PRC	2024.4.16	2024104517097	20 years
6	Robust Head Compression and Decompression Method, System and Communication Terminal (一種健壯性頭部壓縮解壓方法、系統及通訊終端)	Invention Patent	Our Company	PRC	2024.4.15	2024104445313	20 years

No.	Patent Name	Patent Type	Patent Holder	Place of Registration	Application Date (Year.Month.Day)	Patent Number	Duration
7	Non-Terrestrial Network Communication Method and Communication Terminal Based on NB-IOT (一種基於NB-IOT的非地面網絡通訊方法及通訊終端). .	Invention Patent	Our Company	PRC	2024.3.7	2024102570605	20 years
8	RF Test Dispatching System, Method, Test Equipment and Server (一種射頻測試調度系統、方法、測試設備及服務器)	Invention Patent	Our Company	PRC	2024.1.9	2024100266827	20 years
9	RF Transceiver Front End Containing Integrated Passive Device (一種包含集成無源器件的射頻收發前端)	Utility Model Patent	Our Company	PRC	2023.9.7	2023224214100	10 years
10	Anti-Interference Inductor, Circuit, Chip and Equipment (一種抗干擾電感、電路、芯片及設備).	Invention Patent	Our Company	PRC	2023.9.4	2023111297735	20 years
11	RF Circuit, Chip, Multi-Band Receiving Device and Frequency Band Switching Method (一種射頻電路、芯片、多頻段接收設備及頻段切換方法)	Invention Patent	Our Company	PRC	2023.8.29	2023110915650	20 years
12	Equipment Management Method and Device Based on IoT Chip (一種基於物聯網芯片的設備管理方法和裝置). .	Invention Patent	Our Company	PRC	2023.8.28	2023110830065	20 years
13	Method, Device and Medium for Fast Cell Switching of IoT Terminal (一種物聯網終端快速切換小區的方法、裝置及介質).	Invention Patent	Our Company	PRC	2023.8.11	202311006367X	20 years

No.	Patent Name	Patent Type	Patent Holder	Place of Registration	Application Date (Year.Month.Day)	Patent Number	Duration
14	Random Access Method, System, Device, and Storage Medium (一種隨機接入方法、系統、設備以及存儲介質) . . .	Invention Patent	Our Company	PRC	2023.8.10	2023110003414	20 years
15	Script Calling Method and Device Based on IoT Chip (一種基於物聯網芯片的腳本調用方法和裝置)	Invention Patent	Our Company	PRC	2023.8.10	2023110009552	20 years
16	Coverage Enhancement Level Selection Method, System, Apparatus, and Storage Medium (一種覆蓋增強等級選擇方法、系統、設備以及存儲介質)	Invention Patent	Our Company	PRC	2023.7.27	2023109271506	20 years
17	Type-C Interface Debugging Device (Type-C接口調試裝置) .	Utility Model Patent	Our Company	PRC	2023.7.25	2023219673192	10 years
18	Compilation and Development Method and Device for Separating System Bottom Package and Application Program (一種系統底包與應用程序分離的編譯開發方法及裝置)	Invention Patent	Our Company	PRC	2023.6.16	2023107163297	20 years
19	Method and System for Preventing Loss of Connected State Paging Response (一種防止連接態尋呼響應丟失的方法和系統)	Invention Patent	Our Company	PRC	2023.3.31	2023101841338	20 years
20	Random Access Backoff Optimization Method and Device (一種隨機接入的回退優化方法及裝置)	Invention Patent	Our Company	PRC	2022.8.22	202211008372X	20 years
21	RRC Link Release Method and System (一種RRC鏈接釋放方法及系統)	Invention Patent	Our Company	PRC	2022.8.22	2022110071756	20 years

No.	Patent Name	Patent Type	Patent Holder	Place of Registration	Application Date (Year.Month.Day)	Patent Number	Duration
22	Cell Reselection Control Method, System, IoT Terminal and Storage Medium (一種小區重選控制方法、系統、物聯網終端及存儲介質) . . .	Invention Patent	Our Company	PRC	2022.7.27	2022108905459	20 years
23	Method, System and Communication Device for Controlling Network-Stationed Process of IoT Terminal (一種物聯網終端駐網過程控制方法、系統及通信設備)	Invention Patent	Our Company	PRC	2022.7.21	2022108591409	20 years
24	Protective Structure of Mobile Testing Device (移動測試裝置的保護結構)	Utility Model Patent	Our Company	PRC	2022.3.2	2022204572847	10 years
25	Automated Test Method, Test Box and Test System (一種自動化測試方法、測試盒子和測試系統)	Invention Patent	Our Company	PRC	2022.1.11	2022100266461	20 years
26	An IoT Terminal (一種物聯網終端)	Utility Model Patent	Our Company	PRC	2020.12.10	20229663244	10 years
27	Method, Apparatus and Communication Device for Estimating Frequency Deviation (一種頻率偏差的估計方法、裝置及通信設備) . .	Invention Patent	Our Company	PRC	2019.9.27	2019109248931	20 years
28	Operation Method and System Based on Cellular Chip (一種基於蜂窩芯片的運行方法和系統)	Invention Patent	Our Company	PRC	2019.6.18	2019105283531	20 years
29	A Low Power Consumption Mixer (一種低功耗混頻器) . . .	Invention Patent	Our Company	PRC	2019.5.13	2019103956541	20 years

No.	Patent Name	Patent Type	Patent Holder	Place of Registration	Application Date (Year.Month.Day)	Patent Number	Duration
30	Method and System for Estimating Signal Distortion Parameters for Terminal Transmission Path (一種用於終端發射通路的信號失真參數的估計方法及系統)	Invention Patent	Our Company	PRC	2018.12.6	201811485498X	20 years
31	Serial Port Loading Device and Method of Embedded Chip (嵌入式芯片的串口加載裝置及方法)	Invention Patent	Our Company	PRC	2018.11.29	2018114494931	20 years
32	File Storage Format of Embedded System Based on Nor Flash Memory (一種基於Nor Flash存儲器的嵌入式系統的文件存儲格式) . . .	Invention Patent	Our Company	PRC	2018.10.17	2018112114514	20 years
33	Power Consumption Optimization Method and Terminal in Narrowband IoT System (一種窄帶物聯網系統中的功耗優化方法及終端)	Invention Patent	Our Company	PRC	2018.9.30	2018111602489	20 years
34	Method and System for Reducing Power Consumption of IoT End User Identification Card (一種降低物聯網終端用戶識別卡功耗的方法和系統)	Invention Patent	Our Company	PRC	2018.9.28	2018111425554	20 years
35	Control Method of IoT Chip Based on Cellular Technology and IoT Chip (基於蜂窩技術的物聯網芯片的控制方法及物聯網芯片)	Invention Patent	Our Company	PRC	2018.9.20	2018111026249	20 years
36	Dual-Chip Serial Communication System and Its Control Method (一種雙芯片串口通信系統及其控制方法)	Invention Patent	Our Company	PRC	2025.8.28	2025112166010	20 years

No.	Patent Name	Patent Type	Patent Holder	Place of Registration	Application Date (Year.Month.Day)	Patent Number	Duration
37	Method for Identifying Abnormal Neighbor Cells, Method for Optimizing Neighbor Cell Measurement, and Mobile Terminal (異常鄰區的識別方法、鄰區測量優化方法及移動終端).	Invention Patent	Our Company	PRC	2026.3.18	2026103278223	20 years

(d) Software Copyrights

As at the Latest Practicable Date, the Group had registered the following software copyrights which are material to its business:

No.	Software/Work Name	Copyright Owner	Registration Number	Registration Date (Year.Month.Day)
1	Shanghai Eigencomm IoT Protocol MQTT Software (上海移芯通信物聯網協議MQTT軟件).	Our Company	2019SR0298028	2019.4.2
2	Shanghai Eigencomm AT Automatic Test Software (上海移芯AT自動測試軟件) . . .	Our Company	2019SR0318473	2019.4.10
3	Shanghai Eigencomm Exception Handling exception Software (上海移芯通信物異常處理Exception軟件)	Our Company	2019SR0298033	2019.4.2
4	Shanghai Eigencomm IoT Protocol Coap Software (上海移芯通信物聯網協議Coap軟件).	Our Company	2019SR0278695	2019.3.25

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the **[REDACTED]** (without taking into account the H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**) 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 (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required 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, once our H Shares are **[REDACTED]**:

Name	Capacity/Nature of Interest	Class of Shares held after the [REDACTED]	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares upon completion of the [REDACTED] (assuming no exercise of the [REDACTED])[1]	Approximate percentage of shareholding in the issued share capital of our Company after the [REDACTED] (assuming no exercise of the [REDACTED])[1]
Mr. Liu[2]	Beneficial Interest	H Shares	4,868,441(L)	**[REDACTED]**%	**[REDACTED]**%
	Interests in controlled corporation	H Shares	4,971,456(L)	**[REDACTED]**%	**[REDACTED]**%
Mr. Yang Yueqi (楊月啟)[3].	Interests in controlled corporation	H Shares	85,873(L)	**[REDACTED]**%	**[REDACTED]**%
Ms. Zheng Hong (鄭鴻)[3]	Interests in controlled corporation	H Shares	33,072(L)	**[REDACTED]**%	**[REDACTED]**%
Mr. Jiao Changjin (焦昌進)[3]	Interests in controlled corporation	H Shares	19,726 (L)	**[REDACTED]**%	**[REDACTED]**%
Ms. Hao Lu (郝路)[3]	Interests in controlled corporation	H Shares	10,684(L)	**[REDACTED]**%	**[REDACTED]**%

Notes:

(1) The calculation is based on the total number of **[REDACTED]** Shares in **[REDACTED]** immediately after completion of the **[REDACTED]** (without taking into account the H Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]**).

(2) Please refer to "Substantial Shareholders" above for details.

(3) Mr. Yang Yueqi, Ms. Zheng Hong and Mr. Jiao Changjin are Directors while Ms. Hao Lu is the financial director of our Company. Mr. Yang Yueqi was a limited partner holding approximately 3.29% of Eigen Chengzhi; Ms. Zheng Hong was a limited partner holding approximately 6.39% of Aihe Genli, which in turn was holding approximately 21.73% of Eigen Jihui and a limited partner holding approximately 0.36% of Aiqi Genyuan, which in turn was holding 4.21% of Eigen Chengzhi; Mr. Jiao Changjin was a limited partner holding approximately 0.75% of Eigen Chengzhi while Ms. Hao Lu was a limited partner holding approximately 0.43% of Eigen Jihui and a limited partner holding approximately 0.44% of Aiqi Genyuan. Eigen Chengzhi, Eigen Jihui, Aihe Genli and Aiqi Genyuan are our Employees Shareholding Platforms. Accordingly, each of Mr. Yang Yueqi, Ms. Zheng Hong, Mr. Jiao Changjin and Ms. Hao Lu were interested in 85,873 Shares, 33,072 Shares, 19,726 Shares and 10,684 Shares held by our Employees Shareholding Platforms, respectively.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" of this document, immediately following the completion of the **[REDACTED]** and without taking into account any Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest 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 who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

2. Particulars of the Directors Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we will enter into a contract with each of our Directors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

For details of the remuneration of Directors, please refer to "Directors and Senior Management — Emolument of Directors and Senior Management" and notes 8 and 9 in "Appendix I — Accountants' Report" to this document.

4. Disclaimers

(a) Save as disclosed in "Substantial Shareholders" and "C. Further information about our Directors, and Substantial Shareholders" of this section, none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV 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 "Substantial Shareholders" and "C. Further information about our Directors, and Substantial Shareholders" of this section, none of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are **[REDACTED]** on the Stock Exchange;

(c) None of the Directors nor any of the experts referred to in "D. Other Information — 8. Qualifications and Consents of Experts" below:

(i) has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; or

(ii) is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;

(d) Save in connection with the **[REDACTED]**, none of the Directors nor any of the experts referred to in "D. Other Information — 8. Qualifications and Consents of Experts" below:

(i) interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to **[REDACTED]** for or to nominate persons to **[REDACTED]** for any **[REDACTED]** in any member of our Group;

(e) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the top five customers or our top five suppliers of the Group.

D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

2. Litigation

As of the Latest Practicable Date, the Company was 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 us, that would have a material adverse effect on our results of operations or financial conditions.

3. The Sole Sponsor' Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of RMB3 million for acting as the sponsors for the **[REDACTED]**.

4. Compliance Adviser

The Company has appointed Rainbow Capital (HK) Limited as the compliance adviser upon **[REDACTED]** in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

5. Preliminary Expenses

The Company has not incurred any preliminary expenses.

6. Taxation of holder of H Shares

The **[REDACTED]** 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 (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does

not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

7. Promoters

Our promoters comprised of 38 Shareholders immediately before our conversion into a joint stock limited liability company on April 18, 2023. For details of our promoters, please refer to "History, Development and Corporate Structure — G. Conversion into joint stock limited liability company in April 2023".

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the **[REDACTED]** or the related transactions described in this document.

8. Qualifications and Consents of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given opinions or advice in, or referred to in, this document are as follows:

Name of Expert	Qualifications
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
Ernst & Young	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
JunHe LLP	Legal advisers as to PRC law to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Nixon Peabody CWL	Qualified Hong Kong lawyers
Nixon Peabody LLP	Qualified U.S. lawyers
Han Kun LLP	Legal adviser to the Company as to U.S. outbound investment rules, sanctions and export control laws
Han Kun Law Offices	Legal adviser to the Company as to data compliance laws in the PRC

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2026 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

(a) Save as disclosed in "History, Development and Corporate Structure" and this section, within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) No share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of the Company or any of its subsidiary have been issued or have been agreed to be issued.

(d) Our Company has no outstanding convertible debt securities or debentures.

(e) None of the experts listed under "— 8. Qualifications and Consents of Experts":

  (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the **[REDACTED]**.

(f) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.

(g) There are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business.

(h) The English text of this document shall prevail over their respective Chinese text.

(i) There is no arrangement under which future dividends are waived or agreed to be waived.

(j) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document.

(k) Our Company is not presently listed on any stock exchange or traded on any trading system.

(l) None of our equity and debt securities is presently listed on any stock exchange or traded on any trading system and no such listing or permission to list is being or is proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contract(s) referred to in "Appendix IV — Statutory and General Information"; and

(b) the written consents referred to in "Appendix IV — Statutory and General Information."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.eigencomm.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report, the unaudited interim financial information and the report on the unaudited **[REDACTED]** financial information prepared by Ernst & Young, the texts of which are set out in "Appendix I — Accountants' Report" and "Appendix II — Unaudited **[REDACTED]** Financial Information;

(c) the audited consolidated financial statements of the Group for the three years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026;

(d) the legal opinion from JunHe LLP, the Company's PRC Legal Advisers, in respect of certain aspects of the Company and the property interests of our Group in the PRC;

(e) the industry report prepared by F&S, a summary of which is set forth in "Industry Overview";

(f) the PRC Company Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations;

(g) the service contracts between each of the Directors and the Company referred to in "Appendix IV — Statutory and General Information";

(h) the material contract(s) referred to in "Appendix IV — Statutory and General Information — B. Further Information about the Business — 1. Summary of Material Contract(s)";

(i) the written consents referred to in "Appendix IV — Statutory and General Information".