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Post Hearing Information Pack of

Hefei Kuxin Microelectronics Co., Ltd.
合肥酷芯微電子股份有限公司

(the "**Company**")

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

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Hefei Kuxin Microelectronics Co., Ltd.

合肥酷芯微電子股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
[REDACTED]	**:**	**HK$[REDACTED] per H Share (payable in full in Hong Kong dollars on application plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and subject to refund and the Stock Exchange trading fee of 0.00565%)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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

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Potential **[REDACTED]** should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong SAR and that there are different risk factors relating to investments in PRC-incorporated companies. Potential **[REDACTED]** should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong SAR and should take into consideration the different market nature of our H Shares. Such differences and risk factors are set out in "Risk Factors", "Regulatory Overview" and "Appendix III — Summary of the Articles of Association of the Company" in this Document. Prior to making an **[REDACTED]** decision, potential **[REDACTED]** should consider carefully all of the information set out in this Document, including the risk factors set out in "Risk Factors".

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ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this Document to the public in relation to the [REDACTED].

This Document is available at the websites of our Company at www.artosyn.cn and the Stock Exchange at www.hkexnews.hk. If you require a printed copy of this Document, you may download and print from the website addresses above.

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to ***[REDACTED]*** *in the* ***[REDACTED]****. There are risks associated with any* ***[REDACTED]****. Some of the particular risks in* ***[REDACTED]*** *in the* ***[REDACTED]*** *are set out in "Risk Factors". You should read that section carefully before you decide to* ***[REDACTED]*** *in the* ***[REDACTED]****. Various expressions used in this section are defined or explained in "Definitions" and "Glossary of Technical Terms" in this Document.*

WHO WE ARE

We are a visual processing AI SoC supplier in China with solid solution capabilities. By combining deep industry expertise with innovative technologies, we offer a diversified product portfolio designed for both consumer and industrial AI applications. Seamlessly integrated into UAVs, AIoT and smart wearables applications, our products continuously expand the application landscape and enhance the utility of smart devices.

According to Frost & Sullivan, we ranked eighth in the China visual processing AI SoC and solutions market, where the overall competitive landscape is relatively fragmented because the market is broad-based and application-diversified, driven by demand across a wide range of end-use scenarios. In addition, we ranked third in UAV visual processing AI SoC and solutions market and second in the AR glasses market collectively in 2025.

By combining deep technical capabilities with early market entry, we were the first to launch:

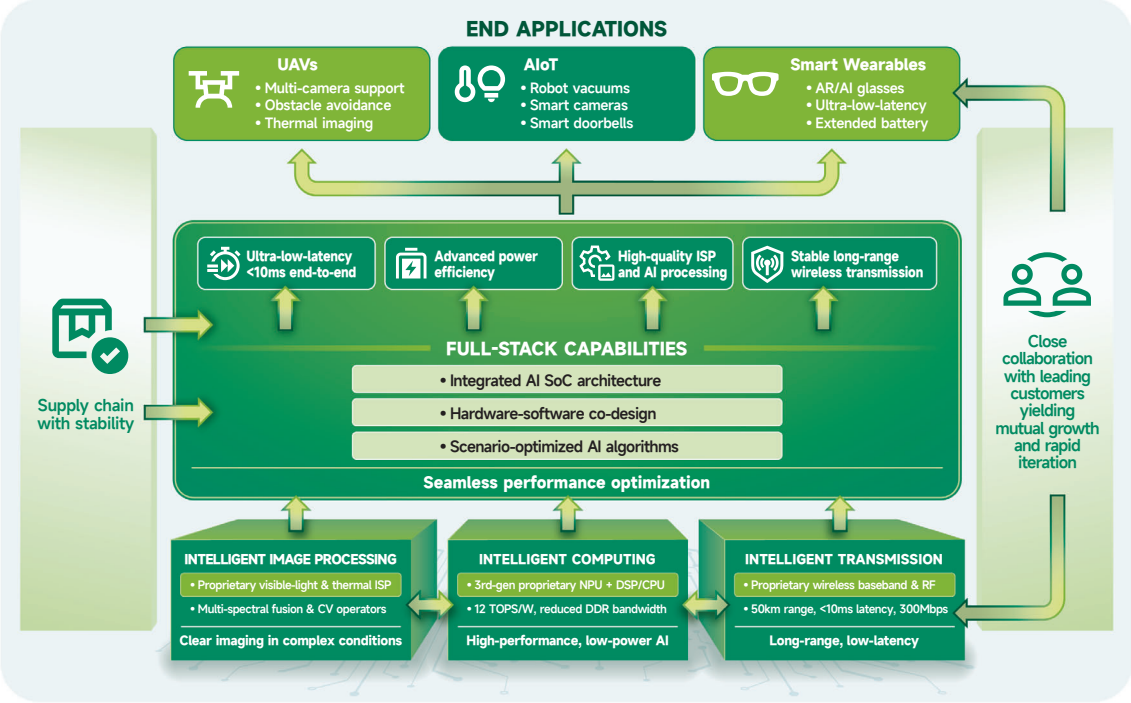
- consumer wireless HD video transmission SoC with an effective range over 5 km in 2012;
- drone SoC and 2.4 & 5.8 GHz dual-band RF SoC in 2016;
- drone-specific application processor (supporting up to eight camera inputs) in 2018;
- 150 MHz-7 GHz full-band wireless video transmission SoC in 2023; and
- multispectral visual processing AI SoC which integrates both visible-light and infrared ISP as well as high-performance NPU and visual DSP in 2024.

OUR BUSINESS MODEL

We are a visual processing AI SoC supplier in China with integrated solution capabilities. We operate under a fabless business model, focusing on the research and development, design and sales of AI SoC products and solutions. We provide integrated solutions centered on visual processing AI SoCs and wireless video transmission SoCs. Our offerings combine IC design, software toolkits, scenario-optimized algorithms and engineering support, enabling customers to shorten development cycles and accelerate time-to-market in rapidly evolving AI application environments. By addressing the mismatch between long chip iteration cycles and fast-evolving software and AI applications, our integrated approach allows customers to utilize our core technology IPs and incorporate new application requirements more efficiently.

Guided by market insights, we empower customers in UAVs, AIoT and smart wearables with visual processing solutions devised to address their product needs. To support these applications, we have established a comprehensive technical framework built around the integration of intelligent image processing, computing and transmission. Based on these core capabilities, we deliver SoCs and solutions that integrate proprietary ISP, NPU and wireless transmission technologies, supported by strong hardware-software co-design capabilities and end-to-end IC design expertise.

The following diagram illustrates our business structure.



COMPETITIVE LANDSCAPE AND MARKET OPPORTUNITY

We operate across three core application scenarios — UAVs, AIoT and smart wearables — where visual processing AI SoCs play critical roles in intelligent control, video transmission and on-device edge computing. The visual processing AI SoC product and solution market has recorded significant growth in both China and global markets, supported by broader adoption of high-performance visual computing in multiple application scenarios. In China, the visual processing AI SoC product and solution market grew from RMB12.7 billion in 2021 to RMB40.8 billion in 2025, representing a CAGR of 34.0%, driven by increasing adoption in downstream applications including UAVs, smart wearables, security analysis, AIoT terminals, as well as new energy vehicles. Supported by continued expansion of application scenarios and improvements in industry supply capabilities, the China market is projected to reach RMB112.8 billion by 2030, with a CAGR of 22.6% between 2025 and 2030. Globally, the visual processing AI SoC product and solution market increased from RMB22.0 billion in 2021 to RMB64.4 billion in 2025, achieving a CAGR of 30.8%, and is expected to further expand to RMB162.7 billion by 2030, with a CAGR of 20.4% over the forecast period, as visual processing AI SoC products and solutions continue to penetrate a wide range of end-use markets.

As demand increasingly shifts from standalone SoCs toward integrated, scenario-optimized solutions, our vertically integrated capabilities across IC design, proprietary IP and algorithm optimization enable us to deliver differentiated products tailored to fragmented application scenarios where specialized, locally optimized solutions outperform general-purpose alternatives.

OUR CORE PRODUCTS

Our core products are distinguished by high-computing power, low power consumption, and low video transmission latency. These attributes represent the defining advantages of our proprietary-IP-empowered visual processing AI SoCs over general-purpose AI SoCs. Our products are SoC solutions that power smart devices and accelerate the use of AI. Our comprehensive visual processing AI SoC and video transmission SoC products and solutions are widely used in UAVs, AIoT and smart wearables industries. For more details on our products and solutions, please see "Business — Our Products and Solutions".

The following table sets forth a breakdown of our revenue by products and price range, or the upper-limit of the price range of our major products, as applicable, for the years/periods presented.

	Year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*RMB per Unit*	*RMB'000*	*RMB per Unit*	*RMB'000*	*RMB per Unit*	*RMB'000*	*RMB per Unit*	*RMB'000*	*RMB per Unit*
							(unaudited)			
SoC products										
UAVs	65,835	—	276,636	—	277,556	—	115,028		130,661	
UAV — Chips	4,078	62.0–263.0	4,794	45.8–267.4	90,010	34.4–154.5	11,833	37.7–278.0	99,278	27.7–160.4
UAV — Modules	61,757	174.7–2,465.5	271,842	127.4–2,998.6	187,546	127.4–2,831.9	103,195	127.4–2,831.9	31,383	70.8–2,831.9
AIoT	34,530	—	153,879	—	164,610	—	73,175		77,221	
AIoT — Chips	12,884	33.4–177.0	46,398	45.2–223.4	70,563	26.1–330.3	31,388	28.0–291.6	46,463	36.2–616.2
AIoT — Modules	21,646	69.5–2,920.4	107,481	69.5–3,362.8	94,047	69.5–3,499.6	41,787	69.5–3,308.0	30,758	120.8–3,362.8
Smart Wearables		No more		No more		no more		no more		no more
— Chips	43	than 120.0	4,383	than 150.0	15,009	than 220	6,002	than 150	17,322	than 220
Subtotal	**100,408**		**434,898**		**457,175**		**194,205**		**225,204**	
Technology Services(1)	4,673		13,799		41,324		5,861		4,273	
Total	**105,081**		**448,697**		**498,499**		**200,066**		**229,477**	

Note:

(1) Technology services primarily consist of non-recurring engineering ("**NRE**") such as product design services and IP incomes. NRE refers to one-time pre-production engineering investments made by customers prior to mass production of their end products, which is a standard semiconductor industry term. Such fees are project-specific and are not expected to recur once the customer's product enters mass production. Product design services refer to the application solution services and chip customization services. For details, please see "Business — Our Products and Solutions" in this Document.

OUR TECHNOLOGIES AND VALUE PROPOSITION

Our technologies and value proposition are founded on robust end-to-end in-house R&D capabilities and a forward-looking approach to product defining. We have established a strong technical foundation spanning intelligent image processing, computing and transmission through solid IC architecture design, deep vertical integration of high-performance SoC architectures, proprietary core technology IPs, and dedicated algorithms and software. This integrated technology stack enables us to deliver visual processing AI SoC and wireless video transmission SoC products and solutions that achieve an advanced balance among performance, power efficiency.

Our technologies are centered on next-generation IC architectures and platform-level integration designed to support advanced edge-AI workloads. Our current development includes the AR95 series, which adopts an advanced process to improve power efficiency, cost structure and on-device AI inference performance for smart wearables and multimodal edge-AI applications. We have also developed the AR804X series, a highly integrated platform that combines image signal processing, AI computation and wireless transmission to support autonomous platforms such as drones and robotics. In parallel, we are

advancing technologies in areas including in-memory computing SoCs and AI application processors SoCs for edge computing use cases, further strengthening our architecture depth and system-level integration capabilities.

Building on these attributes, we enable customer product innovation through differentiated and forward-looking product specifications that are defined early in the development cycle. Our product defining capability, supported by our comprehensive portfolio of proprietary core technology IPs, fundamentally differentiates us from peers that rely primarily on standardized solutions. Through this approach, we have delivered innovative products and solutions that have empowered leading customers to achieve competitive advantages and market leadership within their respective segments.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success:

- Early participant in the visual processing AI SoC products and solutions in China
- Well-recognized first-mover with strong industry expertise
- Solid technology matrix fueling innovations
- Robust engineering capabilities supported by solid supply chain
- Strong management and R&D team with deep industry roots

OUR STRATEGIES

We will focus on the following key strategies to achieve our mission and vision:

- Enhancing market competitiveness through continuous product iterations and SoC product portfolio upgrade
- Advancing frontier technologies with strategic partners
- Exploring diverse growth paths in partnership with industry leaders in multiple product areas
- Exploring investment and acquisition opportunities
- Expanding overseas to building a world-class brand

RESEARCH AND DEVELOPMENT

We operate a customer-driven research and development model underpinned by a strong engineering culture, with a focus on early-stage product defining, close collaboration and disciplined execution across the full product lifecycle. By engaging customers from the earliest stages of product planning, we incorporate evolving application requirements directly into our R&D roadmap and define SoC architectures early in the commercialization cycle, supporting demand from smart device markets such as UAVs, AIoT and smart wearables.

As of May 31, 2026, our R&D team comprised 133 research professionals, accounting for approximately 71.1% of our total workforce. During the Track Record Period, we incurred R&D expenses of RMB136.5 million, RMB139.9 million, RMB85.3 million and RMB39.6 million in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, of which in-house R&D accounted for 89.2%, 99.2%, 93.3% and 95.5%, respectively. As of the Latest Practicable Date, our R&D efforts have resulted in 25 patents, 14 integrated circuit layout design registrations and 14 software copyrights.

We are strategically investing in next-generation IC architectures to reinforce our technological competitiveness in key growth markets. Our recent R&D focus is on two core series designed to advance performance and enable new applications. See "Business — Research and Development" for more details on our two ongoing R&D projects.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Track Record Period, our customers primarily consisted of direct sales customers who were mainly UAV companies, technology manufacturers, and distributors. In 2023, 2024, 2025 and the five months ended May 31, 2026, we generated revenue of RMB76.0 million, RMB341.7 million, RMB299.6 million and RMB150.1 million from the provision of SoC products and technology services to our top five customers in each year/period, respectively, accounting for 72.3%, 76.1%, 60.1% and 65.4% of our total revenue for the corresponding year/period. In addition, during the Track Record Period, revenues generated from our largest customer in each year accounted for 50.9%, 33.1%, 37.7% and 42.4% of our total revenue, respectively.

Major Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) foundries and module manufacturers and (ii) packaging and testing service providers. In 2023, 2024, 2025 and the five months ended May 31, 2026, we incurred purchases amounts of RMB63.4 million, RMB232.6 million, RMB218.8 million and RMB121.3 million primarily for wafers, modules, and packaging services from our top five suppliers in each year/period, respectively, accounting for 36.9%, 65.5%, 58.1% and 53.6% of our total purchases for the corresponding year/period. In addition, during the Track Record Period, purchases amounts incurred from our largest supplier in each year accounted for 12.1%, 27.0%, 34.7% and 36.1% of our total purchases, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information as of and for the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2025 and 2026. We have derived this summary from our financial information set forth in the Accountants' Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section headed "Financial Information".

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

	Year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	105,081	100.0	448,697	100.0	498,499	100.0	200,066	100.0	229,477	100.0
Cost of sales	(93,363)	(88.8)	(304,266)	(67.8)	(277,963)	(55.8)	(114,970)	(57.5)	(134,523)	(58.6)
Gross profit	11,718	11.2	144,431	32.2	220,536	44.2	85,096	42.5	94,954	41.4
Other net income	5,234	5.0	5,180	1.2	5,861	1.2	2,216	1.1	2,386	1.0
Selling and marketing costs	(29,172)	(27.8)	(29,662)	(6.6)	(30,411)	(6.1)	(10,526)	(5.3)	(10,235)	(4.5)
Administrative expenses	(73,613)	(70.1)	(67,551)	(15.1)	(45,798)	(9.2)	(15,148)	(7.6)	(25,181)	(11.0)
Research and development costs	(136,546)	(129.9)	(139,884)	(31.2)	(85,301)	(17.1)	(30,143)	(15.1)	(39,637)	(17.3)
(Loss)/profit from operations	(222,379)	(211.6)	(87,486)	(19.5)	64,887	13.0	31,495	15.7	22,287	9.7
Changes in the carrying amount of redemption liabilities	(85,553)	(81.4)	(127,634)	(28.4)	(45,907)	(9.2)	(29,848)	(14.9)	(40,497)	(17.6)
Other finance costs	(341)	(0.3)	(1,129)	(0.3)	(2,411)	(0.5)	(1,201)	(0.6)	(342)	(0.1)
Finance costs	(85,894)	(81.7)	(128,763)	(28.7)	(48,318)	(9.7)	(31,049)	(15.5)	(40,839)	(17.8)
(Loss)/profit before taxation	(308,273)	(293.4)	(216,249)	(48.2)	16,569	3.3	446	0.2	(18,552)	(8.1)
Income tax	—	0.0	(32)	0.0	(68)	(0.1)	(85)	0.0	(20)	0.0
(Loss)/profit for the year/period	(308,273)	(293.4)	(216,281)	(48.2)	16,501	3.3	361	0.2	(18,572)	(8.1)
(Loss)/earnings per share										
Basic and Diluted *(RMB)*	(11.40)		(7.96)		0.61		0.01		(0.60)	
(Loss)/profit for the year/period	(308,273)	(293.4)	(216,281)	(48.2)	16,501	3.3	361	0.2	(18,572)	(8.1)
Other comprehensive income for the year/period										
Item that is or may be reclassified subsequently to profit or loss:										
Exchange differences on translation of:										
— financial statements of an overseas subsidiary	7		29		(167)		(28)		(1)	
Total comprehensive income/(loss) for the year/period	(308,266)	(293.4)	(216,252)	(48.2)	16,334	3.3	333	0.2	(18,573)	(8.1)

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted net profit/loss (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that such measure provides 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 the adjusted net profit/loss (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit/loss (non-HKFRS measure) as profit/loss for the years/periods adjusted by adding back changes in the carrying amount of redemption liabilities, equity-settled share-based transactions, which are non-cash items, and our **[REDACTED]** expenses which relate to the **[REDACTED]** of our Company. We exclude changes in the carrying amount of redemption liabilities recognised in our statement of profit or loss during the Track Record Period in the amount of RMB85.5 million, RMB127.6 million, RMB45.9 million and RMB40.5 million for 2023, 2024, 2025 and the five months ended May 31, 2026, which primarily relate to the ordinary shares with redemption rights issued to investors, which will be reclassified to equity of the Company upon **[REDACTED]**, and equity-settled share-based payment expenses, as such changes are non-cash in nature. Therefore, these items are added

back to the adjusted net profit/loss (non-HKFRS measure) with a view to eliminating the potential impacts of such items. Our Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential **[REDACTED]** and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit/(loss) (non-HKFRS measure) is not a measure required by, or presented in accordance with, HKFRS. The use of adjusted net profit/loss (non-HKFRS measure) has limitations as an analytical tool, which should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

The following table presents our non-HKFRS measure for the year/period indicated:

	Year ended December 31,			For the five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
(Loss)/profit for the year/period	(308,273)	(216,281)	16,501	361	(18,572)
Add:					
Changes in the carrying amount of redemption liabilities	85,553	127,634	45,907	29,848	40,497
Equity-settled share-based payment expenses	37,954	79,495	(1,757)	(1,847)	447
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net profit/(loss) (non-HKFRS measure)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Revenue

For the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our total revenue amounted to RMB105.1 million, RMB448.7 million, RMB498.5 million, RMB200.1 million and RMB229.5 million, respectively.

Revenue by products

We derived revenues mainly from (i) sales of SoC products, including chips and modules and (ii) provision of technology services. Our revenue from the sales of SoC products consists of sales of products applied to three core end-products: UAVs, AIoT and smart wearables. Our revenue from the sales of SoC products increased significantly in 2024, due to several reasons: (i) general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, see "Industry Overview — Visual Processing AI SoC Product and Solution Market Overview — Market Size of Global and China Visual Processing AI SoC Product and Solution" in this Document, together with the commercialization of our new SoCs, including AR8032S (primarily for UAV and AIoT) and ARS31 (primarily for UAV and AIoT), and related modular products, (ii) growth in sales in all product segments. In turn, such increase was tied to our relevant product development stage whereby we commenced mass production and volume deliveries for new generation products commencing in 2024, and (iii) we commenced sales of products applied to smart wearables in the AR market, with the sales volume of our Smart Wearables — Chips increasing from 770 units in 2023 to 63,173 units in 2024, which expanded our products' end application scenarios and our customer base, contributing further to revenue growth. Our revenue from the sales of SoC products remained relatively stable at RMB434.9 million and RMB457.2 million for the years ended

December 31, 2024 and 2025, respectively. Our revenue from the sales of SoC products increased from RMB194.2 million for the five months ended May 31, 2025 to RMB225.2 million for the five months ended May 31, 2026 due to (i) the increase in sales volume of UAV — Chips following the releases of new-generation UAVs which generally require more UAV — Chips for improved performance, amidst the development of low-altitude economy; (ii) the increase in sales volume of AIoT — Chips, driven by the robust demand from AIoT downstream scenarios, especially industrial camera and robotics; and (iii) the increase in sales volume of Smart Wearables — Chips from 68,016 units to 165,080 units, driven by the continued commercialization of ARS4X Series chips. For details of the sales volume and ASP of our products, see "Business — Our Products and Solutions" in this Document.

Our revenue from provision of technology services consists of both product design services and IP incomes. Our revenue from technology services increased significantly from RMB4.7 million in 2023 to RMB13.8 million in 2024 mainly because of the recognition of income from IP licensing, amounting to RMB8.3 million. Our revenue from technology services increased from RMB13.8 million in 2024 to RMB41.3 million in 2025, primarily due to the increase of product design services for smart wearables products. We recorded revenue from technology services of RMB5.9 million and RMB4.3 million for the five months ended May 31, 2025 and 2026, respectively.

Revenue by sales channel

We primarily promote and sell our SoCs and technology services through direct sales, while distribution sales to customers constitute a smaller portion of our sales. For further details of our sales network, please see "Business – Our Customers – Distribution" in this Document.

The following table sets forth our revenue breakdown by sales channel in absolute amount and as a percentage of our total revenue for the years/periods indicated.

	Year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	101,717	96.8	277,545	61.9	438,461	88.0	164,611	82.3	192,208	83.8
Distribution sales	3,364	3.2	171,152	38.1	60,038	12.0	35,455	17.7	37,269	16.2
Total	105,081	100.0	448,697	100.0	498,499	100.0	200,066	100.0	229,477	100.0

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross margin for the years/periods indicated.

	Year ended December 31,			For the five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	105,081	448,697	498,499	200,066	229,477
Cost of sales	(93,363)	(304,266)	(277,963)	(114,970)	(134,523)
Gross profit	11,718	144,431	220,536	85,096	94,954
Gross profit margin	11.2%	32.2%	44.2%	42.5%	41.4%

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

	Year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
SoC products										
UAVs	9,012	13.7	90,875	32.9	121,515	43.8	51,876	45.1	61,404	47.0
UAV — Chips	1,233	30.2	2,700	56.3	50,673	56.3	7,926	67.0	46,044	46.4
UAV — Modules	7,779	12.6	88,175	32.4	70,842	37.8	43,950	42.6	15,360	48.9
AIoT	4,773	13.8	53,390	34.7	61,769	37.5	28,002	38.3	28,191	36.5
AIoT — Chips	1,811	14.1	10,340	22.3	25,649	36.3	10,965	34.9	12,894	27.8
AIoT — Modules	2,962	13.7	43,050	40.1	36,120	38.4	17,037	40.8	15,297	49.7
Smart Wearables — Chips	(11)	(25.6)	231	5.3	3,777	25.2	1,463	24.4	2,950	17.0
Technology Services[(1)]	(2,056)	(44.0)	(65)	(0.5)	33,475	81.0	3,755	64.1	2,409	56.4
Total	11,718	11.2	144,431	32.2	220,536	44.2	85,096	42.5	94,954	41.4

Note:

(1) Technology services primarily consist of non-recurring engineering such as product design services and IP incomes.

Comparison of gross profit and gross profit margin in 2023, 2024 and 2025

In 2023, 2024 and 2025, the gross profit and gross profit margins of our UAV — Chips, AIoT SoC products, Smart Wearables — Chips increased materially. The increase was largely attributable to our product development cycle, whereby we commenced to introduce new generation SoC products that contributed positively to our gross profit and gross profit margin.

On the other hand, while the gross profit margin for our UAV-Modules increased during the Track Record Period, the gross profit for such product segment decreased during 2025 when compared to the same period in 2024. Such result was mainly due to the switching of supplier and we had to complete the engineering phase of production, which in turn, limited our product supply. Such disruption was temporary and resolved by the end of 2025.

Similarly, the gross profit and gross profit margin for our technology services segment also increased substantially in 2025. Material changes in our gross profit and gross profit margin for our technology services segment were due to the type of services we provided. In 2023 and 2024, our technology services were mainly to aid our customers' product development, which were often offered as auxiliary services to our product sales. The material increase in our gross profit and gross profit margin for 2025 was attributable to our product design services for smart wearable products. Such design services include IP and chip customization.

Comparison of gross profit and gross profit margin for the five months ended May 31, 2025 and five months ended May 31, 2026

For UAV-Chips, AIoT-Chips and Smart Wearable-Chips, gross profit increased during the five months ended May 31, 2026, compared with the corresponding period in 2025, primarily due to higher sales volumes of the relevant chip products. Gross profit margins, however, decreased over the same period, primarily attributable to rising prices of memory components used in such chip products due to the demand for such memory components outstripping its supply temporarily.

For UAV-Chips, the gross profit margin decreased from 67.0% in the five months ended May 31, 2025 to 46.4% in the five months ended May 31, 2026, primarily due to the following factors:

- **Rising prices of memory components:** The rising prices of memory components increased the costs of UAV-Chips incorporating such components. Although the revenue contribution of such UAV-Chips decreased from 13.0% of the revenue from our UAV-Chips in the five months

ended May 31, 2025 to 8.5% of the revenue from our UAV-Chips in the five months ended May 31, 2026, their gross profit margin decreased from 31.9% to 20.2%, placing further downward pressure on the overall gross profit margin of our UAV-Chips products; and

- **Changes in product mix:** Among our UAV-Chips, the revenue contribution of communication-only single-function chips, which carried a relatively higher gross profit margin, decreased from 80.0% of the revenue from our UAV-Chips in the five months ended May 31, 2025 to 31.6% of the revenue from our UAV-Chips in the five months ended May 31, 2026. By contrast, the revenue from our AI and image-transmission dual-function chips, which carried a relatively lower gross profit margin, increased from 7.1% of the revenue from our UAV-Chips to 59.9% of the revenue from our UAV-Chips over the same periods, primarily because certain customers shifted from purchasing UAV-Modules to purchasing the relevant chips directly.

The gross profit from UAV-Modules decreased during the five months ended May 31, 2026, compared with the corresponding period in 2025, primarily due to lower sales volumes as certain customers shifted their procurement focus from module products to chip products. Meanwhile, gross profit margin increased, primarily because the sales portion of upgraded UAV-Modules increased in 2026, such products were embedded with lower-cost chips, which resulted in a higher gross profit margin. The relevant upgraded UAV-Module products accounted for approximately 39.5% of revenue from our UAV-Modules during the five months ended May 31, 2026, and achieved a higher gross profit margin of 53.4%, thereby improving the overall gross profit margin of our UAV-Modules product line. In addition, memory components were used in only a limited portion of our UAV-Module products and represented a relatively low proportion of their raw material costs. Accordingly, increases in memory-component prices had a less significant impact on the overall gross profit margin of our UAV-Modules products than on that of our UAV-Chips products.

For AIoT-Modules, gross profit decreased during the five months ended May 31, 2026 compared with the corresponding period in 2025, primarily due to lower sales volume during the transition from earlier-generation to new-generation products. Gross profit margin, however, increased over the same period, primarily because the launch of new-generation products with enhanced performance, which supported higher overall prices of relevant module products.

(Loss)/Profit for the Year/Period

Our net loss decreased from RMB308.3 million in 2023 to RMB216.3 million in 2024, primarily due to an increase in gross profit from RMB11.7 million in 2023 to RMB144.4 million in 2024, particularly from sales of UAV and AIoT modules, and an improvement in our gross profit margin from 11.2% to 32.2%, as higher sales volumes diluted the fixed cost components of our cost of sales. Such improvement was partially offset by an increase in expenses arising from changes in the carrying amount of redemption liabilities from RMB85.6 million to RMB127.6 million, primarily reflecting increases in the fair value of the ordinary shares with redemption rights and accrued interest.

We recorded a net profit of RMB16.5 million in 2025, compared with a net loss of RMB216.3 million in 2024, primarily due to (i) an increase in gross profit from RMB144.4 million in 2024 to RMB220.5 million in 2025, reflecting revenue growth and a more favorable revenue mix, including a higher contribution from higher-margin UAV chips and product design services for smart wearables; (ii) a decrease in R&D expenses from RMB139.9 million to RMB85.3 million, reflecting lower employee expenses following the streamlining and reassignment of certain R&D personnel, and lower depreciation and amortization expenses recorded under R&D as relevant products entered commercialization; and (iii) a decrease in expenses arising from changes in the carrying amount of redemption liabilities from RMB127.6 million to RMB45.9 million.

We recorded a net loss of RMB18.6 million for the five months ended May 31, 2026, compared with a net profit of RMB0.4 million for the corresponding period in 2025, primarily due to (i) an increase in R&D expenses from RMB30.1 million to RMB39.6 million, mainly due to higher employee expenses associated with the development of new-generation chips and recruitment of additional R&D personnel, and rental expenses for AI servers used in algorithm development; (ii) an increase in administrative expenses from RMB15.1 million to RMB25.2 million, mainly due to **[REDACTED]** expenses; and (iii) an increase in expenses arising from changes in the carrying amount of redemption liabilities from RMB29.8 million to RMB40.5 million, mainly reflecting the Pre-**[REDACTED]** Investments and an increase in the fair value of our equity.

For further details, see "Financial Information — Period-to-Period Comparison of Results of Operations."

Summary of Consolidated Statements of Financial Position

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	79,006	103,623	85,117	96,394
Total current assets	199,937	281,089	696,169	683,906
Total non-current liabilities	—	7,243	4,517	13,174
Total current liabilities	1,458,308	1,693,591	2,106,979	2,111,744
Net current liabilities	(1,258,371)	(1,412,502)	(1,410,810)	(1,427,838)
Net liabilities	(1,179,365)	(1,316,122)	(1,330,210)	(1,344,618)

As of May 31, 2026, we had net current liabilities of RMB1,427.8 million, as compared to RMB1,410.8 million as of December 31, 2025, primarily due to an increase of RMB56.8 million in the carrying amount of the redemption liabilities, and a decrease in cash and cash equivalents of RMB120.7 million, which was partially offset by (i) an increase of inventories in RMB56.8 million and (ii) an increase in trade receivables, other receivables and prepayments of RMB51.1 million.

As of December 31, 2025, we had net current liabilities of RMB1,410.8 million, as compared to RMB1,412.5 million as of December 31, 2024, primarily due to an increase of RMB454.6 million in the carrying amount of the redemption liabilities, and partially offset by (i) an increase of RMB274.8 million of cash and cash equivalents, (ii) an increase of RMB83.3 million of inventories and (iii) an increase of RMB56.9 million of trade receivables, other receivables and prepayments.

As of December 31, 2024, we had net current liabilities of RMB1,412.5 million, as compared to RMB1,258.4 million as of December 31, 2023, primarily due to (i) an increase of RMB127.6 million of the carrying amount of the redemption liabilities, (ii) an increase of RMB59.7 million of loans and borrowings, primarily to supplement cash flow in support of operations, and (iii) an increase of RMB49.3 million of trade and other payables. These increases were partially offset by an increase of RMB55.9 million of cash and cash equivalents.

Our net current liabilities and net liabilities during the Track Record Period were largely attributable to changes in our redemption liabilities, as it constituted a major component of our current liabilities and net liabilities. Our net liabilities increased by RMB136.8 million from December 31, 2023 to December 31, 2024, primarily due to (i) a net loss of RMB216.3 million for the year, which increased our net liabilities, partially offset by (ii) equity-settled share-based transactions of RMB79.5 million credited to

our capital reserve, which reduced our net liabilities. Our net liabilities further increased by RMB14.1 million from December 31, 2024 to December 31, 2025, primarily due to (i) the recognition of redemption liabilities of RMB408.7 million exceeded the cash proceeds of RMB380.0 million received from shareholders, partially offset by (ii) a net profit of RMB16.5 million for the year, which reduced our net liabilities. Our net liabilities further increased by RMB14.4 million from December 31, 2025 to May 31, 2026, primarily due to (i) the loss of RMB18.6 million for the period and (ii) the recognition of redemption liabilities of RMB16.2 million, partially offset by (iii) capital injections from shareholders of RMB20.0 million and equity-settled share-based transactions of RMB0.4 million.

Our redemption liabilities are tied to the ordinary shares with redemption rights issued to investors and shall be converted into equity of the Company upon **[REDACTED]**. Accordingly, such shares shall not affect our liquidity upon conversion. Upon such conversion, our net liabilities position would turn into a net assets position.

Summary of Consolidated Statements of Cash Flows

	Year ended December 31,			Five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash (used in)/generated from operating activities	(142,461)	45,453	(49,260)	(8,371)	(84,905)
Net cash used in investing activities	(43,105)	(41,659)	(19,150)	(10,889)	(21,279)
Net cash (used in)/generated from financing activities	(6,620)	51,970	343,176	7,740	(14,295)
Net (decrease)/increase in cash and cash equivalents	(192,186)	55,764	274,766	(11,520)	(120,479)
Effect of foreign exchange rate changes	7	101	38	169	(212)
Cash and cash equivalents at beginning of the year	285,434	93,255	149,120	149,120	423,924
Cash and cash equivalents at end of the year/period	93,255	149,120	423,924	137,769	303,233

We had net operating cash inflow of RMB45.5 million in 2024. In 2023, we had net operating outflow of RMB142.5 million, primarily attributable to loss before taxation of RMB308.3 million, adjusted changes in working capital, which primarily resulted from (i) an increase in inventories of RMB5.6 million and (ii) a decrease in other non-current assets of RMB5.3 million partially offset by non-cash and non-operating items. In 2025, we had net operating outflow of RMB49.3 million, primarily attributable to changes in working capital, which primarily resulted from (i) an increase in trade and other receivables of RMB57.6 million and (ii) an increase in inventories of RMB92.9 million, partially offset by non-cash and non-operating items and profit before taxation of RMB16.6 million for the relevant year. We had net operating cash outflow of RMB84.9 million in the five months ended May 31, 2026, primarily due to (i) loss before taxation of RMB18.6 million, adjusted for our finance costs of RMB40.8 million; (ii) an increase in our inventories of RMB56.8 million; (iii) an increase in our trade receivables, other receivables and prepayments of RMB51.1 million, and (iv) a decrease in trade and other payables of RMB20.1 million.

Key Financial Ratios

	As of/For the years ended December 31,			As of/For the five months ended May 31,
	2023	**2024**	**2025**	**2026**
Gross profit margin[(1)]	11.2%	32.2%	44.2%	41.4%
Current ratio[(2)]	0.14	0.17	0.33	0.32

Notes:

(1) Represents gross profit for the year/period divided by revenue for the same year, expressed as a percentage.

(2) Current ratio is calculated based on the current assets divided by current liabilities.

For a detailed discussion of factors affecting our key financial ratios during the Track Record Period, see "Financial Information — Key Financial Ratios".

[REDACTED]

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Single Largest Group of Shareholders comprises Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan. Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan is a Pre-**[REDACTED]** Employee Incentive Platform.

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alia, the Company's operation and management, and exercising the Shareholders' rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. In particular, (i) Shanghai Jixuan is a limited partnership where Mr. Yao serves as the general partner; and (ii) each of Shanghai Lingmou and Shanghai Huimou is a limited partnership where Dr. Shen serves as the general partner. Therefore, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan together form our Single Largest Group of Shareholders. As of the Latest Practicable Date, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan collectively held approximately 32.8% of the total issued share capital of our Company. And upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), they will in aggregate hold approximately **[REDACTED]**% of the total issued share capital of our Company.

PRE-[REDACTED] INVESTORS

Our Company obtained investment from the Pre-**[REDACTED]** Investors. For details of the principal terms of the Pre-**[REDACTED]** Investments and the identity and background of the Pre-**[REDACTED]** Investors, see "History, Development and Corporate Structure – Pre-**[REDACTED]** Investments" in this Document.

DIVIDENDS

During the Track Record Period, we did not declare any dividends or had a formal dividend policy or a fixed dividend payout ratio. After completion of the **[REDACTED]**, our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination

of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. Our future declarations of dividends will be subject to the approval of our Shareholders. See "Risk Factors – Risks Relating to the **[REDACTED]** – We cannot ensure whether, when, or in what amount we will pay dividends in the future" in this Document.

As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate at least 10% of our net profit to our statutory common reserve fund until the cumulative amount of the reserve fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses from prior fiscal years have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

RISK FACTORS

Our business faces risks, including those set out in the section headed "Risk Factors". As different **[REDACTED]** may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to **[REDACTED]** in our Shares. Some of the major risks that we face include:

- If we fail to respond to market trends or to develop new or enhanced solutions and products in a timely manner, our business, results of operations and prospects may be adversely affected.
- We rely on third-party manufacturing partners, and any adverse developments relating to such partnership may adversely affect our business, financial condition and results of operations.
- Our R&D efforts are not guaranteed to yield the results we anticipate.
- Cyclical fluctuations in the semiconductor industry may adversely affect our results of operations and cash flows.
- The growth of our business depends on the growth and performance of downstream customers and the end markets they serve, and any volatility or slowdown in such markets may adversely affect our business, financial condition and results of operations.

[REDACTED] EXPENSES

We recorded **[REDACTED]** expenses of RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) which relate to the **[REDACTED]** of our Company during the Track Record Period, of which RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) was charged to our consolidated statements of profit or loss, and RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) has been recognised as capitalisation of **[REDACTED]** expenses and will be deducted from equity upon **[REDACTED]**. Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range stated in this Document), the total **[REDACTED]**, commissions, together with the Stock Exchange **[REDACTED]** fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the **[REDACTED]**, which are payable or to be paid by us are estimated to be approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), of which RMB**[REDACTED]** have been and are expected to be charged to our consolidated statements of comprehensive income and RMB**[REDACTED]** are expected to be deducted

from equity following the **[REDACTED]**. The **[REDACTED]** expenses consist of RMB**[REDACTED]** **[REDACTED]**-related expenses and RMB**[REDACTED]** non-**[REDACTED]**-related expenses (including fees and expenses of legal advisors and the reporting accountants of RMB**[REDACTED]** and other fees and expenses of RMB**[REDACTED]**), representing approximately **[REDACTED]**% of our gross **[REDACTED]** from the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** after deducting the **[REDACTED]** and expenses payable by us in the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share in this Document. We intend to use the **[REDACTED]** from the **[REDACTED]** for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for further upgrade of our SoC product portfolio. We plan to develop products with enhanced performance, greater efficiency, and stronger competitiveness, based on our existing and market-validated product.

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million, will be used for supporting product applications in our targeted usage scenario, including consumer and industrial UAVs, AIoT applications including cameras as well as consumers and industrial robotics, and smart wearables devices such as AR/AI glasses and smartwatches.

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million, will be used for investment and acquisition activities, in which we aim to identify and invest in targets with potential synergistic effects.

- Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the working capital and general corporate purposes.

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

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We expect to record a net loss for the year ending December 31, 2026, primarily due to: (i) a greater increase in the carrying amount of redemption liabilities as compared with the year ended December 31, 2025, principally as a result of the completion of Pre-**[REDACTED]** Investment in 2026; (ii) an anticipated increase in R&D expenses as we continue to make strategic investments in next-generation IC architectures to strengthen our technological competitiveness in key growth markets. One of these R&D projects is expected to enter launch and mass production in 2027. The anticipated increase in R&D expenses is primarily attributable to: (a) an increase in the total number of R&D personnel; (b) an increase in depreciation and amortisation expenses following our expected procurement of certain CPU-related IP authorisations and the commencement of amortisation thereof during the year ending December 31, 2026; and (c) increased service expenses and server-rental costs to support our R&D activities; and (iii) **[REDACTED]** expenses incurred in connection with the proposed **[REDACTED]** of the Company.

Our Directors confirm that, since May 31, 2026 (being the latest end date of the periods reported in the Accountants' Report included in Appendix I to this Document) and up to the date of this Document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this Document.

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

"Accountants' Report"	the accountants' report of the Company, the text of which is set out in Appendix I to this Document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC" or "Accounting and Financial Reporting Council"	the Accounting and Financial Reporting Council of Hong Kong SAR
[REDACTED]	**[REDACTED]**
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted on January 13, 2026 with effect from the **[REDACTED]**, and as amended from time to time, a summary of which is set out in the section headed "Summary of the Articles of Association of the Company" in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong SAR) on which banks in Hong Kong SAR are generally open for normal banking business
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"China" or "Chinese Mainland" or "PRC"	the People's Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong SAR, Macau SAR and Taiwan, China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	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"	Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有限公司), a limited liability company established in the PRC on July 12, 2011 and converted into a joint-stock company with limited liability on December 11, 2025

"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Concert Party Agreement"	the concert party agreement entered into by Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan on January 5, 2026 and subsequently amended on September 17, 2026; see "History, Development and Corporate Structure – Acting in Concert Arrangement" in this Document for details
"Conversion of Unlisted Shares into H Shares"	the conversion of **[REDACTED]** Unlisted Shares into H Shares on a one-for-one basis upon the completion of **[REDACTED]**. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on October 29, 2026 and an **[REDACTED]** for H Shares to be **[REDACTED]** on the Stock Exchange has been made to the Listing Committee
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dr. Shen"	Dr. Shen Bo (沈泊), our co-founder, our chief technology officer and a member of our Single Largest Group of Shareholders upon **[REDACTED]**
"EIT"	the PRC enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC
[REDACTED]	**[REDACTED]**
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period
"FIL"	Foreign Investment Law (中華人民共和國外商投資法) published by State Council in January 2020
[REDACTED]	**[REDACTED]**
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant, an Independent Third Party
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this Document
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time

[REDACTED]	**[REDACTED]**
"Group", "our Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so 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" or "Guide"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas **[REDACTED]** foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be **[REDACTED]** for and **[REDACTED]** in HK dollars and for which an application has been made for **[REDACTED]** and permission to **[REDACTED]** on the Stock Exchange
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"HKFRS"	HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Hong Kong" or "Hong Kong SAR" or "HK SAR"	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong SAR
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Kuxin HK"	Kuxin Microelectronics (Hongkong) Limited (酷芯微電子(香港)有限公司), a limited liability company incorporated in Hong Kong on September 21, 2017, a direct wholly-owned subsidiary of our Company
"Latest Practicable Date"	November 20, 2026, being the latest practicable date for ascertaining certain information in this Document before its publication
[REDACTED]	**[REDACTED]**
"Listing Committee"	the Listing Committee of the Stock Exchange
[REDACTED]	**[REDACTED]**
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
[REDACTED]	**[REDACTED]**
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Xu"	Mr. Xu Wei (許維), our chief financial officer, secretary of the Board and a joint company secretary
"Mr. Yao"	Mr. Yao Haiping (姚海平), our co-founder, an executive Director, chairman of the Board, our chief executive officer, and a member of our Single Largest Group of Shareholders upon **[REDACTED]**
"Mr. Zhong"	Mr. Zhong Qi (鍾琪), our co-founder, an executive Director, our chief operating officer and a member of our Single Largest Group of Shareholders upon **[REDACTED]**

"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Sanctions Legal Advisor"	Commerce & Finance Law Offices, the legal advisors of our Company as to U.S. Outbound Investment Rule, U.S. export control and international sanctions
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Jingtian & Gongcheng, our legal advisor as to PRC laws
"Pre-**[REDACTED]** Employee Incentive Platform(s)"	Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan, or any one of them as the context may requires
"Pre-**[REDACTED]** Investments"	the Pre-**[REDACTED]** investments in our Company undertaken by the Pre-**[REDACTED]** Investors, details of which are set out in the section headed "History, Development and Corporate Structure" in this Document
"Pre-**[REDACTED]** Investors"	the Pre-**[REDACTED]** investors, details of which are set out in the section headed "History, Development and Corporate Structure" in this Document
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Document"	this document being issued in connection with the **[REDACTED]**
[REDACTED]	**[REDACTED]**
"Regulation S"	Regulation S under the U.S. Securities Act
"Reporting Accountants"	KPMG
"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)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SEC"	the Securities and Exchange Commission of the United States
"SFC"	the Securities and Futures Commission of Hong Kong SAR
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Shanghai Huimou"	Shanghai Huimou Enterprise Management Consulting Partnership (Limited Partnership)* (上海慧眸企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 13, 2019, a Pre-**[REDACTED]** Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon **[REDACTED]**
"Shanghai Jixuan"	Shanghai Jixuan Enterprise Management Consulting Partnership (Limited Partnership)* (上海基璇企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on July 3, 2019, a Pre-**[REDACTED]** Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon **[REDACTED]**
"Shanghai Kuxin Intelligent"	Shanghai Kuxin Intelligent Technology Co., Ltd.* (上海酷芯智能科技有限公司), a limited liability company established in the PRC on September 6, 2019, a direct wholly-owned subsidiary of our Company
"Shanghai Kuxin Semiconductor"	Shanghai Kuxin Semiconductor Co., Ltd.* (上海酷芯半導體有限公司), a limited liability company established in the PRC on September 20, 2022, a direct wholly-owned subsidiary of our Company
"Shanghai Lingmou"	Shanghai Lingmou Enterprise Management Consulting Partnership (Limited Partnership)* (上海靈眸企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on May 28, 2019, a Pre-**[REDACTED]** Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon **[REDACTED]**
"Shanghai Yingmou"	Shanghai Yingmou Intelligent Technology Co., Ltd.* (上海迎眸智能科技有限公司), a limited liability company established in the PRC on May 24, 2019
"Shanghai Yuegan"	Shanghai Yuegan Enterprise Management Consulting Partnership (Limited Partnership)* (上海閱感企業管理諮詢合夥企業 (有限合夥)), a limited partnership established in the PRC on October 8, 2023 and a Pre-**[REDACTED]** Employee Incentive Platform
"Shanghai Zehan"	Shanghai Zehan Enterprise Management Consulting Partnership (Limited Partnership)* (上海澤漢企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 5, 2019

"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	our single largest group of Shareholders upon **[REDACTED]**, referring to Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, further details of which are set out in the section headed "Relationship with Our Single Largest Group of Shareholders" in this Document
"Sole Sponsor"	Huatai Financial Holdings (Hong Kong) Limited
[REDACTED]	**[REDACTED]**
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholders"	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Uncertificated Form"	has the meaning given to it in section 1AB(a) of Part 1 of Schedule 1 to the Securities and Futures Ordinance
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"United States" or the "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Shares"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"USM Rules"	the Securities and Futures (Uncertificated Securities Market) Rules (Cap.571AS of the Laws of Hong Kong) made under the SFO, as in force from time to time and any amendments thereto or re-enactments thereof for the time being in force and include every other rules or subsidiary legislation incorporated therewith or substituted therefor
"VAT"	value-added tax
"%"	per cent

Unless otherwise specified or the context otherwise requires:

1. *statements contained in this Document assume no exercise of the **[REDACTED]**;*

2. *all times refer to Hong Kong SAR time;*

3. *references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and*

4. *all data in this Document is as of the date of this Document.*

In this Document, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "controlling shareholder/single largest group of shareholders" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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.

In this Document, "" denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain terms used in this Document in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"2T2R"	a wireless transmission configuration with two transmit antennas (2T) and two receive antennas (2R);
"3DoF"	three degrees of freedom, a form of motion tracking that supports rotational movement along three axes, typically pitch, yaw and roll, without positional tracking;
"5G"	fifth generation of mobile network technology;
"AI"	artificial intelligence;
"accelerator"	a hardware component, typically a card, that enhances computing performance by transferring specific tasks from the central processing unit to specialized processors;
"ADC(s)"	analog-to-digital converter(s), which are utilized in automobile systems to transform analog signals from different sensors into digital data;
"AES"	Advanced Encryption Standard, a symmetric encryption algorithm widely used for data security;
"AI model"	an algorithm that relies on training data to recognize patterns and make predictions or decisions;
"AIoT"	artificial intelligence of things, referring to the integration of artificial intelligence technologies with Internet of Things devices to enable intelligent data processing and decision-making at the device or system level. AIoT is a widely accepted industry term. In plain terms, it refers to IoT devices which are able not only to collect and exchange data, but also to analyze that data and perform intelligent functions themselves. For example, a smart security camera with AIoT capabilities can perform image recognition and behavior analysis in real time, instead of only recording footage for subsequent review.
"algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer;
"AR/VR"	augmented reality and virtual reality, which respectively refer to a technology that overlays real-time 3D-rendered computer graphics onto a portion of the real world through a display and a simulated experience that employs 3D near-eye displays and pose tracking to give the user an immersive feel of a virtual world artificial intelligence generated content;
"bandwidth"	the data transmission capacity of a communication channel over a given period of time;

GLOSSARY OF TECHNICAL TERMS

"baseband"	the core signal processing component in wireless communication systems responsible for handling baseband signals;
"BERT"	Bidirectional Encoder Representations from Transformers, a pre-trained transformer-based language model architecture that processes text in both directions simultaneously to capture contextual word relationships, widely used for natural language understanding tasks such as text classification, question answering and semantic analysis;
"Bluetooth"	short-range wireless communication technology that allows devices to exchange data over radio waves;
"Boot ROM"	read-only memory that stores initial boot code used to initialize hardware and load system software during device startup;
"Bus"	refers to the internal data communication pathway that enables data transfer among functional modules;
"CAGR"	compound annual growth rate;
"Camera-to-display latency"	the time delay between the capture of visual data by a camera sensor and the display of the corresponding image on a screen;
"CE"	Conformité Européenne, a marking indicating conformity with applicable European Union regulatory requirements;
"chip(s)"	a piece of silicon that contains integrated circuits used to perform electronic functions in devices. A chip is the most basic electronic component, where transistors and other circuit elements are built on a single piece of silicon to carry out specific tasks such as processing, memory or control;
"CIS"	CMOS image sensor, a semiconductor device that captures images by converting light into electrical signals, widely used in smartphones, digital cameras and automobiles;
"CMOS"	complementary metal-oxide semiconductor, a technology used in the design and manufacturing of ICs;
"CNN(s)"	convolutional neural networks, a class of deep learning models commonly used for tasks such as image and video analysis by applying convolutional operations to extract hierarchical features from input data;
"Codec"	coder-decoder, a device or software that encodes or decodes digital data streams, especially for compressing and decompressing audio or video signals in processing applications;
"compute-in-memory"	an emerging computing architecture that integrates data processing capabilities directly within memory arrays, reducing the need to transfer data between memory and processors and thereby improving computational speed and energy efficiency;

"Confluence"	Atlassian Confluence, a collaboration and documentation platform developed by Atlassian, used to create, manage and share project documentation, technical specifications, development records and internal knowledge bases;
"CP/FT testing"	refers to Circuit Probe testing and Final Testing, which are critical stages in the semiconductor manufacturing process. CP testing is conducted at the wafer level to verify chip functionality prior to packaging, while FT testing is performed on packaged chips to ensure compliance with performance and quality specifications before shipment;
"CPU"	central processing unit;
"CV"	computer vision, a field of artificial intelligence that enables computers and systems to derive information from images and video data;
"DDR"	Double Data Rate, a type of synchronous dynamic random-access memory (SDRAM) that transfers data on both the rising and falling edges of the clock signal, providing higher bandwidth and performance compared to single data rate memory;
"DDRC"	double data rate memory controller, a hardware module used to manage data access between a processor and DDR memory;
"Demo"	refers to demonstration software, sample applications or prototype implementations developed to showcase the functionality, performance or application scenarios of our products, technologies or algorithms;
"die(s)"	a small block of semiconducting material on which a given functional circuit is fabricated;
"DPPM"	defective parts per million, a quality metric used in semiconductor manufacturing to measure the number of defective units identified per one million units shipped to customers;
"DRAM"	dynamic random access memory, which refers to a type of semiconductor memory widely used in vehicles for various functions like powering displays, handling data from sensors in ADAS systems, and supporting the processing needs of self-driving technologies;
"DSP"	digital signal processor, a specialized processor designed to efficiently perform real-time digital signal processing tasks such as signal filtering, image processing and data transformation;
"DVP"	digital video port, an interface standard used for parallel digital video data transmission between image sensors and processing units;
"ECO"	engineering change order, a formal process used to document, review and implement design modifications during product development and manufacturing;

"EDA"	electronic design automation, a category of software tools for designing electronic systems such as ICs and printed circuit boards. The tools work together in a design flow that chip designers use to design and analyze entire semiconductor chips;
"Edge AI"	technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices;
"edge computing"	a distributed computing paradigm in which data processing and AI inference are performed locally on end devices or in proximity to the data source, rather than in a centralised cloud server, reducing latency and bandwidth requirements;
"eFuse"	embedded fuse, a type of non-volatile memory used to store permanent configuration data such as security keys and device identifiers;
"eMMC"	embedded MultiMediaCard, a type of embedded non-volatile flash memory commonly used for data storage in electronic devices;
"Ethernet"	a family of wired networking technologies commonly used for local area networks to enable data communication between devices;
"fabless"	the design and sale of hardware devices and semiconductor chips while outsourcing their manufacturing services to a specialized manufacturer called a semiconductor foundry;
"fabrication"	the process of manufacturing or constructing products by assembling, shaping, or processing raw materials through various techniques and steps;
"FAE"	field application engineer;
"FCC"	the Federal Communications Commission of the United States, the regulatory authority responsible for regulating interstate and international communications;
"FMEA"	failure mode and effects analysis, refers to a systematic and structured quality management tool used to identify potential failure modes in product design or manufacturing processes, assess their potential effects, and implement preventive or corrective measures to mitigate associated risks;
"foundry"	a specialized factory, also known as a fabrication plant (fab), that manufactures ICs;
"fps"	frames per second;
"FPV"	first-person view, a viewing mode in which visual content captured by a camera is transmitted in real time to a display, allowing the user to experience the perspective of the camera;
"frequency"	the rate at which a power electronic device operates;

"Gbps"	a unit of data transfer rate equal to one billion bits per second;
"general purpose"	the ability to perform a wide range of computing tasks, rather than being optimized for a specific application or workload;
"GHz"	gigahertz, a unit of frequency equal to one billion hertz;
"GIT"	a distributed version control system used to manage, track and coordinate changes to source code and related development files, enabling collaborative software development and code version management;
"glass-to-glass latency"	the end-to-end time delay measured from image capture at the camera sensor to the display of the image on a screen;
"GMAC"	gigabit media access controller, a hardware interface used to support Ethernet communication at gigabit speeds;
"GPIO"	general purpose input/output, referring to programmable digital pins on electronic components that can be configured as either inputs or outputs, allowing for flexible communication with various sensors, actuators, and other devices within a vehicle;
"GPU"	graphics processing unit, a specialized electronic circuit designed to manipulate and alter memory to accelerate the creation of images in a frame buffer intended for output to a display device;
"HD"	high definition;
"HDMI"	High-Definition Multimedia Interface, a digital interface standard used for transmitting high-definition video and audio signals;
"HDR"	high dynamic range;
"HMD"	head-mounted display, a wearable display device positioned in front of the user's eyes to present visual content, commonly used in augmented reality and virtual reality applications;
"I2C"	inter-integrated circuit, a serial communication protocol commonly used for short-distance communication between integrated circuits;
"image sensor"	a device that detects and conveys information used to form an image;
"integrated circuit" or "IC"	a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components;
"IoT"	Internet of Things, referring to physical devices that are embedded with sensors, software and network connectivity, enabling them to collect and exchange data with other devices and systems;
"IP"	intellectual property;

"ISO"	the International Organization for Standardization, a worldwide federation of national standards bodies;
"ISO 9001"	a globally recognized standard for quality management. It helps organizations of all sizes and sectors to improve their performance, meet customer expectations and demonstrate their commitment to quality. Its requirements define how to establish, implement, maintain, and continually improve a quality management system (QMS);
"ISP(s)"	Image Signal Processors, specialized components in digital cameras and other imaging devices that process raw image data from the sensor into a usable, high-quality image;
"IT"	information technology, refers to the systems, infrastructure, software and related technological resources used to support our business operations, data processing, communications, information management and overall operational efficiency;
"JIRA"	Atlassian Jira Software, a project and issue tracking software developed by Atlassian, commonly used to manage tasks, bugs, development progress and workflow coordination in software development and quality assurance processes;
"KGD(s)"	known good die, which are individual semiconductor dies that have been fully tested and verified to meet specified performance and quality standards prior to packaging;
"large model"	a neural network architecture enabling it to process complex patterns and relationships across massive datasets;
"low-altitude economy"	economic activities conducted in low-altitude airspace, primarily involving unmanned aerial vehicles and related industries spanning logistics, agriculture, infrastructure inspection and consumer applications;
LVDS"	low-voltage differential signaling, a high-speed, low-power data transmission standard commonly used for display and data interfaces;
"mass production"	stage at which a product is manufactured in large quantities on a regular basis, following completion of all necessary design, testing, and regulatory requirements;
"MCU"	Microcontroller Unit, a compact integrated circuit designed to perform specific control and management functions within embedded systems;
"Mbps"	megabits per second, a unit of data transfer rate representing one million bits transmitted per second;
"Megabit"	a unit of digital information equal to one million bits, commonly used to measure data size or transmission capacity;

"Megapixel"	a unit of image resolution equal to one million pixels, commonly used to describe the resolution of image sensors and visual data output;
"Mesh Networking"	a network topology in which nodes are interconnected with multiple peers and can dynamically route data through alternative paths, enhancing network resilience, coverage and fault tolerance;
"MHz"	megahertz, a unit of frequency equal to one million hertz;
"MIMO"	multiple-input multiple-output, a wireless communication technology that uses multiple transmitting and receiving antennas to improve data throughput and reliability;
"MIPI"	mobile industry processor interface, a set of industry-standard specifications for high-speed interfaces used to connect components such as image sensors and displays within electronic systems;
"modules"	packaged components that include integrated circuits or other electronic components to build larger systems or devices. A module is a higher-level building block that packages one or more chips or System-on-a-Chip (SoC) units, together with additional components such as memory, power management circuits or connectors, into a single, ready-to-use unit that can be directly installed into a larger device;
"MR"	mixed reality, a technology that combines elements of both augmented reality and virtual reality by integrating digital content with the physical environment in real time;
"ms"	millisecond, a unit of time equal to one thousandth of a second;
"Multi-Project Wafer (MPW)"	a shared wafer fabrication run in which multiple chip designs are produced on a single wafer, enabling cost-efficient prototype testing and design verification prior to mass production.
"Multi-spectrum ISP"	an image signal processor designed to support the processing of image data captured across multiple spectral bands, such as visible light and other non-visible spectra;
"NLP"	Natural Language Processing, a branch of artificial intelligence that enables computers to understand, interpret and generate human language;
"nm"	nanometer, a unit of length commonly used to describe semiconductor process technology nodes;
"NPU"	neural processing unit, a specialized hardware accelerator designed to handle complex computing required for AI and machine learning;
"OFDM"	orthogonal frequency-division multiplexing, a digital modulation technique that transmits data over multiple orthogonal subcarriers to improve spectral efficiency and robustness;

"OS"	operating system, system software that manages hardware resources and provides services for application software;
"packaging"	the process of transforming bare semiconductor die (integrated circuit) into a final packaged chip product through a series of technological procedures, while providing physical protection, electrical connection and thermal management;
"patterned wafer"	a wafer with built-on circuits, which are unpackaged when sold. A patterned wafer contains a number of dies, which can be easily turned into chips after subsequent packaging and testing by downstream customers;
"PCB"	printed circuit board, a flat board made from insulating material, typically fiberglass or composite epoxy, onto which conductive pathways (traces) are etched or printed to connect and support electronic components such as chips, resistors, capacitors, and connectors;
"Point-to-Point Networking"	a network communication mode in which data is transmitted directly between two endpoints through a dedicated link, enabling stable and low-latency communication;
"Point-to-Multipoint Networking"	a network communication mode in which a single central node communicates with multiple endpoint nodes simultaneously, allowing efficient distribution of data to multiple receivers;
"Power, Performance, and Area" or "PPA"	a set of key design metrics used in integrated circuit development to evaluate power consumption, computational performance and silicon area efficiency;
"Processing-in-Memory" or "PIM"	an emerging computing architecture that integrates data processing capabilities directly within or near memory to reduce data movement and improve computational efficiency;
"QA"	quality assurance, refers to systematic processes and procedures implemented to ensure that products, software or systems meet defined quality standards and performance requirements;
"QCC"	quality control circle, refers to a participatory quality management approach whereby small groups of employees voluntarily conduct regular activities to identify, analyze and resolve work-related quality issues, with the objective of continuously improving product quality, operational efficiency and workplace processes;
"R&D"	research and development;
"RF"	radio frequency;
"RGB"	red, green and blue, a color model in which colors are represented by varying intensities of red, green and blue light, commonly used in image sensing, processing and display systems;

"RISC-V"	an open-standard reduced instruction set computing (RISC) architecture used for designing processors and system-on-a-chip solutions;
"RSA"	Rivest-Shamir-Adleman, an asymmetric cryptographic algorithm commonly used for secure data transmission and authentication;
"RTL"	register-transfer level, a design abstraction used in digital circuit design that models the flow of data between hardware registers and the logic operations performed on that data;
"RTL code"	the behavior of a digital circuit in terms of the flow of signals and the operations applied to them, and serves as the primary input for back-end physical design processes;
"SDI"	Serial Digital Interface, a professional digital video interface standard commonly used in broadcast and film production environments;
"SDK"	software development kit;
"SDRAM"	Synchronous Dynamic Random-Access Memory, a type of dynamic random-access memory that operates in synchronization with the system clock, enabling more efficient and predictable data access compared to asynchronous memory architectures;
"semiconductor"	a solid substance that has a conductivity between that of an insulator and that of most metals, either due to the addition of an impurity or because of temperature effects;
"signal chain"	a series of signal-conditioning electronic components that receive input (data acquired from sampling either real-time phenomena or from stored data) sequentially, with the output of one portion of the chain supplying input to the next;
"SiP"	System-in-Package, a semiconductor packaging technology that integrates multiple integrated circuits, such as SoCs and memory components, into a single package to improve performance, reduce footprint and enhance system integration;
"SLAM"	simultaneous localization and mapping, a technology that enables robots or other autonomous vehicles to build a map of an unknown environment while simultaneously determining their own location within that map;
"SoC"	a System-on-a-Chip, an integrated circuit that combines most or all key components of a computer or electronic system onto a single microchip. An SoC is a type of chip that integrates functions such as processing, image signal processing, memory control and communications, which would otherwise be performed by several separate chips;
"sq.m."	square meter(s);

"SRRC"	the State Radio Regulation of China, the regulatory authority responsible for radio frequency management in the PRC;
"Strategy and ESG Committee"	the strategy and ESG committee of our Company;
"substrate"	the base material that provides mechanical support and electrical connections between the chip and the printed circuit board;
"SWaP-optimized system architectures"	system architectures optimized for Size, Weight and Power efficiency;
"tape-out"	the final stage in the IC design process where the completed design layout is delivered to the semiconductor foundry for mask production and manufacturing;
"TDD"	time division duplex, a communication method in which uplink and downlink transmissions share the same frequency band but occur at different time intervals;
"testing"	the process of detecting the electrical performance, functional integrity, reliability, and environmental adaptability of semiconductors using professional testing equipment, so as to screen out qualified products and eliminate defective ones;
"TOPS"	tera operations per second, a unit measuring the computational throughput of a processor, representing the number of one trillion operations executed per second;
"TOPS/W"	tera operations per second per watt, a metric used to measure the energy efficiency of a processor by indicating the number of operations performed per second per unit of power consumption;
"UART"	universal asynchronous receiver-transmitter, a hardware communication protocol used for serial data transmission;
"UAV(s)"	unmanned aerial vehicles, which are aircraft operated without a human pilot on board and may be remotely controlled or operate autonomously using onboard systems;
"wafer"	a thin and round sheet made by slicing a monocrystalline ingot obtained by growing silicon (Si), gallium arsenide (GaAs), and other materials, which is the key material used to create semiconductor integrated circuits; and
"WIP"	work-in-progress, refers to inventories that are in the process of manufacturing but have not yet reached a completed or finished goods stage.

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedule", "predict", "aim", "intend", "consider", "would", "continue" and "outlook") are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political, market and economic conditions, including those related to the PRC;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

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

These factors are contingencies that may or may not occur, and we are not able 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

If we fail to respond to market trends or to develop new or enhanced solutions and products in a timely manner, our business, results of operations and prospects may be adversely affected.

The visual processing AI SoC product and solution industry is characterized by rapid technological advancement, frequent product iterations and evolving technical standards. Industry developments such as new AI model architectures, upgraded multimedia codecs, emerging wireless transmission protocols and changes in process technologies may render our existing products or technologies less competitive or even obsolete, or require us to incur significant time and resources to modify, upgrade or redesign our products.

Our success depends on our ability to anticipate and respond to changes in industry standards, customer preferences, application requirements and other market dynamics. Faster-than-expected or unforeseen shifts in technology, market demand or end-user application trends may shorten the lifecycle of our existing products or reduce their commercial relevance. We may not be able to timely develop, introduce or commercialize new or enhanced products that meet customer requirements, achieve market acceptance or maintain competitiveness. In addition, we may not be able to accurately predict or promptly respond to emerging technological trends, including trends relating to AI computing, multimedia processing and video process and transmission.

If we fail to keep pace with such developments or if we are unable to access new or critical technologies, we may lose existing customers or fail to attract new ones. Any decline in demand for our products due to competing technologies, shifting customer preferences or other factors may adversely affect our business, financial condition, results of operations and prospects.

We rely on third-party manufacturing partners, and any adverse developments relating to such partnership may adversely affect our business, financial condition and results of operations.

We are a fabless company focused on SoC design. We rely on third-party foundries, packaging and testing service providers to manufacture our products. We do not own or operate any fabrication, packaging or testing facilities. Our collaborations with third-party manufacturing partners are typically based on purchase orders rather than long-term capacity-reservation agreements and therefore do not guarantee dedicated or priority capacity for our products. The production capacity available to us from our manufacturing partners is inherently limited, and our suppliers may allocate capacity to other customers they consider strategically important. Any such event may delay the delivery of our products, limit our ability to meet customer demand, result in the loss of orders and adversely affect our customer relationships.

During the Track Record Period, our procurement of wafers, modules, and packaging services was concentrated among a limited number of key suppliers. In 2023, 2024, 2025 and the five months ended May 31, 2026, purchases from our largest supplier of each year/period amounted to RMB20.8 million, RMB95.8 million, RMB130.6 million and RMB81.7 million, respectively, accounting for 12.1%, 27.0%, 34.7% and 36.1% of our total purchase for the corresponding years/period. Over the same period, purchases from Supplier G, our largest module manufacturer, amounted to RMB11.4 million, RMB95.8 million, RMB46.2 million and RMB0.04 million, accounting for 6.6%, 27.0%, 12.3% and 0.02% of our total purchases for the corresponding years/period.

Reliance on third-party manufacturing partners exposes us to a number of risks, including (i) limited control over delivery schedules, quality assurance, manufacturing yields, production costs and process stability; (ii) potential delays or restrictions in accessing advanced or specialized process technologies required for our SoC products; (iii) failure by us or our customers to qualify a selected supplier or specific process technology; (iv) capacity shortages during periods of industry-wide demand increases; (v) shortages or price volatility of key raw materials or components; (vi) risks relating to confidentiality, data security or potential misappropriation of our intellectual property; (vii) limited warranties or indemnities relating to the products supplied to us; and (viii) potential increases in manufacturing, packaging or testing prices.

Our ability to secure sufficient production capacity also depends, to some extent, on the accuracy of our demand forecasts and on the willingness and ability of our key suppliers to allocate capacity to us. If our major wafer suppliers or other manufacturing partners experience capacity shortages, production disruptions, operational issues, equipment constraints, changes in strategic priorities or financial difficulties, or if they are unwilling to continue supplying wafers or services to us on terms commercially acceptable to us, we may be required to seek alternative suppliers. Such alternatives may not be readily available, may only be available on less favorable terms, or may require lengthy qualification processes involving significant time and resources.

Many of these factors are beyond our control. Any deterioration in our relationship with our major foundry or other manufacturing partners, or any adverse developments affecting their capacity, operations or financial condition, could cause delays in our production schedules, increase our procurement and manufacturing costs, negatively affect the performance or yields of our products, disrupt our supply chain or impair our ability to meet customer demand. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

Our R&D efforts are not guaranteed to yield the results we anticipate.

The visual processing AI SoC product and solution industry is characterized by continuous technological evolution, increasing functional complexity and rapidly changing customer requirements. To remain competitive, we must continue to invest substantial human and financial resources in developing new products, enhancing existing products and advancing core technologies such as system architecture, AI acceleration, multimedia processing pipelines, RF and connectivity modules and firmware and software toolchains. Our R&D expenses amounted to RMB136.5 million, RMB139.9 million, RMB85.3 million, RMB30.1 million and RMB39.6 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. For details, see "Business – Research and Development" in this Document.

However, there is no assurance that our R&D activities will be successful, completed in a timely manner or translated into commercially viable products. Our R&D efforts may fail due to technical challenges, process limitations, changes in market demand or unforeseen design issues. Even if successful, we may not be able to incorporate the resulting technologies into new products in time to seize market opportunities or to achieve the anticipated performance, power efficiency, cost structure or commercial acceptance. Failure to achieve anticipated R&D outcomes, or delays in R&D progress, could adversely affect our business, financial condition, results of operations and prospects.

Cyclical fluctuations in the semiconductor industry may adversely affect our results of operations and cash flows.

The visual processing AI SoC product and solution market are subject to cyclical fluctuations inherent in the semiconductor industry, which is influenced by global and regional economic conditions, capital expenditure cycles, technological transitions, and industry-wide inventory dynamics. Periods of industry expansion are often followed by periods of slowdown or correction, during which market participants may experience reduced demand, inventory adjustments or pricing pressure.

In particular, fluctuations in macroeconomic conditions may affect overall enterprise investment and semiconductor spending, while inventory corrections or abrupt adjustments in procurement cycles within the visual processing AI SoC product and solution market may lead to volatility in order volumes and revenue recognition. In addition, the rapid pace of technological evolution and frequent product iteration cycles characteristic of the visual processing AI SoC market may accelerate product obsolescence or shift market demand during technology transitions, further contributing to revenue and margin volatility.

As a result of such cyclical fluctuations, we may experience variability in sales volumes, average selling prices and gross margins from period to period. Any prolonged industry downturn, adverse market conditions or failure of market demand to recover as anticipated could materially and adversely affect our business, financial condition, results of operations and cash flows.

The growth of our business depends on the growth and performance of downstream customers and the end markets they serve, and any volatility or slowdown in such markets may adversely affect our business, financial condition and results of operations.

Our business performance is closely linked to the demand and operating performance of our downstream customers, whose products incorporate our visual processing AI SoC products and solutions. Our products are typically embedded into customers' end devices, and demand for our products depends on the commercial success, shipment volumes and product life cycles of such downstream products. During the Track Record Period, our customers operated in a range of application scenarios, including intelligent UAVs, AIoT, smart wearables devices and other intelligent terminal products. As a result, fluctuations in demand within these downstream markets may directly affect our product shipment volumes, revenue growth and inventory planning.

The growth and performance of our downstream customers and the industries they serve are influenced by a number of external factors beyond our control, including changes in macroeconomic conditions, consumer spending patterns, technological trends, product replacement cycles, regulatory developments, supply chain disruptions, trade restrictions and competitive dynamics in the relevant end markets. In addition, our customers may adjust their procurement plans due to factors such as inventory optimization, changes in product strategies, delays or failures in new product launches, shifts in technological roadmaps or reduced capital expenditure, any of which may result in reduced or delayed demand for our products.

Intensifying technological and capability-based competition in the visual processing AI SoC product and solution industry may adversely affect our business, operating results and growth prospects.

The global visual processing AI SoC product and solution industry is highly competitive, and competition is expected to intensify as incumbent players broaden their product portfolios and emerging companies introduce alternative architectures or next-generation technologies. In our target markets – such as UAVs, AIoT and smart wearables – competition arises not only from established international semiconductor companies, but also from other domestic SoC design companies that are rapidly enhancing their engineering capabilities and accelerating product iteration.

Many of our existing and potential competitors possess significant competitive advantages, including deeper research and engineering resources, broader technological ecosystems, stronger brand recognition, more extensive experience in advanced process technologies, and well-established global partnerships. These competitors may be able to respond more rapidly to evolving technical standards, adopt new architectures earlier, or bring next-generation products to market ahead of us.

As visual intelligence technologies continue to evolve rapidly, competitors may increase investment in related AI and visual intelligence technologies, adopt more advanced design methodologies, strengthen vertically integrated capabilities or form strategic collaborations to enhance their technical competitiveness.

Our ability to compete effectively depends on various factors, including (i) the performance, power efficiency, integration level, scalability and pricing of our products relative to competing solutions; (ii) our ability to anticipate technological changes and introduce new or enhanced products in a timely manner; (iii) the strength and stability of our relationships with customers, distributors, ecosystem partners and manufacturing service providers; (iv) our ability to attract and retain talent in key areas; and (v) competitors' strategic actions, such as mergers and acquisitions, aggressive pricing strategies, ecosystem bundling, new technology standards or shifts toward vertically integrated solutions.

Failure to compete effectively in any of these areas may result in loss of design wins, reduced adoption of our products, weakened customer relationships or diminished growth opportunities, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Failure to meet our customers' quality and reliability requirements may adversely affect our business and financial condition.

Our success depends on our ability to deliver products that meet our customers' stringent requirements on quality, reliability, defect rates and performance consistency. Customers in markets such as UAVs, AIoT and smart wearables generally impose strict standards relating to DPPM, product stability across operating conditions, firmware and software compatibility, and long-term reliability. Failure to meet these requirements may undermine customer confidence, harm our reputation and lead to reduced orders or loss of customers.

We rely on third-party service providers in the production and delivery of products. Our customers generally conduct two types of inspection procedures on our products: (i) visual inspection, whereby customers examine the external appearance and packaging of products through visual observation for preliminary assessment; and (ii) sampling inspection, whereby a portion of the products is selected for performance testing to verify compliance with relevant specifications. In the event of any product returns, quality incidents, field failures or warranty claims may result not only in reduced revenue, but also in increased costs for additional manufacturing, logistics handling, failure analysis, corrective actions and potential compensation to customers. In certain cases, we may also be required to bear the cost of field deployment failures or provide extended technical support, which could increase our operating expenses.

Persistent quality or reliability issues could result in the termination of customer relationships, loss of future business opportunities, erosion of our market position or reputational harm, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Inaccurate demand forecasting or mismatches between supply and customer demand may adversely affect our operating results.

We make production planning and resource allocation decisions, including wafer orders, production schedules, staffing, procurement of components and engagement of manufacturing partners, based on orders and estimates of customer demand. If we overestimate demand, we may accumulate excess or slow-moving inventory. Given the rapid evolution of semiconductor technologies and the potential for quick transitions in customer product roadmaps, certain inventory may become obsolete before it is sold. Excess or obsolete inventory may require price reductions or write-downs, resulting in

additional expenses and negatively impacting our gross margin and financial condition. Conversely, if we underestimate demand or fail to secure sufficient production capacity from our foundry or packaging and testing partners, we may be unable to fulfill customer orders on time. This may result in missed sales opportunities, loss of market share, deterioration of customer relationships and reduced competitiveness. Customers may also adjust or cancel orders due to changes in their downstream markets, further increasing the difficulty of accurate demand forecasting. Any significant mismatch between our production plans and actual customer demand may adversely affect our revenue visibility, operational efficiency and financial performance.

Intensifying pricing pressure from downstream markets may adversely affect our revenue, gross profit margin and cash flows.

We operate in highly competitive markets where product differentiation is limited and customers place significant emphasis on price-performance ratios. As fabless SoC design becomes increasingly commoditized in certain application segments, we may face continued downward pressure on the average selling prices of our products. Competitors may reduce prices aggressively, introduce alternative architectures or offer bundled solutions, which may compel us to lower our prices or offer additional features without commensurate increases in revenue.

Our customers also operate in competitive industries and are often under pressure to reduce the selling prices of their end products. As a result, they frequently request cost reductions, improved performance-power efficiency ratios and higher integration levels from their suppliers, including us. If we fail to satisfy such expectations, whether due to technical limitations, cost constraints or time-to-market considerations, our customer relationships may be adversely affected, and we may experience reduced orders or loss of business opportunities.

In addition, fluctuations in the prices of end products incorporating our products may influence customers' procurement behavior. If downstream demand weakens or if end-product pricing declines sharply, customers may delay purchases, reduce order quantities or adjust inventory levels, all of which may negatively affect our sales and revenue visibility. The impact of pricing pressure may not be offset unless we are able to achieve sufficient sales volume growth, enhance the value proposition of our product offerings, optimize design architectures or reduce manufacturing and operating costs. However, our costs may increase due to rising foundry charges, packaging and testing expenses, engineering efforts for new process technologies or higher material costs. If we are unable to pass on such cost increases to customers, our gross profit margin may decline.

Moreover, prolonged pricing pressure could erode our gross profit margin, reduce the carrying value of our inventory, constrain our cash flows and weaken our competitiveness. Any of these factors may materially and adversely affect our business, financial condition, results of operations and prospects.

Our sales may be affected by seasonality.

Demand for our products is influenced by the seasonality patterns of the end-markets in which they are used. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and sales cycles of customers before or around holidays, we typically experience higher sales in the second and third quarters of the year, and highest sales in the fourth quarter of the year. Moreover, customers in our end-market generally launch their new products in the first half of the year, with deliveries and volume ramp-up typically occurring in the second half of the year, which in turn drives increased demand for our products during such periods. As a result, our results of operations in certain periods may not be indicative of our results of operations for the full year. Seasonal fluctuations in end-customer demand may result in variations in our sales, production schedules, working capital needs and operating cash flows across quarters. As a result, our interim results may not fully reflect our overall performance for the full year, and any unexpected seasonal shifts could adversely affect our operating results.

We may experience uncertainty in revenue generation due to the lengthy and complex product development cycle of our visual processing AI SoC solutions and wireless communication SoC solutions.

The design of our visual processing AI SoC and wireless transmission SoC products and solutions require a lengthy and highly complex process involving architecture design, algorithm and implementation. Each of these stages is technically demanding, time-consuming and requires substantial investment.

Due to the long development and customer qualification cycle, there may be a significant time lag between incurring R&D, engineering and sales expenses and realizing related revenue. Such delays increase forecasting uncertainty, complicate production planning, and may reduce operational efficiency. If we fail to manage our design, tape-out, manufacturing, packaging or testing processes efficiently, or if delays occur at any stage, our products may become outdated before gaining commercial adoption, resulting in missed market opportunities, reduced competitiveness and potential loss of the investments made in their development.

Any misalignment between our development and production timelines and downstream market demand may lead to missed design wins, impaired customer relationships, and a material adverse effect on our business, financial condition, results of operations and prospects.

Our business growth and execution of our strategies depend on our ability to attract, develop and retain key management and technical personnel.

Our ability to execute our business strategies and maintain our competitive strengths depends heavily on the continued service of our senior management and key technical personnel. Their experience in the IC design industry and their understanding of our core technologies are critical to driving product development, supporting customer needs and capturing new market opportunities. The loss of any senior management member or other key personnel could disrupt our operations, delay strategic initiatives and adversely affect our growth prospects.

We also rely on highly-skilled engineers and R&D personnel who possess expertise in areas such as electronic and computer engineering, computer science, hardware logic and software algorithms, imaging and multimedia processing, wireless data transmission and IC design for devices. Competition for such talent in the semiconductor and broader technology industries is intense. Many companies, including IC design firms, internet companies, research institutions and emerging technology enterprises, compete for individuals with similar skill sets. Recruiting and retaining experienced engineers has become increasingly challenging.

To attract and retain qualified personnel, we may be required to offer competitive compensation packages, career development opportunities, training, and other incentives, which could increase our operating costs. Furthermore, hiring new personnel and integrating them into our teams requires significant time, training and management attention, and may temporarily affect our efficiency and corporate culture. If we are unable to retain our senior management members, lose key engineers, or fail to recruit additional qualified R&D staff in a timely manner, we may experience slower product iteration, reduced innovation capability, diminished customer support capacity and weaker execution of strategic plans. Any of these developments may materially and adversely affect our business, financial condition, results of operations and long-term growth prospects.

A substantial portion of our revenue is derived from a small number of customers. Loss of or reduced purchases from these customers may adversely affect our business.

A substantial portion of our revenue has been derived from a limited number of customers during the Track Record Period. In 2023, 2024, 2025 and the five months ended May 31, 2026, our top five customers in each year contributed RMB76.0 million, RMB341.7 million, RMB299.6 million and RMB150.1 million, respectively, representing 72.3%, 76.1%, 60.1% and 65.4% of our total revenue for the corresponding year. In particular, in 2023, 2024, 2025 and the five months ended May 31, 2026, our

largest customer in each year contributed RMB53.5 million, RMB148.4 million, RMB187.7 million and RMB97.3 million, respectively, accounting for 50.9%, 33.1%, 37.7% and 42.4% of our revenue for the corresponding year/period.

Furthermore, our major customers may have substantial bargaining power and leverage when negotiating contractual arrangements with us. Such customers have and may continue to seek advantageous pricing and other commercial terms and may require us, from time to time, to develop additional features in the solutions we sell to them. As a result, we may have to reduce the average selling price and/or incur increased average cost of our solutions, which may have a negative impact on our gross profit margin. In addition, there is no assurance that we will be able to maintain or increase the level of business with such key customers going forward. Purchases from these customers may vary from period to period, and our major customers are not obligated to place orders at previous levels or at all. Any loss of, or material reduction in purchases by, one or more of our major customers could adversely affect our revenue, business, financial condition and results of operations.

Failure to retain existing customers or acquire new customers may adversely affect our business, financial condition and operating results.

Our growth depends on our ability to retain existing customers and expand our customer base by acquiring new customers across various application markets, including UAVs, AIoT and smart wearables. We have invested, and expect to continue investing, substantial resources in branding, sales, marketing, technical support and customer engagement. Our selling and marketing costs amounted to RMB29.2 million, RMB29.7 million, RMB30.4 million, RMB10.5 million and RMB10.2 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. There is no assurance that these investments will result in proportional revenue growth, that newly acquired customers will remain with us in the long term, or that revenue generated from such customers will offset acquisition costs.

Demand from our existing customers may decline or fluctuate due to various factors, including dissatisfaction with the performance, quality, functionality or pricing of our products, the availability of competing solutions, changes in their procurement strategies or supply chain rationalization, shifts in their product roadmaps, or delays and cancellations of their projects. Broader technology and market trends – including rapid changes in AI, imaging, connectivity and semiconductor architectures – may also affect the demand for end products that incorporate our solutions. Customer loss or reduced orders may also result from negative publicity, perceived product shortcomings, inferior technical support, or failure to meet customer-specific requirements in areas such as reliability, DPPM levels, system compatibility and firmware stability. Furthermore, customers in highly competitive downstream markets may consolidate suppliers to improve cost efficiency, which may adversely affect our position if we are not selected as a preferred supplier. If we are unable to maintain strong customer relationships, increase sales to existing customers, or attract and retain new customers in a cost-effective and sustainable manner, we may experience reduced revenue, increased revenue volatility, loss of market share and pressure on our gross margin, any of which may materially and adversely affect our business, financial condition and results of operations.

We are exposed to the risk of inventories obsolescence. If we fail to manage our inventories effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our inventories are mostly raw materials, work in progress and finished goods. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had inventory of RMB51.6 million, RMB69.7 million, RMB153.1 million and RMB209.7 million, respectively. Our inventory turnover days were 219 days, 73 days, 146 days and 205 days in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. For more details, please see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Inventories." Our business model requires us to manage our inventories efficiently. While we generally make decisions for purchase of raw materials and consumables and plan our outsourced production and relevant product testing according to purchase orders received and estimates of customer demand, customer demand may be affected by general market

conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, which could necessitate inventory write-downs or write-offs and may further force us to liquidate excess stock at discounted prices, leading to a detrimental impact on our profitability and overall financial performance. During the Track Record Period, we recorded inventory write-downs that amounted to RMB14.3 million, RMB17.0 million, RMB9.6 million and RMB0.2 million in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Such write-downs were due to slow-moving old generation products with lower sales potential in light of our introduction of new products.

Failure to protect, maintain or enforce our intellectual property rights may adversely affect our competitiveness and business performance.

Our success depends significantly on our ability to protect the intellectual property and proprietary technologies that underpin our visual processing AI SoC products and solutions. We rely on a combination of patents, integrated circuit layout design rights, software copyrights, trademarks, trade secrets and confidential know-how, as well as confidentiality and non-disclosure agreements, to safeguard these proprietary assets. As of the Latest Practicable Date, we held 25 granted patents, 14 integrated circuit layout-design rights, 14 software copyrights, 11 registered trademarks and six domain names in the PRC.

The process of applying for, maintaining and enforcing intellectual property rights is costly, time-consuming and inherently uncertain. We may fail to timely file for protection, or our granted rights may be challenged, invalidated, or circumvented by competitors. Furthermore, confidentiality agreements may be breached, and trade secrets could be misappropriated. Protecting our intellectual property may require costly legal proceedings that divert management resources, and any failure to adequately safeguard our proprietary assets could materially weaken our competitive advantage and adversely affect our business and results of operations.

Claims that our products or technologies infringe third-party intellectual property rights may result in significant costs, operational disruptions and adverse effects on our business and financial condition.

The visual processing AI SoC product and solution industry is characterized by extensive patent portfolios, overlapping technical domains and active intellectual property enforcement. As we expand our product portfolio and increase market visibility, we may face claims alleging infringement of third-party intellectual property, which — whether with or without merit — could divert management attention and technical resources from our operations and incur substantial legal and administrative expenses. If a claim is successfully asserted against us, or if we determine that settling a claim is commercially necessary, we may be required to cease the manufacture, sale or use of our products, pay significant damages and compensation, obtain licenses on unfavorable terms, redesign our products or develop alternative technologies, which could limit our ability to commercialize certain technologies or could invalidate some of our own IP assets.

Any of these circumstances could result in significant financial costs, operational disruption, reputational harm and loss of market opportunities, which may materially and adversely affect our business, financial condition and results of operations.

Disruptions, delays or quality issues in third-party logistics services may adversely affect our operations and financial condition.

We rely on third-party logistics service providers to transport certain work-in-progress items, finished products and components used in our operations. Our ability to provide timely and reliable deliveries depends significantly on the performance and stability of these service providers. Any dispute

with, change in, or termination of our arrangements with such providers may lead to delayed deliveries, increased logistics costs or an inability to supply products to customers in the required quantities or within agreed schedules.

As we do not have direct control over the operations of our logistics service providers, we cannot ensure that they will always comply with our requirements regarding quality, handling and transportation. Delivery delays, improper handling, product damage, loss in transit, or other service issues may occur due to transportation shortages, accidents, extreme weather, natural disasters, labor disruptions, geopolitical events or other factors beyond our control. Such disruptions could negatively affect customer satisfaction, harm our reputation, or lead to reduced sales.

In certain cases, our suppliers may also use third-party logistics providers to deliver materials to us. Any delay or disruption in the delivery of materials — whether caused by our suppliers' logistics providers or ours — could interrupt our production schedules, reduce our ability to meet customer demand and adversely affect our inventory planning and supply chain management. If we are unable to maintain stable relationships with logistics service providers or ensure consistent, timely and cost-effective delivery services, our business operations, financial condition and results of operations could be materially and adversely affected.

We are subject to risks associated with U.S. outbound investment restrictions, sanctions, export controls, international trade policies and evolving regulatory requirements, which may adversely affect our business and our ability to raise capital.

We operate within a global supply chain and engage with customers, suppliers and investors across multiple jurisdictions. As a result, we are subject to risks arising from geopolitical developments and evolving domestic and foreign regulatory regimes, including U.S. outbound investment restrictions, sanctions, export controls and international trade policies.

On August 9, 2023, the U.S. government issued Executive Order 14105, and on October 28, 2024, the U.S. Department of the Treasury issued the final rule implementing such executive order (codified in 31 C.F.R. part 850 and effective January 2, 2025) (the "**Outbound Investment Rule**"), which establishes a framework under which certain covered transactions are prohibited and certain other covered transactions require notification by U.S. persons, in each case involving covered foreign persons connected to China (including Hong Kong and Macau) engaged in specified activities relating to semiconductors and microelectronics, quantum information technologies or artificial intelligence systems. Our business involves the design of integrated circuits. As advised by our Sanctions Legal Advisor, our chip design activities only fall into the scope of notifiable-level "covered activities" under the Outbound Investment Rule because our chips: (i) do not meet the parameters of high-performance computing chips targeted by ECCN 3A090.a in Supplement No. 1 to 15 C.F.R. Part 774, and (ii) are not designed for operation at or below 4.5 Kelvin. An investment by a U.S. person in the Company under the **[REDACTED]** will constitute a "notifiable transaction" under the Outbound Investment Rule, unless any exception under 31 C.F.R. § 850.501 or exemption under 31 C.F.R. § 850.502 could apply. The obligation to report any such "notifiable transaction" under the Outbound Investment Rule rests with the relevant U.S. persons making the investment, rather than the Company. As further advised by the Sanctions Legal Adviser, the publicly traded securities exception under the Outbound Investment Rule is available in respect of the acquisition of our shares by U.S. persons, provided that the applicable conditions are satisfied. According to FAQ X.4 issued by the U.S. Department of the Treasury, the availability of the publicly traded securities exception is assessed based on whether the relevant equity interest is publicly traded at the time of acquisition, and the fact that an agreement is entered into prior to such listing does not, by itself, affect the availability of such exception. In addition, the acquisition must not grant the U.S. person rights beyond those ordinarily available to minority shareholders. Accordingly, following our **[REDACTED]** and the commencement of **[REDACTED]** of our shares on the Hong Kong Stock Exchange, subsequent acquisitions of the Shares would generally fall within the publicly **[REDACTED]** securities exception, provided that no additional facts cause the exception to be unavailable. Neither we nor our Sanctions Legal Advisor are advising investors on compliance with the Outbound Investment Rule, and any investor that is uncertain about the Outbound Investment Rule's application to its purchase of Shares in this **[REDACTED]**, should consult its own counsel.

In addition, as advised by the Sanctions Legal Adviser, to the extent any investment by a U.S. person does not qualify for an applicable exception, such investment would not constitute a prohibited transaction under the Outbound Investment Rule, but would only be subject to the applicable notification requirements. Based on the foregoing, the Directors are of the view, and the Sole Sponsor concurs, that the Outbound Investment Rule is not expected to have a material adverse impact on our operations, financial performance or the **[REDACTED]**.

Even though U.S. persons' acquisitions of certain offer securities (such as our publicly traded H shares) will be exempted from the scope of covered transactions, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors prior to and after this **[REDACTED]** given that relevant laws, regulations, and policies continue to evolve, for instance, on December 18, 2025, the U.S. President signed the "National Defense Authorization Act for Fiscal Year 2026" into law, which includes the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), pursuant to which the U.S. Department of the Treasury issued a Notice of Proposed Rulemaking ("**NPRM**") on October 22, 2026, proposing new regulations to implement the COINS Act and update the existing Outbound Investment Rule framework. The proposed regulations are currently subject to public consultation, with comments due by December 7, 2026. Based on the current NPRM, the proposed regulations would introduce three additional technology sectors, namely high-performance computing and supercomputing, hypersonic systems and biotechnology, none of which fall within our business scope. While the proposed regulations also contemplate certain changes to the scope of restrictions applicable to the semiconductor technology and microelectronics sector, based on the nature of our business operations and products, we do not expect such changes to have a material adverse impact on us. In addition, the proposed regulations retain the exception for investments in **[REDACTED]** securities, which is expected to remain applicable to U.S. persons' acquisitions of our H Shares following their **[REDACTED]**, subject to the conditions and limitations of such exception. As the proposed regulations under the COINS Act have not yet been finalized, the final scope and content of such regulations, including whether they will introduce additional restrictions or modify the existing Outbound Investment Rule framework in ways that could affect our business activities, remain uncertain. In addition, the "America First Investment Policy" memorandum issued by the White House on February 21, 2025 signals the potential expansion of sectors and activities subject to outbound investment restrictions and the possible adoption of additional measures, including sanctions. Such policy developments may increase regulatory uncertainty and compliance costs for China-based issuers such as us. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule, as well as the future regulatory changes under the COINS Act, may reduce U.S. investors' interest in our equity securities. In such a case, and if alternative investors cannot be found, the **[REDACTED]** and liquidity of our H Shares may be adversely affected.

The U.S. and other jurisdictions or organizations, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or against targeted industry sectors, groups of companies or persons, and/or organizations within certain countries. In 2024, one of our customers and two of our suppliers became designated on the Specially Designated Nationals and Blocked Persons List (the "**SDN List**"), which is maintained by the U.S. Office of Foreign Assets Control of the U.S. Department of the Treasury. The Company has ceased transactions with the relevant customer and suppliers. As advised by the Sanctions Legal Advisor, the Company's historical transactions with the relevant entities would not constitute primary sanctioned activities under the sanctions regimes of the relevant jurisdictions, and that the risks of imposition of secondary sanctions based on such activities would be remote. There can be no assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the U.S. or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose.

We are also subject to U.S. export control laws and regulations, including the Export Administration Regulations ("**EAR**") administered by the Bureau of Industry and Security ("**BIS**") of the U.S. Department of Commerce, which regulate the export, re-export and transfer of certain products, software and technologies based on classification, destination, end-use and end-user. Certain non-U.S.-

produced items may be subject to the EAR if under the de minimis and/or Foreign-Direct Product Rules, including where they incorporate controlled U.S.-origin items above applicable thresholds or rely on certain U.S.-controlled software or technologies, which may include certain U.S.-origin or otherwise U.S.-controlled electronic design automation ("**EDA**") software that we rely on. BIS also maintains restricted party lists, including the Entity List, which impose additional licensing requirements on transactions involving listed entities. Based on the due diligence conducted by the Sanctions Legal Advisor on the Company's compliance with U.S. export control, the Sanctions Legal Advisor has not identified any transaction that would constitute violation of U.S. export control requirements. Continued changes in export control rules or enforcement priorities may affect our relationships with certain customers or suppliers, increase our compliance burden or disrupt our access to critical tools, including certain electronic design automation software, which could materially and adversely affect our business and prospects.

Separately, international trade policies, including tariffs imposed in the context of U.S.-China trade tensions, may indirectly affect our business. During the Track Record Period, we have not conducted any U.S.-bound export business. With minimal exposure to the U.S. market and our stable business operations in the domestic market, our overall business operation and financial performance have not been impaired by the U.S. tariff policies towards China as of the date of this Document. Nevertheless, our downstream customers incorporate our products into their own end products or solutions, which may subsequently be exported to the U.S. Changes in U.S. tariff policies may therefore indirectly affect the demand for such end products, which could in turn adversely affect our downstream customers' procurement needs and demand for our products. Although we did not identify any instances where changes in U.S. tariff policies had materially adversely affected our downstream customers' purchases from us, we cannot predict future changes in U.S. tariff policies or how our downstream customers may respond to such changes. Accordingly, we cannot rule out the possibility that changes in U.S. tariff policies may indirectly adversely affect our business operations and financial condition.

Given the evolving nature of geopolitical tensions and regulatory regimes, future changes in outbound investment restrictions, sanctions, export controls or trade policies could impose additional compliance costs on us, restrict our access to foreign capital, disrupt our supply chain or adversely affect customer demand, any of which could materially and adversely affect our business, financial condition and prospects.

We face risks to our employee dispatch arrangements.

During the Track Record Period, we engaged dispatched employees by entering into labor dispatch agreement (劳務派遣協議書) with third-party human resources service company. Such dispatched employees entered into employment contracts with the service company rather than with us and were dispatched to us based on our actual business needs from time to time. These dispatched employees primarily served as IC development assistants and were primarily engaged in IC testing and data recording.

According to the PRC Labor Contract Laws (劳動合同法) Interim Provision on Labor Dispatch (劳務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, company may only engage in dispatched employees in temporary, ancillary or substitutable positions, and the numbers of the dispatched employees engaged by the company shall not exceed 10% of its total number of employees, including both directly hired employees and dispatched employees (the "**Limit**").

During the Track Record Period, the number of dispatched workers engaged by us exceeded the Limit at certain points in time, primarily because with the customers' order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. We have terminated the labor dispatch agreement with the third-party human resources service company and replaced it with a service outsourcing agreement to meet our occasional temporary business needs in January 2026. For details, see

"Business – Employees – Labor Dispatch". However, we cannot assure you that the relevant government authorities will not impose penalties on us and our subsidiaries for such historical non-compliance, which may adversely affect our business, profitability and reputation.

Increases in labor costs, shortages of skilled personnel or deterioration in labor relations may adversely affect our business and operations.

Labor costs in the PRC have increased in recent years and may continue to rise. Any further increase in labor costs could raise our operating expenses, and we may not be able to pass such increases on to customers. Our business also depends on employees with expertise in areas such as IC design, engineering, R&D, testing, sales and technical support. If we encounter a shortage of skilled personnel, increased competition for talent, or delays in recruiting and training new employees, our ability to meet production schedules, support customers and execute our R&D plans may be hindered. Any deterioration in labor relations with our employees could lead to labor disputes and employee turnover. The loss of experienced personnel — particularly those with critical design expertise or proprietary know-how — could disrupt our operations unless we can successfully hire, train and integrate qualified replacements in a timely manner. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects.

We incurred net losses during the Track Record Period, and we may not be able to achieve or subsequently maintain profitability in the future.

In 2023 and 2024 and the five months ended May 31, 2026, we had losses for the year/period of RMB308.3 million, RMB216.3 million and RMB18.6 million, respectively. We may incur net losses in the future. We plan to improve our profitability through adopting measures including having a diversified layout of products, as well as optimizing our operational efficiency by implementing approaches including strengthening supply chain management. For details, see "Business — Business Sustainability and Path to Profitability" in this Document. However, our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenue may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our costs and expenses, and thus we cannot ensure that we will eventually achieve our intended profitability.

We may be exposed to liquidity risks as a result of a long cash conversion cycle.

During the Track Record Period, we recorded relatively prolonged cash conversion cycle, calculated by adding inventory turnover days and trade receivables turnover days and subtracting trade payable turnover days, of 234 days, 62 days, 144 days, and 216 days in 2023, 2024, 2025, and for the five months ended May 31, 2026. This was primarily attributable to the relatively prolonged inventory turnover days. For more details, please see "Financial Information Discussion of Certain Key Items of Consolidated Statements of Financial Position." A long cash conversion cycle may increase our reliance on working capital and/or external financing to support our operations and future growth. If we are unable to manage our inventory levels efficiently, actively collect from customers or maintain favorable payment terms with suppliers, our liquidity position may be negatively impacted, which could increase working capital requirements, reduce financial flexibility and adversely affect our operations and financial condition.

We recorded net operating cash outflows during the Track Record Period and may continue to experience net operating cash outflows in the future.

For the years ended December 31, 2023, 2025 and the five months ended May 31, 2025 and 2026, we recorded net cash used in operating activities of RMB142.5 million, RMB49.3 million, RMB8.4 million and RMB84.9 million, respectively, primarily attributable to increased inventories purchase that led to higher utilization of operating cash. We recorded net operating cash outflows during the Track Record Period, and we cannot ensure that we will be able to generate net operating cash inflows in the future.

Our operating cash flows may continue to be affected by our prospective business activities and factors beyond our control, such as market competition and changes in the macroeconomic environment. We may still record negative cash flow in the future and need to seek external financing to support our operations, such as available equity financing or bank facilities. If we are unable to generate sufficient net operating cash inflows, we may be required to obtain additional financing, including through equity or equity-linked securities or external borrowings. If we are unable to maintain adequate working capital or secure sufficient funding to meet our capital requirements, we may not be able to execute our business strategies or sustain our operations, and our business, financial condition and results of operations may be materially and adversely affected.

We may need additional capital in the future, and financing may not be available on acceptable terms, or at all.

We may require additional capital in the future to support our operations, business expansion, new product development, R&D activities and other strategic initiatives. If we are unable to generate sufficient operating cash flow, we may need to obtain additional financing through equity or debt offerings. However, such financing may not be available to us on terms satisfactory to us, or at all. If we raise capital through the issuance of equity or equity-linked securities, the ownership interests of our existing shareholders may be diluted, and such securities may include preferences or rights that adversely affect our shareholders. If we obtain additional financing through debt, we may become subject to restrictive covenants that limit our ability to incur further indebtedness, make capital expenditures, declare dividends or take other actions, and we will also be required to service interest and principal payments, which could increase our financial burden. Any inability to obtain necessary financing in a timely manner and on acceptable terms could adversely affect our liquidity, financial condition, and our ability to operate, compete and pursue our business strategies.

Our engagement of distributors may limit our visibility into end-customer demand and affect our revenue predictability.

A portion of our sales is conducted through independent third-party distributors. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our revenue generated through distributors amounted to RMB3.4 million, RMB171.2 million, RMB60.0 million, RMB35.5 million and RMB37.3 million, respectively, representing 3.2%, 38.1%, 12.0%, 17.7% and 16.2% of our total revenue for the corresponding periods. Such collaboration may increase the operational complexity of our sales model and may limit our visibility into end-customer demand. For details, see "Business – Our Customers – Distribution" in this Document.

In addition, our distributors are responsible for managing their own inventory, and the volume and timing of the orders they place with us are primarily driven by demand from end customers. As a result, our sales through distributors may limit our direct engagement with end customers and reduce our ability to independently assess real-time market demand or customer preferences. Any failure by our distributors to effectively promote, stock or sell our products, or to provide us with accurate and timely market intelligence, may lead to inventory imbalances, missed sales opportunities or unexpected decreases in revenue. As a result, our dependence on distributor sales may adversely affect our ability to accurately forecast revenue, align production with market demand, and may cause our operating results to fluctuate from period to period.

We may not be able to maintain or enhance our brand recognition.

Our brand recognition plays an important role in differentiating our products in a highly competitive visual processing AI SoC product and solution market. Maintaining and enhancing our brand image depends on our ability to consistently deliver high-quality products, keep pace with technological developments, and meet customer expectations in areas such as product performance, reliability and delivery schedules. Any failure to do so, or any negative publicity, customer complaints, or market perception issues relating to our products or corporate reputation, could weaken our brand image. If we are unable to effectively promote our brand or sustain positive brand recognition, our ability to attract new customers, retain existing customers, and compete in the market may be adversely affected, which could in turn impact our business, financial condition and results of operations.

We may from time to time be involved in litigation, regulatory proceedings or other disputes, which may adversely affect our business, financial condition and results of operations.

We may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business. In the course of our operations, we may from time to time encounter legal or administrative proceedings involving contractual disputes, employment matters, regulatory compliance, intellectual property issues, commercial relationships or other business activities. These matters may involve substantial costs, including expenses associated with investigation, litigation, settlement, judgments, penalties or fines. Such proceedings may also be time-consuming and require the diversion of management and technical personnel from our core business operations, thereby disrupting our day-to-day activities. In addition, lawsuits, regulatory proceedings or investigations may generate negative publicity, regardless of the merits of the underlying allegations, which could harm our reputation, weaken customer or partner confidence and adversely affect our business relationships and market position.

Further, our directors, senior management, employees, shareholders or their affiliates may also become subject to litigation, investigations, administrative actions or negative publicity in connection with commercial, labor, compliance, securities or other matters. These proceedings could result in additional liabilities, reputational harm or significant business disruptions. If we are unable to effectively manage or resolve such disputes or proceedings, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

In addition, we may also face shareholder derivative lawsuits, including those targeting our directors or officers due to their positions in our Company or other public companies. We cannot ensure that we or our directors or officers would prevail in any defense, succeed on appeal, or avoid settling on unfavorable terms.

Our insurance coverage may not be adequate to cover all risks associated with our business and operations.

We maintain insurance policies that we believe are appropriate and customary for companies of our size and operations, taking into account applicable laws, regulatory requirements and general industry practices in the jurisdictions where we operate. See "Business – Insurance" in this Document.

However, our business is subject to various risks, and our existing insurance coverage may be limited in scope or amount, or may not cover certain events arising from our operations. Certain material risks relating to our operations — such as losses caused by accidents, equipment failures, disruptions to our facilities or supply chain, or other unexpected events — may remain uninsured or underinsured. There is no assurance that our current insurance will be sufficient to cover all potential losses, or that we will be able to obtain additional insurance coverage in the future on terms acceptable to us, or at all. If we incur significant losses or liabilities that are not fully covered by our existing insurance policies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may make acquisitions, establish joint ventures or pursue other strategic investments, which may not be successful.

To support our long-term growth and expand our product and technology capabilities, we may consider acquisitions, joint ventures or other strategic investments from time to time. Such transactions involve uncertainties and risks, including:

Valuation and financial risks: The process of valuing a potential target is complex and involves subjective judgments and various assumptions. We may fail to accurately assess the fair value of acquired businesses or assets, leading to over-payment and subsequent significant impairment charges to our goodwill or other intangible assets, which would materially and adversely affect our financial results.

Integration challenges: We face substantial integration risks relating to acquired businesses, personnel, technologies and brands. These include challenges in aligning operation workflow, retaining key personnel, entering markets or product segments in which we have limited experience, and the diversion of management attention from our existing operations. Our inability to effectively integrate the acquired teams or maintain the brand equity of the targets could result in the loss of key employees and customers.

Failure to realize anticipated benefits: There is no assurance that we will realise the anticipated benefits, synergies, cost savings, or operational efficiencies that motivated the transaction. These benefits are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control.

In addition, acquisitions or investments may require significant capital resources and could result in increased leverage if financed with debt, dilution to our Shareholders if financed through equity issuance, or charges related to asset impairments, restructuring, or fair value adjustments. We may also face exposure to undisclosed or contingent liabilities of acquired or invested companies, as well as regulatory reviews or restrictions, including those related to antitrust or foreign investment requirements. There is no assurance that any acquisition, joint venture or strategic investment we pursue will be completed, will achieve the expected benefits, or will not have a material adverse impact on our business, financial condition or results of operations.

We have recorded net liabilities and net current liabilities, which may continue in the future and could adversely affect our liquidity and operational flexibility.

As of December 31, 2023, 2024, 2025 and May 31, 2026, we recorded net liabilities of RMB1,179.4 million, RMB1,316.1 million, RMB1,330.2 million and RMB1,344.6 million, respectively, and net current liabilities of RMB1,258.4 million, RMB1,412.5 million, RMB1,410.8 million and RMB1,427.8 million, respectively, as of the same dates. Our net liabilities position and net current liabilities position as of December 31, 2023, 2024, 2025 and May 31, 2026, were largely attributable to our redemption liabilities in connection with our Pre-**[REDACTED]** Investments, which shall be derecognized upon **[REDACTED]**. For details of the reasons for our net liabilities and net current liabilities, see "Financial Information — Liquidity and Capital Resources" in this Document. However, there can be no assurance that we will not experience liquidity or solvency problems in the future.

Our net liabilities position and net current liabilities position exposes us to liquidity risks and may constrain our operational flexibility. In particular, it may impair our ability to satisfy necessary capital expenditures, support product development initiatives, pursue business opportunities or expand our business scale in a timely manner. Any deterioration in our liquidity could, in turn, have a material adverse effect on our results of operations, financial position and prospects.

We are subject to risk relating to our trade receivables, other receivables and prepayments.

Our trade receivables arise in the ordinary course of business. The gross carrying amount of our trade receivables was RMB18.8 million, RMB17.8 million and RMB57.2 million and RMB63.0 million, respectively, as of December 31, 2023, 2024, 2025 and May 31, 2026, represented our maximum exposure as of the respective dates to credit risk in relation to trade receivables, other receivables and prepayments. Our trade receivables turnover days were 84 days, 10 days, 24 days and 35 days in 2023, 2024 and 2025 and the five months ended May 31, 2026, respectively. For more details, please see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Trade Receivables, Other Receivables and Prepayments." There can be no assurance that the collection of amounts due from our customers will be timely, which in turn, might result in slow turnover of our trade receivables, other receivables and prepayments and restrict our working capital resources. If we fail to receive payments from our customers on a timely basis, our cash flows and financial condition could be materially and adversely affected. In addition, if our customers delay payment or default on their obligations, we may be required to make impairment provisions or write off relevant trade receivables, other receivables and prepayments in accordance with applicable accounting standards. Any losses arising from uncollectible receivables could further adversely affect our liquidity, financial condition and results of operations.

We also recorded prepayments in the ordinary course of business. Our prepayments amounted to RMB42.0 million, RMB47.9 million, RMB62.9 million and RMB112.6 million as of December 31, 2023, 2024 and 2025 and May 31, 2026, respectively. If the relevant counterparties fail to perform their contractual obligations or delay performance, we may not be able to recover such prepayments in full or at all and may be required to make impairment provisions or write-offs in accordance with applicable accounting standards. Any such losses could adversely affect our liquidity, financial condition and results of operations.

Certain of our leased properties are subject to risks relating to unregistered leases.

We lease a number of properties for our offices and operations in PRC. As of the Latest Practicable Date, our leased premises included an office space with a rental area of 6,269.4 sq.m., as well as other properties used for administrative and operational purposes.

Under PRC laws and regulations, lease agreements for properties in the PRC are generally required to be registered with the local land and real estate authorities. As of the Latest Practicable Date, two of our PRC lease agreements had not been registered with the relevant authorities. We may be imposed with a penalty ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration of any of our lease agreements after we are requested to do so by the competent PRC government authorities. If any fine is imposed, we may not be able to recover such losses from the relevant lessors. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreement.

Any actual or perceived failure to comply with data privacy or cybersecurity requirements may expose us to legal and operational risks.

We collect, store and process data generated in the course of our business operations, including the basic contact information relating to our customers, suppliers and business partners to the extent necessary for our ordinary course of business. Ensuring the security and integrity of such data is essential to our operations. We are subject to an increasingly complex and evolving regulatory framework governing data privacy and cybersecurity, and compliance may require ongoing investment in systems, processes and personnel. We cannot assure you that our protection measures are, and will be, always considered sufficient under applicable laws and regulations. We also face risks of cyberattacks, system vulnerabilities, unauthorized access, data leakage or misuse, or other security incidents. Any such incident — whether actual or perceived — could result in regulatory investigations, penalties, litigation, remediation costs, business interruption, reputational harm or loss of customer confidence.

Furthermore, concerns raised by customers or other stakeholders regarding the security of our systems, even if unfounded, may adversely affect our business performance. As data protection and cybersecurity requirements continue to tighten, we may need to allocate additional resources to maintain compliance, and failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our information technology networks and systems may be subject to failures, interruptions or security breaches.

We rely on our information technology networks and systems to produce our SoC products and to provide our integrated SoC solutions, support daily operations, enable communication among employees, customers and suppliers, and manage key functions such as production, logistics and R&D activities. These systems, including those maintained by third-party service providers, may be vulnerable to failures, interruptions or security breaches caused by software or hardware malfunctions, system upgrades, network overload, power outages, cyberattacks, human errors or other unforeseen events.

Any material disruption, downtime or performance issue affecting our IT systems could impair our ability to operate efficiently, deliver products to customers, or safeguard critical data and proprietary information. Such incidents could also result in increased operational costs, delays in product development, interruptions in customer service, or exposure to regulatory or contractual liabilities. If we

are unable to promptly detect, prevent or remediate IT system failures or security incidents, our reputation, business operations, financial condition and results of operations could be materially and adversely affected.

Environmental, social and governance matters may subject us to regulatory, operational and reputational risks and could adversely affect our business and financial performance.

Our business is subject to environmental protection laws and regulations, as well as evolving and increasingly stringent ESG-related requirements in the jurisdictions where we operate, which may require us to devote substantial time, management attention and financial resources to compliance.

In response to ESG-related considerations, we may invest in developing or enhancing technologies, processes or solutions intended to support environmentally responsible operations or reduce our environmental footprint. However, such initiatives are often complex, costly and subject to uncertainty, and may not achieve the intended commercial or operational outcomes within expected timeframes, or at all. Furthermore, failure to comply with applicable environmental laws, ESG-related regulations or evolving industry standards, or any perceived inadequacy in our corporate responsibility practices, could result in regulatory enforcement actions, increased compliance costs, negative publicity, loss of customer confidence or reputational harm. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Natural disasters, public health emergencies, acts of war or other events beyond our control may adversely affect our business.

We are exposed to risks arising from natural disasters, public health emergencies, geopolitical tensions, acts of war, terrorism and other events beyond our control. Such events may cause significant harm to the economy and infrastructure in the regions where we operate, and may result in loss of life, personal injury, damage to facilities or equipment, labor shortages, disruptions to our supply chain, logistics, and information technology systems, or other operations.

The timing, duration and severity of these events are unpredictable, and their impact may not be immediately apparent. Any prolonged or repeated occurrence of such events could adversely affect our ability to operate normally, create inefficiencies or delays in our supply chain, weaken customer demand, and require significant time and resources for recovery. As a result, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in global economic or social conditions or government policies in the jurisdictions in which we operate could have an effect on our business and operations.

Substantially all of our operations are located in the PRC. Accordingly, our business, financial condition, results of operations and prospects are significantly influenced by economic, political and social conditions in the PRC, as well as the PRC government's policies, laws and regulations. The PRC government plays a substantial role in regulating industry development and may adjust industrial, fiscal and monetary policies from time to time. Any changes in such policies, or in the PRC's overall economic conditions, could affect demand for our products and services, our cost structure and our competitive position.

In addition, the PRC economy is increasingly influenced by global economic trends. Geopolitical tensions, fluctuations in global interest rates, inflationary pressure, volatility in financial markets, instability in the banking system, and tightening of monetary policies in major economies may create uncertainty in the macroeconomic environment. Furthermore, sanctions and export control measures imposed by the United States or other jurisdictions from time to time may affect the PRC market or PRC-based companies, including our business partners. We may incur additional compliance costs in connection with these measures and could be subject to penalties if we inadvertently violate such rules.

Any adverse developments in the PRC's economic environment, policy direction or regulatory landscape, or in global economic or geopolitical conditions, could materially and adversely affect our business, financial condition and results of operations.

It may be difficult for [REDACTED] to effect service of process upon us or our Directors or senior management, or to enforce judgments obtained from courts outside Chinese Mainland.

We are a company incorporated under the laws of the PRC, and substantially all of our assets, operations, directors and senior management are located or reside in Chinese Mainland. As a result, it may be difficult or impossible for **[REDACTED]** to effect service of process upon us or such individuals outside Chinese Mainland, or to enforce judgments obtained in courts outside Chinese Mainland.

Enforcement of foreign court judgments in the PRC is limited and may be granted only if the foreign jurisdiction has entered into a treaty with the PRC for mutual recognition and enforcement of judgments, or if the PRC courts determine that reciprocal recognition exists, and other statutory conditions are satisfied.

On January 29, 2024, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**") became effective, replacing the prior arrangement that was based on written choice-of-court agreements. The New Arrangement provides a more comprehensive mechanism for mutual recognition and enforcement of a wider range of civil and commercial judgments between courts of the Mainland and Hong Kong. However, we cannot ensure that all judgments will be recognized or effectively enforced by the relevant courts.

As a result of these limitations, **[REDACTED]** may encounter substantial difficulties in protecting their interests through legal actions against us or our directors or senior management outside Chinese Mainland. Any failure to obtain effective service of process or recognition and enforcement of judgments may limit the legal remedies available to **[REDACTED]**.

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

On February 17, 2023, the China Securities Regulatory Commission ("**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 the related supporting guidelines, which became effective on March 31, 2023. These regulations apply to both (i) PRC-incorporated companies and (ii) overseas-incorporated companies with substantial operations in the PRC, and set out filing arrangements for direct and indirect overseas offerings and listings.

Under these regulations, future capital-raising or financing activities conducted overseas may be subject to filing, approval or other regulatory procedures with the CSRC or other PRC authorities. Failure to comply with applicable approval or filing requirements may subject us to sanctions imposed by the CSRC or other PRC authorities. Such authorities may impose fines or other penalties, restrict our operating activities in the PRC, limit our ability to remit funds outside of the PRC, delay or restrict the repatriation of proceeds from overseas financing activities into the PRC, or otherwise impose restrictions on our financing arrangements. Any of these circumstances could materially and adversely affect our business, financial condition, results of operations and future prospects.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our results of operations and financial performance.

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our government grants charged to consolidated statements of profit and loss and other comprehensive income amounted to RMB0.3 million, RMB4.4 million, RMB5.5 million, RMB1.8 million and RMB2.4 million, respectively. See "Financial Information — Key Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income — Other Net Income" in this Document. Meanwhile, we were eligible for certain preferential corporate income tax rates and tax concessions during the Track Record Period. Government grants are recognized when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. The government grants we received during the Track Record Period represented various forms of incentives and subsidies granted to our Group by local government authorities in the PRC. These government grants were mainly non-recurring in nature, and the amounts of these grants were subject to the discretion of local governments. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

Holders of our H Shares may be subject to PRC income tax on dividends paid by us or on gains realized from the transfer of our H Shares.

As in many jurisdictions, the PRC has entered into tax treaties or similar arrangements with multiple countries and regions. Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), its implementation rules, and the Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》國税函 [2008] 897號), and subject to any applicable tax treaty, dividends paid by PRC resident enterprises to non-resident enterprise investors are generally subject to a 10% PRC withholding tax, provided that the investor (i) has no establishment or place of business in the PRC, or (ii) has such establishment but the income is not effectively connected with it.

Any gains realized from the transfer of shares by non-resident enterprise investors may also be subject to a 10% PRC income tax (or a lower treaty rate) if such gains are regarded as PRC-sourced income, unless a tax treaty provides otherwise. As of the Latest Practicable Date, there were no specific rules addressing the taxation of gains realized by non-resident enterprise holders of H Shares through transfer or disposal by other means.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation rules, income and gains from PRC sources earned by non-PRC resident individuals are generally subject to a 20% PRC withholding tax, unless exempted or reduced under an applicable tax treaty. According 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》國税函 [2011] 348號), dividends paid to non-PRC resident individual holders of H Shares are generally subject to a 10% individual income tax, depending on the tax treaty with their jurisdiction of residence and the Mainland-Hong Kong tax arrangement (內地與香港關於避免雙重徵税安排). For individuals residing in jurisdictions without such treaties or arrangements, a 20% withholding tax applies.

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》), gains derived by individuals from the transfer of listed shares may be exempt from individual income tax. As of the Latest Practicable Date, this exemption has not expressly clarified whether it applies to non-PRC resident individuals transferring shares of PRC resident enterprises listed overseas.

If PRC tax authorities impose PRC income tax on dividends paid to non-PRC resident investors or on gains derived from the transfer of our H Shares, the value of your **[REDACTED]** could be adversely affected. In addition, investors residing in jurisdictions with tax treaties or arrangements with the PRC may not always be eligible for treaty benefits, and we cannot ensure that such benefits will be granted.

The foreign exchange regulations may limit our ability to obtain or remit foreign currency and could restrict our ability to pay dividends or fulfill other foreign-currency-denominated obligations.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. Under current PRC foreign exchange regulations, we may conduct foreign exchange transactions under the current account — such as payments of dividends, interest and trade-related transactions — without prior SAFE approval, provided that required supporting documents are submitted to banks authorized to conduct foreign exchange business.

However, conversion and remittance of Renminbi into foreign currencies for capital account purposes, including repayment of foreign-currency-denominated debt, capital contributions or other capital expenditures, require prior approval or registration with SAFE or its local branches. We cannot ensure that we will always be able to obtain sufficient foreign currency when needed, or that such approval, registration or quota will be granted in a timely manner, or at all.

Changes in PRC foreign exchange from time to time may further limit our ability to convert Renminbi into foreign currency or remit funds outside the PRC. Any such restrictions may impede our ability to pay dividends to our Shareholders in foreign currency, settle foreign-currency-denominated obligations, undertake overseas financing or conduct other transactions requiring cross-border fund flows. These factors could adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates may adversely affect our business and the value of our Shares.

Fluctuations in the value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies may adversely affect our business, financial condition and the value of our Shares. The Renminbi exchange rate is affected by a wide range of domestic and international economic, political and market factors, as well as changes in supply and demand in the foreign exchange markets. The Renminbi may appreciate or depreciate significantly against other currencies over time, and we cannot ensure that the Renminbi will not experience material fluctuations in the future.

Our revenue, assets and liabilities are primarily denominated in Renminbi, while our Shares are **[REDACTED]** in Hong Kong dollars. As a result, variations in the Renminbi-Hong Kong dollar exchange rate could reduce the amount of Renminbi obtained when converting Hong Kong dollar-denominated funds for use in our operations, or reduce the value of, and any dividends payable on, our Shares in foreign currency terms. Any significant fluctuations in exchange rates could adversely affect our revenue, financial results, the value of our assets and liabilities, and the value of our Shares.

RISKS RELATING TO THE [REDACTED]

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

Prior to the **[REDACTED]**, there has been no **[REDACTED]** market for our H Shares. Accordingly, we cannot ensure that an active **[REDACTED]** market with adequate liquidity and **[REDACTED]** volume will develop or be sustained after the **[REDACTED]**. The initial **[REDACTED]** of our H Shares will be determined through negotiations between our Company and the Sole **[REDACTED]** (for itself and on behalf of the **[REDACTED]**), and such price may not be indicative of the **[REDACTED]** of our H Shares following the **[REDACTED]**.

We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. However, the approval of **[REDACTED]** does not guarantee that an active or liquid **[REDACTED]** for our H Shares will develop, or, if it does, that it will be sustained. If an **[REDACTED]** does not develop or is not sustained after the **[REDACTED]**, the **[REDACTED]** and liquidity of our H Shares may be materially and adversely affected, and you may be unable to sell your H Shares at a price equal to or greater than the price you paid in the **[REDACTED]**.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to investors.

The **[REDACTED]** and **[REDACTED]** of our H Shares may be subject to significant volatility after the **[REDACTED]**. The **[REDACTED]** of our H Shares will be determined by market forces and may fluctuate substantially in response to factors beyond our control. Such volatility may result in **[REDACTED]** suffering substantial losses, regardless of our actual operating performance.

In particular, the performance of other companies with substantial operations in the PRC that are listed in Hong Kong may affect investor sentiment toward PRC-based issuers generally and influence the **[REDACTED]** of our H Shares. In addition to market and industry factors, company-specific factors such as variations in our revenue, earnings and cash flow could cause large and sudden changes in the **[REDACTED]** and **[REDACTED]** of our H Shares.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could adversely affect the [REDACTED] of our H Shares and our ability to raise capital.

Future sales of a significant number of our H Shares in the **[REDACTED]**, or the perception that such sales may occur, could adversely affect the **[REDACTED]** of our H Shares. The **[REDACTED]** may also be negatively impacted by disposals of H Shares by our existing Shareholders, including Directors, senior management or Single Largest Group of Shareholders after the expiry of any applicable lock-up periods. Although we are not aware of any current intention for substantial disposals, we cannot ensure that such sales will not occur.

In addition, any future issuance of additional H Shares or share-based securities may dilute our existing Shareholders' interests and could further affect the **[REDACTED]** of our H Shares, or limit our ability to raise capital on favorable terms. Market expectations of potential share issuances or disposals may also influence investor sentiment.

As a result, actual or perceived large-scale sales or issuances of our H Shares could materially and adversely affect the **[REDACTED]** and liquidity of our H Shares, as well as our future financing capabilities.

We cannot ensure whether, when, or in what amount we will pay dividends in the future.

Any future declaration or distribution of dividends is at the discretion of our Board and subject to approval by our Shareholders. Our ability to pay dividends will depend on a range of factors, including our profitability, cash flow position, financial condition, operating and capital expenditure needs, the level of distributable profits under PRC GAAP or HKFRS (whichever is lower), our Articles of Association, the PRC Company Law and other applicable PRC laws and regulations, market conditions, our long-term business strategy, as well as any contractual or regulatory restrictions.

Given these considerations, we cannot guarantee that dividends will be declared or paid in any particular amount or at any particular time. We may also not be able to distribute dividends in accordance with any stated dividend policy. As a result, investors may not receive a return on their investment through dividend payments.

Our Single Largest Group of Shareholders may exert significant influence over our operations and strategic decisions, and their interests may not align with those of other Shareholders.

Our Single Largest Group of Shareholders will continue to be able to exercise substantial influence over our Company's affairs, including matters that require approval of Shareholders, such as the election of Directors, amendments to our constitutional documents, mergers, acquisitions, disposals of substantial assets, or other significant corporate actions. Accordingly, they may be in a position to determine the outcome of such matters regardless of how other Shareholders vote.

The interests of our Single Largest Group of Shareholders may differ from, or conflict with, those of our other Shareholders. They may make decisions, or cause us to pursue strategies or transactions that serve their own interests but are not aligned with — or may even be detrimental to — the interests of our minority Shareholders. This could affect the implementation of our business plans, the allocation of resources, or the pursuit of opportunities, and may in turn materially and adversely affect our business operations, financial condition and prospects.

Certain facts, forecasts and statistics in this Document derived from official government sources may not be reliable.

Certain facts, forecasts and statistics included in this Document, particularly those relating to China, the PRC economy or the industry in which we operate, are derived from publicly available official government sources. While we have taken reasonable care in reproducing or extracting such information for inclusion in this Document, these materials have not been prepared or independently verified by us or by the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any other party involved in the **[REDACTED]**, and no representation is given as to its accuracy.

Such information and statistics may involve estimation methods, sampling limitations, or inconsistencies between published data and actual market conditions. In addition, information from PRC government sources may not be comparable with similar data from other jurisdictions, whether due to differences in methodology, data collection practices or reporting standards. Accordingly, such statistics may be inaccurate, incomplete, or not compiled on a basis consistent with that used elsewhere.

[REDACTED] should therefore exercise caution when interpreting or relying on any such facts, forecasts or statistics and should consider carefully the degree of weight to attribute to them.

You should read the entire Document carefully, and you should not place reliance on any information contained in press articles or other media.

You should read the entire Document carefully. We strongly caution you not to rely on any information contained in press articles or other media regarding us or the **[REDACTED]**. Prior to the publication of this Document, there may have been press or media coverage relating to us or the **[REDACTED]**. Such reports may contain information — including operating or financial data, projections, valuations or other details — that does not appear in this Document.

We have not authorized the disclosure of any such information in the press or other media and do not accept any responsibility for the accuracy, completeness or reliability of any such information or publication. We make no representation as to the appropriateness or relevance of such information for making **[REDACTED]**. To the extent that any such information is inconsistent with or conflicts with the information contained in this Document, we disclaim responsibility for it, and you should not rely on such information.

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

MANAGEMENT PRESENCE IN HONG KONG SAR

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

Since all our business operations are not principally located, managed or conducted in Hong Kong SAR, and our Directors consider that the relocation of our executive Directors to Hong Kong SAR or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong SAR would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong SAR for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

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

(i) **Authorized Representatives:** both of our Company's authorized representatives, Mr. Yao and Ms. Au Ching (歐正) ("**Ms. Au**"), will act as our Company's principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number (if any) and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong SAR possesses or can apply for valid travel documents to visit Hong Kong SAR and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(iii) **Compliance Advisor:** we have appointed Rainbow Capital (HK) Limited as our compliance advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the **[REDACTED]** to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the **[REDACTED]**. Pursuant to the Note of Rule 3A.23, the compliance advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such

information and assistance as the compliance advisor may need or may reasonably require in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the compliance advisor, and will keep the compliance advisor fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our compliance advisor; and

(iv) **Legal advisors:** we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong SAR after the **[REDACTED]**.

JOINT COMPANY SECRETARIES

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

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

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

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

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

(i) length of employment with the issuer and other issuers and the roles they played;

(ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong SAR, they also need to have experience relevant to our Company's operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company's business and affairs as company secretary.

We have appointed Mr. Xu and Ms. Au as our joint company secretaries. Since Mr. Xu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. Xu, we have appointed Ms. Au, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the **[REDACTED]** so as to enable Mr. Xu to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Xu as our joint company secretary. Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, such waiver [has been granted] on the conditions that:

(i) Ms. Au is appointed as a joint company secretary to assist Mr. Xu in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules;

(ii) our Company will further ensure that Mr. Xu has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Our Hong Kong legal advisors have provided training to Mr. Xu on the principal requirements of the Listing Rules and the Hong Kong SAR laws and regulations applicable to our Company after the **[REDACTED]**. In addition, Mr. Xu will endeavour to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the **[REDACTED]**;

(iii) Mr. Xu has confirmed that he will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(iv) before the expiry of Mr. Xu's initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules;

(v) this waiver will be revoked immediately if and when Ms. Au ceases to provide such assistance during the three-year period, and we undertake to re-apply to the Stock Exchange for a waiver in the event that Ms. Au ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company. In addition, this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company

Before the end of the three-year period, our Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Mr. Xu, having had the benefit of Ms. Au's assistance for the preceding three years, would then have attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. For biographical information of Mr. Xu and Ms. Au, see "Directors and Senior Management" in this Document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name (Nationality)	Address
Executive Directors	
Mr. Yao Haiping (姚海平) (Chinese)	Room 1802, No. 6, Lane 25, Guoquan Road, Yangpu District, Shanghai, PRC
Mr. Zhong Qi (鍾琪) (Chinese)	No. 106, Lane 538, Zhenghe Road, Yangpu District, Shanghai, PRC
Dr. Shen Sha (沈沙) (Chinese)	Room 702, Building 81, 1299 Jiangwancheng Road, Yangpu District, Shanghai, PRC
Non-executive Directors	
Mr. Zhang Zhibin (張志斌) (Chinese)	No. 705, Unit 2, Building 4, Phase 5, Shijichengyuandayuan, Haidian District, Beijing, PRC
Mr. Ren Li (任立) (Chinese)	Room 1004, Building 8, No. 54, East Third Ring South Road, Chaoyang District, Beijing, PRC
Dr. Robert Yung (容志誠) (alias Dr. Yung, Chi Shing Robert) (American)	Flat C, 8/F, Blk T5, One Beacon Hill, 1 Beacon Hill Road, Kowloon Tong, Kowloon, Hong Kong
Independent Non-executive Directors	
Ms. Chu, Pak Fei Tiffany (朱柏霏) (Chinese (Hong Kong))	Unit C, 33/F, Block 2, One Silversea, 18 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong
Mr. Liu, Sai Keung Thomas (廖世強) (Chinese (Hong Kong))	5C, Block 11, Royal Ascot, 1 Chun King Road, Sha Tin, Hong Kong
Dr. Zeng Xiaoyang (曾曉洋) (Chinese)	No. 220 Handan Road, Yangpu District, Shanghai, PRC

Note: As of the Latest Practicable Date, Mr. Liu Hongming (劉洪明), Mr. Li Wenkui (李文魁), Mr. Xu Wei (許維), Mr. Yang Yunfeng (楊運峰) and Ms. Wei Yiman (魏伊曼) were our Directors. Each of them will resign from directorship, effective upon **[REDACTED]**.

The appointment of Ms. Chu, Pak Fei Tiffany, Mr. Liu, Sai Keung Thomas and Dr. Zeng Xiaoyang as independent non-executive Directors have already been approved by way of a general meeting of the Company on January 13, 2026 and will become effective upon **[REDACTED]**.

For details with respect to our Directors, please see the section headed "Directors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

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(the information contained on the website does not form part of this Document)

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Mr. Liu, Sai Keung Thomas (廖世強)

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Nomination Committee

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*The information and statistics set out in this section and other sections of this Document were extracted from the independent industry report prepared by Frost & Sullivan (the "**Frost & Sullivan Report**"), which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the **[REDACTED]**. We believe that the sources of the information in this section and other sections of this Document are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, or any of their respective directors and advisers or any other persons or parties involved in the **[REDACTED]**, and no representation is given as to the accuracy of such information.*

VISION CHIP INDUSTRY OVERVIEW

Definition and Classification of Vision Chips

Vision Systems are the primary means by which machines and devices acquire external information, and are widely applied across fields such as consumer electronics, smart IoT, intelligent manufacturing, embodied intelligence, and intelligent automotives.

Vision chips constitute the core chip ecosystem that supports the full processing chain of visual information, including image and video acquisition, processing, transmission, storage, and display. In a broad sense, vision chips cover multiple categories, including image sensors, vision processing SoCs, video transmission chips, back-end main controllers, as well as supporting components such as memory and power management chips.

Within a vision system, multiple functional chips operate in a coordinated manner to enable the full processing chain from image acquisition and enhancement to transmission, reception, and output:

- Image sensors convert external optical signals into processable digital image data;
- Vision processing chips perform comprehensive visual data processing and optimization on standardized signals and complete data compression to reduce the burden of subsequent transmission and storage;
- Video transmission chips convert compressed video streams into wireless transmission signals to enable long-distance and stable data transmission;
- Back-end main controllers receive and decode transmitted image signals while controlling video display or writing data into storage devices.

Vision Chips Continue to Evolve Toward Greater Intelligence

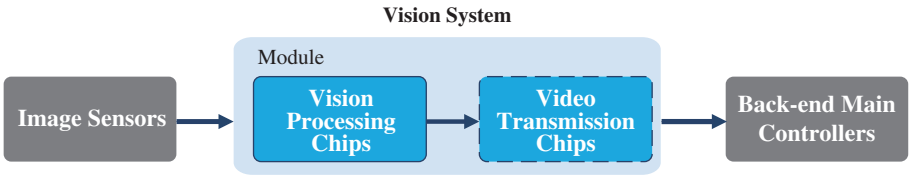
The global artificial intelligence industry has entered a phase of broader application adoption, with ongoing advances in model architectures, multimodal technologies, and open-source ecosystems supporting continued deployment across multiple industries.

In this context, vision chips and related solutions are increasingly integrating AI capabilities. Compared with traditional vision solutions that mainly perform basic image processing functions such as noise reduction and format conversion, vision AI chips leverage heterogeneous computing architectures to support advanced functions including object detection, feature extraction and scene analysis, while improving image quality, resolution and processing efficiency. As vision chips evolve toward higher intelligence, closer coordination among functional chips has become increasingly important to ensure efficient, real-time and reliable system performance. Meanwhile, visual interaction capabilities such as gesture recognition and visual feedback are further expanding the application scope of vision solutions.

VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of Visual Processing AI SoC Product and Solution

A visual processing AI SoC product and solution is an integrated hardware-software solution dedicated to intelligent visual data processing, which mainly comprises an AI SoC, associated modules and professional technical services, including project-based non-recurring engineering(NRE) services such as hardware-software adaptation, algorithm optimization and system integration support. It acts as the core computing and control platform in vision systems. It processes raw image data captured by cameras through image enhancement functions such as noise reduction, color calibration, and dynamic range optimization, and outputs high-quality video streams for stable transmission to back-end devices. The solution aims to achieve high image quality, low-latency, low power consumption, and reliable performance.



Visual Processing AI SoC Product and Solution

Source: Expert Interview, Frost & Sullivan Report

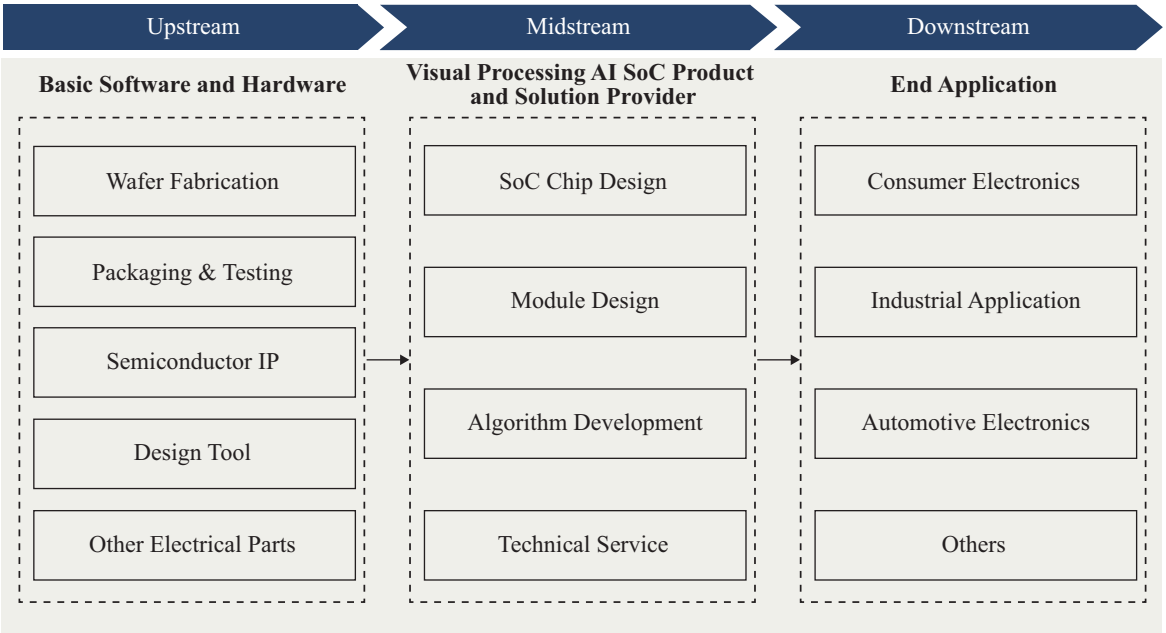
Visual AI SoCs, together with complementary video transmission chips, form the core foundation of visual processing AI SoC product and solution. A visual processing AI SoC is purpose-built for visual data processing and integrates functional units such as CPU, GPU, ISP (Image Signal Processor), NPU and video codecs through a heterogeneous architecture to enable coordinated computing.

Within the SoC, the ISP serves as a dedicated image-processing unit, using hardware acceleration optimized for visual signals to perform preprocessing tasks including noise reduction, color calibration, and dynamic range enhancement, thereby generating high-quality standardized signals that support subsequent intelligent functions such as object recognition, visual perception, and interaction. Compared with traditional ISPs based on fixed algorithms, AI ISPs integrate deep learning models and leverage NPU computing capabilities to enable adaptive image optimization under complex conditions such as low-light or motion-intensive scenes.

The NPU, as the dedicated AI computing unit within the AI SoC, acts as the primary computing engine for deep learning inference, supporting efficient parallel processing with high energy efficiency. Through close coordination between the AI ISP and the NPU, visual AI SoCs are able to achieve real-time intelligent processing under power constraints, while supporting cost-effective deployment at the edge.

Complementing the visual AI SoC, the video transmission chip is responsible for encoding, modulation, and stable transmission of image and video data, enabling long-distance, low-latency, anti-interference and reliable communication through protocol encapsulation and interference mitigation. As system integration continues to advance, video transmission capabilities are increasingly implemented as integrated functional modules within visual AI SoCs, enhancing coordination between visual processing and transmission while improving overall system efficiency.

Visual Processing AI SoC Product and Solution Industry Chain



Source: Expert Interview, Frost & Sullivan Report

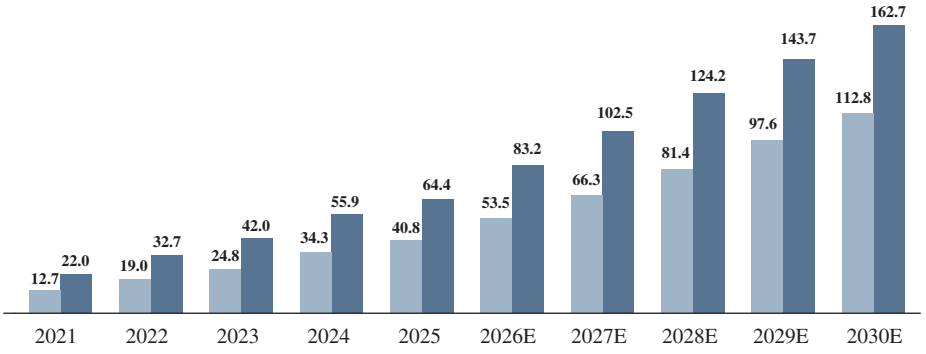
The visual processing AI SoC product and solution industry chain is structured across upstream, midstream, and downstream segments, with each layer playing a distinct role in enabling the development, integration, and application of visual processing AI SoC products and solutions. The upstream segment comprises basic software and hardware providers, including wafer fabrication, packaging and testing services, semiconductor IP vendors, design tools, and other electronic component suppliers, which together provide the manufacturing capabilities, design infrastructure, and foundational technologies required for visual processing chip development. The midstream segment centers on visual processing AI SoC product and solution providers, with the AI SoC serving as the core of the overall solution, covering SoC chip design, module design, algorithm development, and related technical services, through which upstream technologies are integrated into complete, application-ready visual processing solutions. The downstream segment consists of end application markets such as consumer electronics, industrial applications, automotive electronics, and other emerging use cases, where visual processing AI SoC products and solutions are embedded into end products to support intelligent perception, visual analysis, and related functions.

Market Size of Global and China Visual Processing AI SoC Product and Solution

The global semiconductor industry experienced a cyclical downturn in 2023, with its market size declining by 5.5% year-on-year, followed by a recovery in 2024. Despite the cyclical fluctuations in the broader semiconductor industry, the visual processing AI SoC product and solution market has recorded significant growth in both China and global markets, supported by broader adoption of high-performance visual computing in multiple application scenarios. In China, the visual processing AI SoC product and solution market grew from RMB12.7 billion in 2021 to RMB40.8 billion in 2025, representing a CAGR of 34.0%, driven by increasing adoption in downstream applications including UAVs (unmanned aerial vehicles), smart wearables, security analysis, AIoT terminals, as well as new energy vehicles. Supported by continued expansion of application scenarios and improvements in industry supply capabilities, the China market is projected to reach RMB112.8 billion by 2030, with a CAGR of 22.6% between 2025 and 2030. Globally, the visual processing AI SoC product and solution market increased from RMB22.0 billion in 2021 to RMB64.4 billion in 2025, achieving a CAGR of 30.8%, and is expected to further expand to RMB162.7 billion by 2030, with a CAGR of 20.4% over the forecast period, as visual processing AI SoC products and solutions continue to penetrate a wide range of end-use markets.

Global and China Visual Processing AI SoC Product and Solution Market Size, 2021–2030E

CAGR	2021-2025	2025-2030E
China	34.0%	22.6%
Global	30.8%	20.4%



Source: Semiconductor Equipment and Materials International, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of Visual Processing AI SoC Product and Solution Industry

- ***Upgrading demand and expanding application scenarios continue to support market growth***

As AI technologies advance, demand for AI visual processing continues to deepen. Established sectors such as consumer electronics and industrial manufacturing are accelerating intelligent transformation, while emerging scenarios including smart wearables, embodied intelligence, and intelligent driving are creating diversified application needs. Market demand is evolving from standalone chips toward integrated solutions combining hardware adaptation, algorithm optimization, and scenario customization, providing sustained momentum for market expansion.

- ***Advances in AI SoC technologies and architectures further address application requirements***

Ongoing iteration of AI SoCs enables closer alignment with key market needs, including high-definition video processing, low-power operation, high integration, and cost efficiency. Highly integrated heterogeneous architectures reduce system size and deployment costs, facilitating adoption across diverse end-device scenarios. In parallel, emerging architectures such as compute-in-memory are expected to improve data-processing efficiency and energy performance, helping to address the trade-off between computing capability and power consumption at the edge.

- ***Deepening industry-chain collaboration supports a healthy ecosystem***

Closer coordination across the value chain enables upstream component suppliers and midstream product and solution providers to optimize hardware-algorithm compatibility, while downstream customers provide application-level feedback to guide solution refinement. This collaborative dynamic accelerates the transition from development to commercialization and supports the scaled deployment of visual processing AI SoC product and solutions.

UAV VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of UAV Visual Processing AI SoC Product and Solution

UAV (Unmanned Aerial Vehicles) visual processing AI SoC product and solution provides core technical support for UAVs by leveraging a heterogeneous visual AI SoC architecture incorporating integrated NPUs with high energy efficiency. These solutions enable autonomous obstacle avoidance, precise target tracking, and defect identification in inspection scenarios, while supporting low-latency and high-stability video transmission. As a result, they facilitate efficient visual data output across application scenarios such as professional aerial photography, power infrastructure inspection, agricultural operations, and geographic surveying.

Global and China UAV Market Size

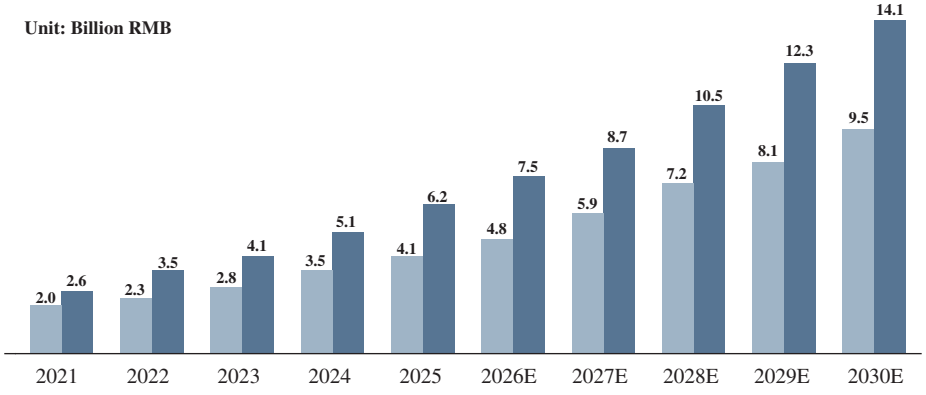
The global and China UAV markets have experienced fast expansion in recent years, supported by the growing adoption of drones across both consumer and industrial applications. In China, the UAV market increased from RMB77.0 billion in 2021 to RMB127.8 billion in 2025, at a CAGR of 13.5%, and is expected to further expand to RMB286.3 billion by 2030, corresponding to a CAGR of 17.5% during 2025 to 2030. Globally, the UAV market grew from RMB135.7 billion in 2021 to RMB220.2 billion in 2025, reflecting a CAGR of 12.9%, and is projected to reach RMB460.6 billion by 2030, with a CAGR of 15.9%. The sustained growth of the UAV industry is driven by expanding use cases such as aerial imaging, industrial inspection, agriculture, surveying and mapping, and public safety, which continue to support increasing demand for UAV-related technologies and solutions.

Market Size of Global and China UAV Visual Processing AI SoC Product and Solution

The UAV visual processing AI SoC product and solution market has experienced rapid growth in both China and globally in recent years. Serving as the major manufacturing base of UAVs, China's market expanded from RMB2.0 billion in 2021 to RMB4.1 billion in 2025, representing a CAGR of 19.1%, driven by the expanding adoption of UAVs in aerial imaging, industrial inspection, agriculture, security, and surveying applications; the market is expected to further grow to RMB9.5 billion by 2030 at a CAGR of 18.6%. At the global level, the market grew rapidly from RMB2.6 billion in 2021 to RMB6.2 billion in 2025, and is expected to continue expanding to RMB14.1 billion by 2030 with a CAGR of 17.4% from 2025 to 2030, supported by ongoing adoption across multiple application scenarios and rising demand for high performance products.

Global and China UAV Visual Processing AI SoC Product and Solution Market Size, 2021–2030E

CAGR	2021-2025	2025-2030E
China	19.1%	18.6%
Global	25.0%	17.4%



Source: Semiconductor Equipment and Materials International, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of UAV Visual Processing AI SoC Product and Solution Industry

- ***Expansion of the low-altitude economy drives UAV AI visual processing demand***

The rapid growth of the low-altitude economy, is expanding UAV applications across imaging, inspection, agriculture, and public services. As UAVs become a core platform, demand for AI visual processing is rising. AI SoCs enable functions such as obstacle avoidance, target tracking, anomaly detection, and low-latency video transmission, while multi-camera fusion, edge intelligence, and high-resolution imaging are driving more integrated, real-time visual architectures.

- ***FPV drones raise performance and integration requirements***

The growth of FPV (First Person View) drones, spanning both consumer and emerging low-altitude applications, is increasing requirements for AI visual processing and core SoCs, including accurate recognition in high-speed and complex environments, low-latency transmission, and lightweight system design. SoCs must balance real-time AI computing performance with power efficiency, while higher integration supports diverse device configurations. The continued expansion of the FPV drone segment is expected to further stimulate demand for AI visual processing solutions and accelerate technology iteration.

- ***UAV intelligence upgrade accelerates adoption of AI visual processing solutions***

UAVs are evolving toward greater autonomy and intelligence, increasing reliance on onboard perception, decision-making, and real-time response capabilities. As intelligent flight control, autonomous navigation, and scenario-aware operations become more common, demand for advanced visual perception and edge AI computing continues to rise. Visual processing AI SoCs enable real-time visual analysis and adaptive decision-making at the front end, reducing reliance on remote computing and enhancing operational safety and efficiency, thereby accelerating the adoption of AI visual processing solutions.

AIOT VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of AIoT Visual Processing AI SoC Product and Solution

AIoT (Artificial Intelligence of Things) refers to the integration of AI capabilities with IoT systems to enable intelligent perception, analysis, and decision-making at the edge and across connected devices. In AIoT scenarios, visual processing AI SoCs serve as a core perception enabler by leveraging their capability to handle complex workloads and support continuous monitoring. Across use cases including residential living, industrial production, campus security, and environmental supervision, AIoT systems can accurately identify equipment abnormalities, non-compliant human behaviors, and changes in environmental conditions.

Market Size of Global and China AIoT

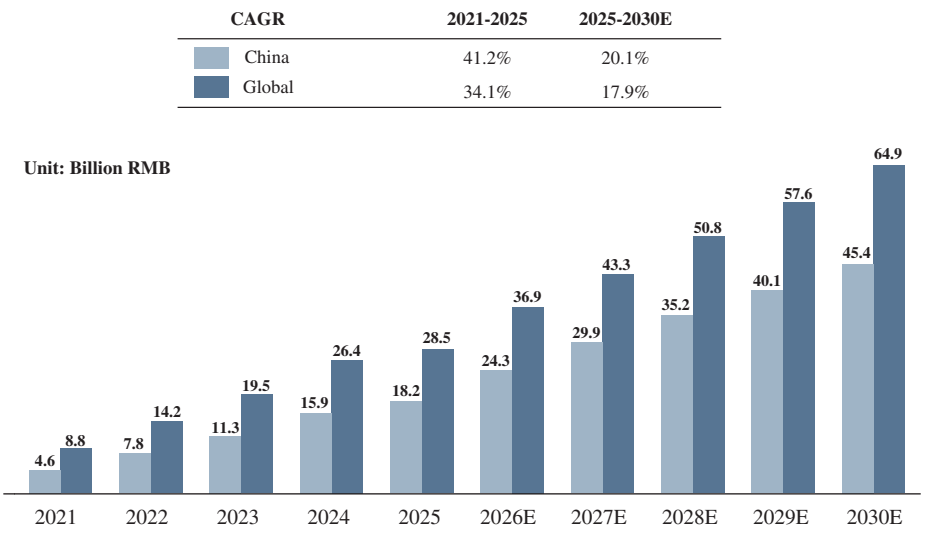
The global and China AIoT markets have expanded steadily since 2021. In China, the market size increased from RMB70.9 billion in 2021 to RMB148.0 billion in 2025, representing a CAGR of 20.2%, and is projected to further grow to RMB291.0 billion by 2030, implying a CAGR of 14.5% from 2025 to 2030. In parallel, the global market grew from RMB305.6 billion in 2021 to RMB569.3 billion in 2025, representing a CAGR of 16.8%, and is expected to reach RMB986.3 billion by 2030, implying a CAGR of 11.6% from 2025 to 2030. Growth is supported by continued rollout of smart home, smart security, industrial internet, and environmental monitoring applications, with AIoT endpoints penetrating households, public spaces, and production environments and increasingly serving as a key terminal layer underpinning the digital economy.

Market Size of Global and China AIoT Visual Processing AI SoC Product and Solution

The global and China AIoT visual processing AI SoC product and solution market are entering an accelerated growth stage. In China, the market size increased from RMB4.6 billion in 2021 to RMB18.2 billion in 2025, representing a CAGR of 41.2%, and is projected to reach RMB45.4 billion by 2030, implying a CAGR of 20.1% from 2025 to 2030. In parallel, the global market grew from RMB8.8 billion in 2021 to RMB28.5 billion in 2025, representing a CAGR of 34.1%, and is expected to expand to

RMB64.9 billion by 2030, implying a CAGR of 17.9% from 2025 to 2030. Growth is primarily driven by the increasing connection of endpoints and the shift of visual AI algorithms toward on-device execution; as demand for real-time video analytics strengthens across more scenarios, AIoT endpoints are increasingly adopting solutions that integrate camera modules with visual processing AI SoCs, thereby accelerating market penetration and demand release.

Global and China AIoT Visual Processing AI SoC and Solution Market Size, 2021–2030E



Source: China Academy of Information and Communications Technology, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of AIoT Visual Processing AI SoC Product and Solution Industry

- ***Consumer AIoT visual applications are gaining momentum, driving comprehensive upgrades of smart home endpoints.***

In consumer use cases, camera-enabled IoT devices with AI capabilities, such as smart security cameras and vision-enabled robot vacuum cleaners, are being adopted faster, improving home safety and wellness. Smart home endpoints increasingly use visual processing AI SoCs to perform image recognition and behavior analysis locally, reducing reliance on cloud processing. As the smart home ecosystem matures, visual processing AI SoCs are becoming a standard configuration for household IoT devices and a key growth driver for the AIoT consumer market. Beyond smart homes, camera-enabled consumer electronics are expanding into emerging categories such as handheld gimbals and thumb-sized cameras, further broadening application scenarios for visual processing AI SoCs.

- ***Intelligent upgrades in security analysis are stimulating demand for visual AI-enabled devices.***

Security analysis is shifting from passive recording to proactive intelligent analytics, with cameras becoming key nodes for capturing and structuring visual data. Driven by urban safe-city programs and enterprise security upgrades, camera systems integrated with visual processing AI SoCs can perform edge-side tasks such as real-time license-plate recognition and behavior analysis. Multispectral fusion of thermal imaging and visible light is also increasingly used in patrol and fire-prevention early warning, improving recognition and alerts in low-light or foggy environments. These trends are driving incremental demand for intelligent front-end security devices and supporting growth in the visual processing AI SoC product and solution market.

- ***Industrial AIoT adoption is accelerating, driving demand for real-time visual analytics on-device.***

In industrial production, factories and industrial parks increasingly use cameras and vision sensors for process monitoring, defect detection, safety compliance, and asset protection. Industrial endpoints powered by visual processing AI SoCs can perform on-device inspection and anomaly detection, reducing latency and bandwidth use while improving reliability in complex environments. This trend also extends to industrial robots and mobile platforms, where on-device visual perception supports navigation, inspection, and human-machine collaboration. As industrial digitalization deepens, on-device visual intelligence is becoming a key infrastructure layer for industrial AIoT, further expanding the market for visual processing AI SoCs.

SMART WEARABLE DEVICES VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of Smart Wearable Devices Visual Processing AI SoC Product and Solution

Smart wearable devices implement lightweight on-device intelligence through visual processing AI SoCs, which integrate and coordinate multiple functional modules to support real-time environmental understanding, image enhancement, and object recognition. In applications such as AR/AI glasses, smartwatches, and health-focused wearables, smart wearable devices leverage visual processing AI SoCs to deliver scenario-based intelligent services under constraints of low power consumption and compact form factor, thereby enhancing the human-machine interaction experience.

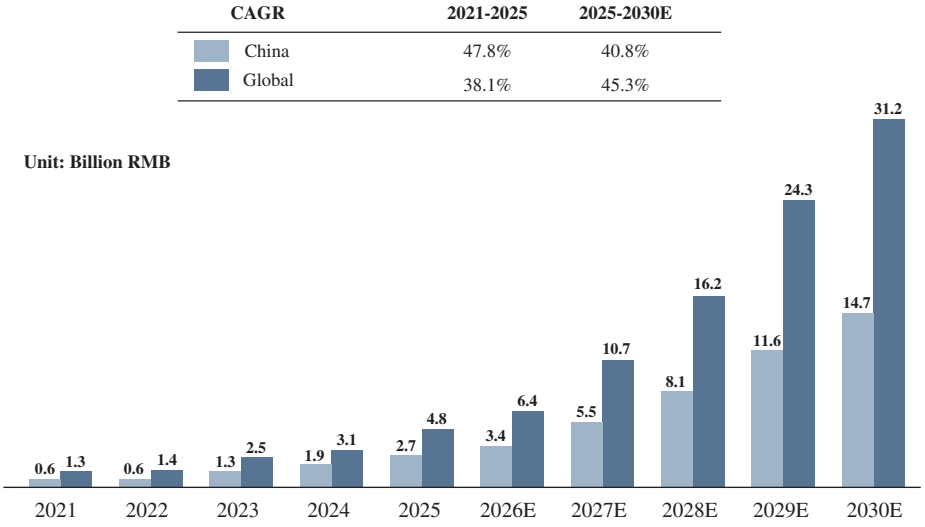
Market Size of Global and China Smart Wearable Devices

The global and China smart wearable devices markets have maintained a steady expansion trend since 2021. In China, the market size increased from RMB69.5 billion in 2021 to RMB105.3 billion in 2025, representing a CAGR of 10.9% from 2021 to 2025, and is projected to further expand to RMB229.0 billion by 2030, implying a CAGR of 16.8% from 2025 to 2030. In parallel, the global market grew from RMB503.6 billion in 2021 to RMB797.7 billion in 2025, representing a CAGR of 12.2% from 2021 to 2025, and is expected to reach RMB1,347.1 billion by 2030, implying a CAGR of 11.0% from 2025 to 2030. Growth is primarily driven by the rising demand for multi-sensory, context-aware interactions in smart wearables, with visual perception increasingly becoming a core enabler. Wearable devices are also evolving rapidly, with continued upgrades across smartwatches, wristbands, smart earphones, and smart glasses. In parallel, emerging form factors such as AI assistants and AI glasses are seeing increasing shipments. Market expansion is further supported by deeper penetration into professional use cases, including medical health, sports, and fitness, collectively sustaining relatively rapid growth.

Market Size of Global and China Smart Wearable Devices Visual Processing AI SoC Product and Solution

The global and China smart wearable devices visual processing AI SoC product and solution markets have exhibited rapid growth in recent years. In China, the market expanded from RMB0.6 billion in 2021 to RMB2.7 billion in 2025, representing a CAGR of 47.8% from 2021 to 2025, and is projected to further increase to RMB14.7 billion by 2030, implying a CAGR of 40.8% from 2025 to 2030. In parallel, the global market grew from RMB1.3 billion in 2021 to RMB4.8 billion in 2025, representing a CAGR of 38.1% from 2021 to 2025, and is expected to reach RMB31.2 billion by 2030, implying a CAGR of 45.3% from 2025 to 2030. The expansion is primarily driven by accelerating adoption of AI glasses and AR glasses equipped with cameras and visual perception capabilities, alongside broader application penetration, continued performance improvements, and further cost reductions, positioning smart wearables as a key incremental demand driver for visual processing AI SoCs.

Global and China Smart Wearable Devices Visual Processing AI SoC Product and Solution Market Size, 2021–2030E



Source: International Data Corporation, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of Smart Wearable Devices Visual Processing AI SoC Product and Solution Industry

- ***Rising demand for on-device visual perception is pushing visual compute from the cloud to wearable SoCs.***

Smart wearable devices such as smart glasses, selected smartwatches, and smart rings are increasingly integrating cameras and other imaging sensors, resulting in rapidly growing image/video data volumes. As more visual workloads migrate from the cloud to on-device execution, Smart Wearable Devices are accelerating adoption of visual processing AI SoCs. This shift is also driven by the need for lower latency, improved privacy protection, and more reliable user experiences in weak-network or offline environments. In turn, Smart Wearable Devices require tighter hardware-software co-optimization to sustain real-time performance within strict power budgets.

- ***Rapid growth of AR glasses is driving iteration toward highly integrated, low-power visual processing AI SoCs.***

AR glasses represent an evolutionary step beyond AI glasses, with substantially higher requirements on visual capability. Compared with AI glasses that typically focus on basic audio/video capture and processing, AR glasses require continuous perception, spatial understanding, and real-time visual interaction and rendering. AR/AI glasses must continuously perform capture, recognition, and spatial localization under stringent constraints on form factor and battery capacity, raising requirements for performance-per-watt and system-level integration. Accordingly, AR/AI glasses are driving visual processing AI SoCs to evolve toward higher integration, more advanced process nodes, and heterogeneous architectures.

AR glasses are expected to experience a rapid shipment ramp-up. In China, AR glasses shipments are projected to increase from 0.9 million units in 2025 to 77.0 million units in 2030. Meanwhile, global AR glasses shipments are expected to rise from 1.4 million units in 2025 to 154.0 million units in 2030. This accelerating shipment momentum is expected to contribute materially to the growth of AR glasses visual processing AI SoC product and solution, with the China market projected to expand from RMB1.3 billion in 2025 to RMB10.2 billion in 2030, and the global market expected to grow from RMB3.1 billion to RMB21.3 billion over the same period.

- ***On-device deployment of generative AI and multimodal foundation models is catalyzing higher level local intelligence use cases.***

With ongoing progress in model compression and inference acceleration, large-model capabilities are increasingly shifting from the cloud to the device, enabling smart wearable devices to target AI-Agent level assistant scenarios, which refer to context-aware intelligent assistance functions enabled by on-device AI processing, rather than autonomous AI agents or independent software platforms. To support on-device large models and multimodal inference, smart wearable devices require visual processing AI SoCs to provision higher compute and memory/storage resources. At the application level, this enables more natural interaction paradigms such as context-aware assistance and real-time visual Q&A. It also raises requirements for runtime frameworks, model scheduling, and efficient memory management to balance capability and battery life.

COMPETITIVE LANDSCAPE OF VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET

Ranking in Visual Processing AI SoC Product and Solution Market

The China visual processing AI SoC product and solution market remains broad-based and application-diversified, with demand distributed across a wide range of end scenarios. As a result, the overall competitive landscape is relatively fragmented, and vendors tend to demonstrate differentiated strengths and positioning in specific application segments and customer groups. Our Company ranked 8th in the market with revenue of RMB0.5 billion and a market share of 1.1%. The table below presents the ranking of companies in China's visual processing AI SoC product and solution market, as measured by revenue in 2025.

Ranking	Company	2025 Revenue *(Billion RMB)*	Market Share
1	Company A	2.9	7.2%
2	Company B	2.6	6.4%
3	Company C	2.4	5.8%
4	Company D	2.0	5.0%
5	Company E	1.6	3.9%
6	Company F	1.2	3.0%
7	Company G	1.0	2.5%
8	**Our Company**	**0.5**	**1.1%**

Source: Expert Interview, Frost & Sullivan Report

1. A private company founded in 2004, headquartered in China, primarily focuses on the design and development of SoC solutions.
2. A publicly listed semiconductor company founded in 1985, headquartered in the United States and listed on the NASDAQ, primarily engaged in the development of wireless communication technologies and SoC solutions.
3. A publicly listed semiconductor company founded in 2001, headquartered in China and listed on the Shanghai Stock Exchange, primarily focuses on the design and development of application processor and AIoT SoC solutions for smart devices, industrial and automotive applications.
4. A publicly listed semiconductor company founded in 2017, headquartered in China and listed on the Shenzhen Stock Exchange, primarily focuses on the design and development of AI vision SoC solutions for smart security and IoT applications.
5. A publicly listed semiconductor company founded in 1997, headquartered in Taiwan and listed on the Taiwan Stock Exchange, primarily focuses on the design and development of mobile, connectivity and multimedia SoC solutions for smartphones, smart devices and IoT applications.
6. A publicly listed fabless semiconductor company founded in 2007, headquartered in China and listed on the Shenzhen Stock Exchange, primarily focuses on the design and development of application processor SoC, high-performance analog IC and wireless connectivity solutions for smart devices and IoT applications.
7. A publicly listed semiconductor company founded in 2004, headquartered in China and listed on the Shenzhen Stock Exchange, primarily focuses on the design and development of video security analysis SoC and ISP solutions for smart security and IoT applications.

Ranking in China UAV Visual Processing AI SoC Product and Solution Market

The China UAV visual processing AI SoC product and solution market is characterized by relatively high concentration, with leading participants capturing major market share. In 2025, China UAV visual processing AI SoC product and solution market reached RMB4.1 billion. Our Company ranked third in the market, with a market share of 6.9%. The following table presents the ranking of companies in China UAV visual processing AI SoC product and solution market, as measured by revenue in 2025.

Ranking	Company	2025 Revenue *(Billion RMB)*	Market Share
1	Company A	1.1	26.2%
2	Company B	0.4	9.5%
3	**Our Company**	**0.3**	**6.9%**

Source: Expert Interview, Frost & Sullivan Report

Competitive Landscape of China AIoT Visual Processing AI SoC Product and Solution Market

The China market for visual processing AI SoC products and solutions for AIoT applications remains relatively fragmented, with the top five companies, mainly domestic Chinese suppliers, accounting for approximately 30% of the market share. Competition in this market is primarily driven by capabilities in image processing, AI computing, video technologies, low-power system design and customer ecosystem development. The market is characterized by broad participation across multiple application segments, resulting in a competitive and tiered landscape rather than a highly concentrated market structure. Meanwhile, domestic participants continue to expand into selected verticals and differentiated application scenarios, further contributing to the diversity of the competitive landscape.

Competitive Landscape of China Smart Wearable Devices Visual Processing AI SoC Product and Solution Market

The China market for visual processing AI SoC products and solutions for smart wearable applications remains relatively concentrated, with the top five companies accounting for approximately 70% of the market share. The competitive landscape is characterized by the presence of both domestic Chinese suppliers and overseas players, with a leading U.S. supplier occupying a prominent position in the market, while the remaining major market participants are primarily Chinese companies. As visual processing AI functions are still at a relatively early stage of penetration in the smart wearable market, relevant demand is currently concentrated in selected product categories and application scenarios, contributing to a relatively concentrated market structure. Market participants generally compete on the basis of AI computing capability, low-power design, multimodal processing, memory and storage support, as well as software and ecosystem integration, which together shape a relatively stable yet evolving competitive landscape. At the same time, as smart wearable devices increasingly move toward on-device large-model deployment and AI-Agent level assistant scenarios, suppliers with stronger capabilities in balancing performance, power efficiency and system integration are expected to further strengthen their market positions.

ENTRY BARRIERS

Customer barriers: Leading customers impose stringent requirements on solution stability, delivery capability, and long-term technology-iteration support. They tend to engage core suppliers in joint defining and co-development around frontier needs, shifting requirements upstream to the chip architecture and algorithm/solution design stage. New entrants typically must undergo lengthy validation cycles before being admitted into core customer supply systems and achieving sustained orders.

Technological barriers: Visual processing AI SoCs are required to deliver high compute performance and high reliability under constraints of low power consumption and compact form factor. This sets a high bar for chip-architecture design, algorithm optimization, and end-to-end hardware-software co-design capabilities. In addition, competitiveness typically depends on comprehensive system-level capabilities, such as sensing, on-device processing, and data transmission, rather than isolated breakthroughs in visual processing alone. Sustained R&D investment and patent deployment further reinforce the technological threshold.

Talent barriers: The industry relies heavily on interdisciplinary engineering teams with expertise spanning algorithms, chips, systems, and application scenarios. Scarcity of senior R&D and productization talent creates a meaningful time gap for latecomers in team building and know-how accumulation.

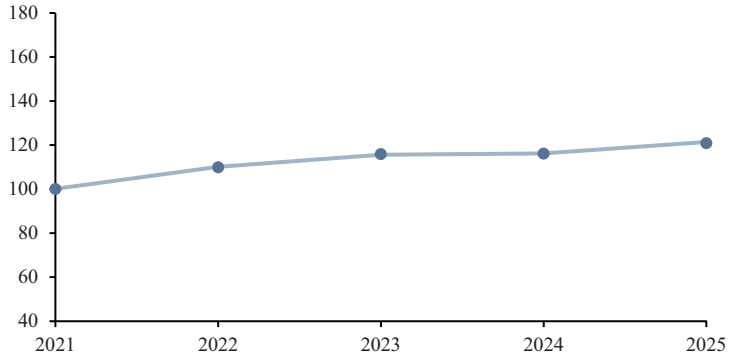
Supply chain barriers: Visual processing AI SoCs and related modules depend on foundry, packaging and testing, components, and manufacturing partners, with complex capacity, yield, and delivery-cycle management. Only companies with strong supply chain management capabilities and stable partner networks can build advantages in scaled shipments and cost control.

Capital barriers: Chip design, tape-out validation, and early-stage solution development require substantial upfront investment and entail long payback periods. Adequate and stable funding is essential for sustained R&D, securing large customer programs, and navigating industry cycles, resulting in a high barrier to entry.

Cost Analysis of Visual Processing AI SoC Product and Solution

Wafer accounts for the largest proportion in the cost structure of a visual processing AI SoC, reaching approximately 60% to 70%, with packaging and testing constituting the major portion of the remaining costs. The 12-inch silicon wafers serve as a mainstream manufacturing platform for visual processing AI SoC production. During 2021 to 2022, the semiconductor industry maintained a relatively high level of prosperity, with robust downstream demand, and wafer prices showed a clear upward trend. During 2023 to 2025, as supply-demand dynamics normalized, the pace of wafer price increases narrowed significantly and prices stabilized. Looking forward, wafer prices are expected to broadly follow the 2023 to 2025 pattern and continue to fluctuate within a narrow range over the next few years. The chart below illustrates the 12-inch wafer price trend over the past five years.

Price Index of 12-Inch Wafers (2021–2025)



Source: Desk Research, Frost & Sullivan

SOURCES OF INFORMATION AND RESEARCH METHODOLOGY

We engaged Frost & Sullivan for preparing an independent industry report in respect of the **[REDACTED]**. The information from Frost & Sullivan disclosed in the Document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB600,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publication, company reports, independent research reports and data based on its own research database.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Regulations on the Integrated Circuit Industry

From 2010 to 2021, the State Council has issued a series of regulations aimed at promoting the development of the integrated circuit industry, which includes the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (《國務院關於加快培育和發展戰略性新興產業的決定》), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (《國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》), the Outline for Advancing the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), Made in China (2025) (《中國製造(2025)》), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》).

On January 25, 2017, the NDRC promulgated Strategic Emerging Industries Key Products and Services Guidance Catalog (《戰略性新興產業重點產品和服務指導目錄》), which includes integrated circuit chip design and services as a key product and service in the strategic emerging industries.

On March 12, 2021, the NPC approved the Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Long-Range Objectives for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which clarifies that the PRC should foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

On October 23, 2025, the 20th Central Committee of the Communist Party of China Approved the Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development (《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》), stating that efforts should be intensified to boost original innovation and tackle key core technological problems. The new nationwide system will be refined, extraordinary measures adopted, and a full-chain push made to achieve decisive breakthroughs in tackling key core technologies in priority fields such as integrated circuits, industrial machine tools, high-end instruments, basic software, advanced materials, and biomanufacturing.

Regulations relating to Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**") and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and pursuant to which, the establishment of the foreign invested enterprises by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which were promulgated by the NDRC and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraging Catalog**"), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and shall become effective on February 1, 2026, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Negative List and the Encouraging Catalog, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Internet Information Security

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), effective as of June 1, 2017, and last amended on October 28, 2025, with that amendment taking effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. "Network operators," who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including but limited to: (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (2) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) following the

principles of legality, legitimacy and necessity, disclosing the rules of collection and use, making clear the purpose, means and scope of collection and use of information, and obtaining the consent of the person whose information is collected.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that the State shall establish a data classification and grading protection system and important data catalogs to enhance the protection of important data. Processors of important data shall specify the person responsible for data security and management agencies to implement data security protection responsibilities. Relevant authorities will establish the measures for the cross-border transfer of important data. If any company violates the Data Security Law of the PRC to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines and/or suspension of relevant business or revocation of the business license. In addition, the Data Security Law of the PRC provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect on February 15, 2022. According to the Cybersecurity Review Measures, there are two mechanisms to trigger cybersecurity review: (1) review of voluntary declaration by enterprises, applicable to (i) critical information infrastructure operators that intend to purchase network products and services; (ii) a network platform operator that processes the personal information of more than one million people intends to be listed overseas; and (2) initiation of review by regulatory authorities: for any member of the cybersecurity review working mechanism believes that any network product or service or data processing activity affects or is likely to affect national security. In this case, the Office of Cybersecurity Review shall report this circumstance to the Central Cyberspace Affairs Commission for approval, and conduct a review after approval.

On September 24, 2024, the State Council promulgated the Regulation on the Administration of Cyber Data Security (《網絡數據安全管理條例》), which provides more detailed guidelines on the current rules on various aspects of data processing, including the processors' announcement of data processing rules, obtaining consents and separate consents, security of important data and cross-border transfer of data, and further obligations of platform operators.

Furthermore, on July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which became effective on September 1, 2022. Such data export measures require that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information abroad, including the following circumstances: (1) important data will be provided overseas by any data processor; (2) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal information of more than 1,000,000 individuals; (3) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (4) other circumstances where the security assessment is required as prescribed by the CAC. The security assessment requirement also applies to any transfer of important data outside of China.

Privacy Protection

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, the personal information of a natural person shall be protected by the law. An information processor shall not disclose or tamper with any personal information collected or stored thereby; and without the consent of the natural person, no personal information shall be illegally provided to any other person.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021, consolidates separate provisions on personal information rights and privacy protection. The Personal Information Protection Law aims to protect the personal information rights and interests, regulate the handling of personal information, safeguard the free flow of personal information in an orderly manner in accordance with the law, and promote the rational use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to all kinds of information related to an identified or identifiable natural person recorded electronically or by other means, excluding the information that has been anonymized. The Personal Information Protection Law stipulates the circumstances in which a processor of personal information may process personal information, including, but not limited to, when the consent of the individual concerned has been obtained and when it is necessary for the conclusion or performance of a contract to which the individual is a party. It has also set out a number of specific rules on the obligations of processors of personal information, such as informing individuals of the purpose and method of processing, and the obligations of third parties who obtain personal information through co-processing or entrustment.

REGULATIONS RELATING TO CUSTOMS DECLARATION

The Customs Law of the PRC (《中華人民共和國海關法》) was promulgated by the SCNPC on January 22, 1987 and effective from July 1, 1987, and last amended on April 29, 2021, stipulate that all the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

According to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) issued by the General Administration of Customs of the PRC (the "**GACC**") on November 19, 2021 and effective from January 1, 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed. According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of "Integrating Multiple Certificates into One" (《關於報關單位備案全面納入"多證合一"改革的公告》) jointly issued by the GACC and the SAMR on December 20, 2021 and effective from January 1, 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of "Integrating Multiple

Certificates into One" and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) issued by the SCNPC on December 30, 2022 deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorized thereby, namely the filing of foreign trade dealers. The Foreign Trade Law of the PRC, incorporating this change in its last amendment dated on December 27, 2025, will take effect on March 1, 2026.

Regulations on Production Safety

Pursuant to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), or the Production Safety Law, promulgated by the SCNPC on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in Chinese Mainland shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, promote the development of production safety standards, and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations on Product Quality

As per the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) enacted by the SCNPC on February 22, 1993, and most recently amended and implemented on December 29, 2018, producers shall be responsible for the quality of their products. The product quality shall meet the following requirements: (i) no unreasonable dangers endangering the safety of persons and property; where there are national or industry standards ensuring the health and safety of persons and property, such standards must be complied with; (ii) the product shall possess the properties it is supposed to possess, except where the product's flaws in their properties are explicitly stated; and (iii) the product shall comply with the product standards stated on the product or its packaging, and meet the quality conditions as represented in product descriptions, physical samples, etc.

Regulations on the Management of Lease Housing

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and latest amended on August 26, 2019 and took effect on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

PRC LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) was enacted by the SCNPC on March 12, 1984, implemented on April 1, 1985, and most recently revised on October 17, 2020, with implementation from June 1, 2021. The Detailed 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》) were issued by the State Council on June 15, 2001, implemented on July 1, 2001, and most recently revised on December 11, 2023, with implementation from January 20, 2024. According to these laws, regulations and detailed rules, the term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another's patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

Trademark

The Trademark Law of the People's Republic of China (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, implemented on March 1, 1983, and most recently revised on June 26, 2026, and shall be implemented on January 1, 2027. 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》) were issued by the State Council on August 3, 2002, implemented on September 15, 2002, and most recently revised on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

Layout-Designs of Integrated Circuits

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were issued by the State Council on April 2, 2001, and implemented on October 1, 2001. According to these regulations, natural persons, legal persons or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Domain Name

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the MIIT on August 24, 2017, and implemented on November 1, 2017. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

Computers Software Copyright

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright.

Trade Secrets

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

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on 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 most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit

and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Pursuant to 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 was promulgated on July 31, 2025 and 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 contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions 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 PRC Labor Contract Law, the People's 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 PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing Provident Fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last revised on March 24, 2019, employers in Chinese Mainland shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing provident fund. Employers who fail to contribute to the above social insurance and housing provident funds may be subject to a fine and ordered to make full payment within a prescribed time period. If an employing entity fails to make the payment towards the social insurance and housing provident funds within a prescribed time limit, an application may be made to a people's court for enforcement.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, an investor shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and implemented on October 6, 2014, ''overseas investment'' means the acts of an enterprise legally formed in China to own a non-financial enterprise or obtain the ownership, control, or right of business management of or any other interest in an existing non-financial enterprise outside of China by formation, acquisition or merger, or other means. The MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions' foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science, the Ministry of Finance (the "**MOF**") and the SAT are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the

high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

Value-added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值税法》) and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值税法實施條例》), both amended by the SCNPC on December 25, 2024 and effective on January 1, 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with this Law. Taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods are subject to a tax rate of 13% unless otherwise specified in the aforesaid regulations.

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules 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》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, amended by the SCNPC and effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the

withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the State Administration of Taxation and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the State Administration of Taxation and effective July 24, 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the disposal of H Shares by non-Chinese Mainland investors outside of the Chinese Mainland is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (the "**Overseas Offering and Listing**"), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

On February 24, 2023, the CSRC together with National Administration of State Secrets Protection and National Archives Administration of China have promulgated the Provisions on Strengthening the Confidentiality and File Management of Domestic Enterprises Related to Overseas Issuance of Securities and Listing (《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》), according to which, during the overseas offering and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, employ necessary measures to implement the responsibility for confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

H-share Full Circulation

"Full circulation" means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the "Full Circulation" Program for 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》) (the "**Guidelines for the Full Circulation**"), which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the

Overseas Listing Trial Measures. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDCC of the shares related to the application has been completed.

REGULATIONS RELATING TO U.S. EXPORT CONTROL

The U.S. export control system, implemented principally through the Export Administration Regulations ("**EAR**") administered by the U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**"), regulates the export, re-export and transfer (in-country) of commodities, software and technology that are subject to the EAR. Depending on the classification of the relevant item, its destination, end user and end use, the EAR may impose licensing requirements, end-use and end-user restrictions, foreign direct product controls and other transaction-specific restrictions. The EAR also contains list-based controls applicable to certain designated parties, including entities identified on the Entity List and other restricted-party lists administered by BIS, which may impose additional licensing requirements or prohibitions on transactions involving items subject to the EAR.

On January 15, 2025, BIS issued an interim final rule titled Implementation of Additional Due Diligence Measures for Advanced Computing Integrated Circuits; Amendments and Clarifications; and Extension of Comment Period (the "**DD IFR**"), effective on January 16, 2025. The DD IFR imposes additional due-diligence requirements for certain advanced computing integrated circuits. Under the DD IFR, when a front-end fabricator or an outsourced semiconductor assembly and test ("**OSAT**") company exports, re-exports or transfers (in-country) an applicable advanced logic integrated circuit, including logic ICs manufactured using a 16/14 nm process node or below, there is a presumption that such integrated circuit is (i) classified as ECCN 3A090.a and (ii) designed or marketed for data center use. Accordingly, to the extent that such integrated circuit is subject to the EAR, its export to China would be subject to licensing requirements, unless the presumption is rebutted through the mechanisms provided under the DD IFR.

Under the DD IFR, the presumption may be rebutted if the relevant IC does not meet the applicable performance parameters of ECCN 3A090.a, as demonstrated through an attestation provided by an eligible party under the DD IFR. Such eligible parties include (i) an "approved" or "authorized" IC designer, (ii) a "front-end fabricator" that performs the packaging of the relevant IC die outside Macau SAR and Country Group D:5 destinations, or (iii) an "approved" OSAT company specified by BIS. For an "approved" OSAT company, this presumption may be rebutted by confirming that the "aggregated approximated transistor count" of the final packaged IC is below 30 billion transistors.

OVERVIEW

We are a visual processing AI SoC supplier in China with solid solutions capabilities. Leveraging deep industry knowledge that we integrate with our innovative technology, we offer a diverse product portfolio applicable to consumer and industrial AI scenarios. Our products seamlessly integrate into UAVs, AIoT and smart wearables applications, continuously expanding the application landscape and enhancing the utility of smart devices.

Our history can be traced back to July 12, 2011, when our Company was established as a limited liability company. By combining deep technical capabilities with early market entry, we have established our early presence by multiple industry firsts since our establishment. For details, please refer to "Business — Overview — Who We Are" in this Document. And after rounds of financing and with the strong support of our core management team, founders, strategic investors and partners, we have gathered a diverse group of shareholders covering industrial investors and financial institutions, laying a solid foundation for sustainable development. For details of our Pre-**[REDACTED]** Investments, please refer to "— Pre-**[REDACTED]** Investments" in this section. On December 11, 2025, our Company was converted into a joint stock company with limited liability.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets out a summary of our Group's key corporate and business development milestones:

Year	Development Milestones
2011	Our Company was established in the PRC.
2012	We launched the consumer wireless HD video transmission SoC with an effective range over 5 km.
2016	We launched the drone SoC and 2.4 & 5.8 GHz dual-band RF SoC. We were recognized as a High-tech Enterprise (高新技術企業) by the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會), Shanghai Municipal Bureau of Finance (上海市財政局) and Shanghai Municipal Tax Service of the State Taxation Administration (國家税務總局上海市税務局).
2018	We launched the new generation of high-performance and low-power Edge AI processing SoC.
2020	We completed the Series A Financing (as defined below).
2021	We completed the Series B Financing (as defined below). We launched the AR93 series AI SoC chips, including the AR9341 chips. We completed the Series B+ Financing (as defined below).
2022	We launched the AI SoC product ARS31.

Year	Development Milestones
2023	We introduced the AR8032S wireless video transmission chips.
	We completed the Series B++ Financing (as defined below).
	We were recognized among "Top 30 AI Chip Pioneer Enterprises in China" (中國AI芯片企業先鋒企業Top 30).
2024	We were awarded the title of National-Level Specialized, Refined, Distinctive and Innovative "Little Giant" Enterprise (國家級專精特新「小巨人」企業) by Department of Economy and Information Technology of Anhui Province (安徽省經濟和信息化廳).
	We launched the AR94 series AI SoC chips, including AR9481 and ARS45.
	We won the "Strong Chip China 2024 Emerging Product Award" (強芯中國2024新銳產品獎).
2025	Our Company was converted into a joint stock company with limited liability under the name of Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有限公司) in December.
	We completed the Series C Financing (as defined below).

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Date and place of establishment/ incorporation	Equity interest attributable to the Group	Principal business activities
Shanghai Kuxin Semiconductor Co., Ltd. (上海酷芯半導體有限公司)	September 20, 2022, PRC	100%	Research and development and sales of chip products
Shanghai Kuxin Intelligent Technology Co., Ltd. (上海酷芯智能科技有限公司)	September 6, 2019, PRC	100%	Research and development and sales of chip products
Kuxin Microelectronics (Hongkong) Limited (酷芯微電子(香港)有限公司)	September 21, 2017, Hong Kong	100%	Sales of chip products

CORPORATE DEVELOPMENT

Establishment and Early Development of our Company

Our history can be traced back to July 2011, when our Company was established in the PRC as a limited liability company with a registered capital of US$200,000, with Artosyn Inc. (a company incorporated in the British Virgin Islands) as the sole shareholder. At that time, Artosyn Inc. was owned by Mr. Yao, Mr. Zhong, Mr. Ko, Ping Keung (高秉強) ("**Mr. Ko**"), Mr. Yao Hairong (姚海容) and Mr. Pan Rihua (潘日華) as to 35%, 22.5%, 20%, 12.5% and 10%, respectively. For further details of Mr. Ko, please refer to "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

The registered capital of our Company was increased from US$200,000 to US$2,000,000 on July 27, 2015, and further to RMB18,000,000 on May 6, 2019. All the increased registered capital was subscribed by Artosyn Inc.

Shareholding Restructuring in 2019

On August 30, 2019, Artosyn Inc. entered into an equity transfer agreement with Shanghai Yingmou, Shanghai Zehan, Mr. Ko, Shanghai Yingmou Enterprise Management Consulting Partnership (Limited Partnership) (上海迎眸企業管理諮詢合夥企業(有限合夥)) ("**Yingmou LP**"), Shanghai Huimou, Shanghai Lingmou, Shanghai Jixuan and HK Panorama Urbain Capital Company Limited ("**HK Panorama**"). For further details of HK Panorama, please refer to "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

Pursuant to such equity transfer agreement, Artosyn Inc. agreed to transfer approximately 20.04%, 30.09%, 10.69%, 9.87%, 7.58%, 7.98%, 5.00% and 8.74% of the then equity interest in our Company to the ultimate beneficial owners or their holding platforms of the then shareholders of Artosyn Inc., namely Shanghai Yingmou, Shanghai Zehan, Mr. Ko, Yingmou LP, Shanghai Huimou, Shanghai Lingmou, Shanghai Jixuan and HK Panorama, respectively, for considerations of RMB5,560,109, RMB8,350,667, RMB2,967,364, RMB2,739,107, RMB2,104,540, RMB2,215,602, RMB1,387,578 and RMB2,426,597, respectively (the "**2019 Transfers**"). The consideration of the above equity transfers was determined based on arm's length negotiation among the parties with reference to the appraised net asset value of our Company as of September 30, 2018. Such equity transfers were completed on September 24, 2019.

Following completion of the aforesaid equity transfers, the shareholding structure of our Company was as follows:

No.	Shareholder(s)	Registered share capital subscribed for *(RMB)*	Equity interest *(%)*
1.	Shanghai Zehan[(1)]	5,416,344	30.09%
2.	Shanghai Yingmou[(2)]	3,606,354	20.04%
3.	Mr. Ko[(3)]	1,924,668	10.69%
4.	Yingmou LP[(3)]	1,776,618	9.87%
5.	HK Panorama[(3)]	1,573,920	8.74%
6.	Shanghai Lingmou[(4)]	1,437,066	7.98%
7.	Shanghai Huimou[(4)]	1,365,030	7.58%
8.	Shanghai Jixuan[(4)]	900,000	5.00%
	Total:	**18,000,000**	**100%**

Notes:

(1) Shanghai Zehan was an investment platform of Mr. Yao, Dr. Shen and Mr. Zhong. At that time, the general partner of Shanghai Zehan was Mr. Zhong holding one-third of its partnership interests, and limited partners of Shanghai Zehan were Mr. Yao and Dr. Shen, each holding one-third of its partnership interests.

(2) Shanghai Yingmou was an investment platform of Mr. Yao, Dr. Shen and Mr. Zhong. At that time, it was owned by Mr. Yao, Dr. Shen and Mr. Zhong as to approximately 36.15%, 36.62% and 27.23%, respectively.

(3) See "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

(4) Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan is a Pre-**[REDACTED]** Employee Incentive Platform. For details, see "— Employee Incentive Platforms" in this section.

Series A Financing in 2020

In March 2020, our Company completed the series A financing through capital increases as detailed below (the "**Series A Financing**"). For further details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments" in this section. As a result, the registered capital of our Company increased to RMB19,080,000.

No.	Subscriber(s)	Registered capital subscribed for *(RMB)*	Consideration *(RMB)*
1.	Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd. (上海張江浩成創業投資有限公司) ("**Shanghai Zhangjiang Haocheng**")	720,000	40,000,000
2.	Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業投資有限公司) ("**Shanghai Zhangjiang Torch**")	360,000	20,000,000

Series B Financing in 2021

In January 2021, our Company completed the series B financing through capital increases as detailed below (the "**Series B Financing**"). For further details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments" in this section. As a result, the registered capital of our Company increased to RMB25,076,573.

No.	Subscriber(s)	Registered capital subscribed for *(RMB)*	Consideration *(RMB)*
1.	Beijing Integrated Circuit Advanced Manufacturing and High-end Equipment Equity Investment Fund Center (L.P.) (北京集成電路先進製造和高端裝備股權投資基金中心(有限合夥)) ("**Beijing Integrated Circuit**")[1]	1,090,286	80,000,000
2.	Huaxu (Guangzhou) Industrial Investment Fund Management Partnership (L.P.) (華胥(廣州)產業投資基金管理合夥企業(有限合夥)) ("**Huaxu Guangzhou**")[1]	1,090,286	80,000,000
3.	Suzhou Fangguang Phase III Venture Capital Partnership (L.P.) (蘇州方廣三期創業投資合夥企業(有限合夥)) ("**Suzhou Fangguang**")[1]	1,090,286	80,000,000
4.	Shanghai Zhangjiang Suifeng Innovation Equity Investment Fund Partnership (L.P.) (上海張江燧鋒創新股權投資基金合夥企業(有限合夥)) ("**Shanghai Zhangjiang Suifeng**")[1]	545,143	40,000,000
5.	Suzhou Yuanzhixin Venture Capital Partnership (L.P.) (蘇州元之芯創業投資合夥企業(有限合夥)) ("**Suzhou Yuanzhixin**")[1]	477,000	35,000,000
6.	Nanjing Jinti Venture Capital Partnership (L.P.) (南京金體創業投資合夥企業(有限合夥)) ("**Nanjing Jinti**")	272,571	20,000,000
7.	Gongqingcheng Fenghao Investment Partnership (Limited Partnership) (共青城澧灝投資合夥企業(有限合夥)) (currently known as Jiaxing Fenghao Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (嘉興澧灝創業投資合夥企業(有限合夥))) ("**Jiaxing Fenghao**")[2]	272,571	20,000,000
8.	Zhuhai Zhongyi Yingfei New Industry Investment Fund (Limited Partnership) (珠海中以英飛新興產業投資基金(有限合夥)) ("**Zhuhai Zhongyi**")	272,571	20,000,000
9.	Jiangsu Jiequan Jinmao New Materials Venture Capital Partnership (L.P.) (江蘇聿泉金茂新材料創業投資合夥企業(有限合夥)) ("**Jiangsu Jiequan**")	204,429	15,000,000
10.	Kunshan Fumao Venture Capital Partnership (L.P.) (昆山復茂創業投資合夥企業(有限合夥)) ("**Kunshan Fumao**")	204,429	15,000,000

No.	Subscriber(s)	Registered capital subscribed for *(RMB)*	Consideration *(RMB)*
11.	Suzhou Bangming Yue'an Venture Capital Center (L.P.) (蘇州邦明躍安創業投資中心(有限合夥)) ("**Suzhou Bangming**")	136,286	10,000,000
12.	Shanghai Bangming Yangshang Venture Capital Center (Limited Partnership) (上海邦明揚商創業投資中心(有限合夥)) ("**Shanghai Bangming Yangshang**")	136,286	10,000,000
13.	Yangzhou Longchuan Industrial Transformation and Upgrade Investment Center (L.P.) (揚州龍川產業轉型升級投資中心(有限合夥)) ("**Yangzhou Longchuan**")	136,286	10,000,000
14.	Shenzhen Tianxia Future Investment Enterprise (L.P.) (深圳天下未來投資企業(有限合夥)) ("**Shenzhen Tianxia**")	68,143	5,000,000

Notes:

(1) See "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

(2) Jiaxing Fenghao transferred the entire equity interests held in our Company to its affiliate, Yangzhou Xinhao, at the same consideration in 2024.

Equity Transfers in 2021

In 2021, the following equity transfers were completed by our then Shareholders (the "**2021 Transfers**"). For further details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments" in this section.

Transferor	Transferee	Registered capital transferred *(RMB)*	Consideration *(RMB)*
Shanghai Zehan	Huaxu Guangzhou	395,946	30,000,000
	Shanghai Runyuan Enterprise Management Center (Limited Partnership) (上海閏原企業管理中心(有限合夥)) ("**Shanghai Runyuan**")	270,563	20,500,000
	Jinan Ruixin No.1 Investment Center (Limited Partnership) (濟南睿芯一號投資中心(有限合夥)) ("**Jinan Ruixin**")	32,995	2,500,000
Yingmou LP	Jinan Ruixin	230,968	17,500,000

Transferor	**Transferee**	**Registered capital transferred** *(RMB)*	**Consideration** *(RMB)*
	Sichuan Sichuan Shanghai Cooperation Innovation Equity Investment Fund Partnership (L.P.) (四川川滬合作創新股權投資基金合夥企業(有限合夥)) ("**Sichuan Shanghai**")	250,766	19,000,000
	Mr. FAN Weiguang (范維光) ("**Mr. Fan**")	13,198	1,000,000
Mr. Ko	Brizan Ventures LP ("**Brizan Ventures**")	96,815	7,335,450

Series B+ Financing in 2021

In December 2021, our Company completed the series B+ financing through capital increases as detailed below (the "**Series B+ Financing**"). For further details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments" in this section. As a result, the registered capital of our Company increased to RMB25,931,457.

No.	**Subscriber(s)**	**Registered capital subscribed for** *(RMB)*	**Consideration** *(RMB)*
1.	Sichuan Shanghai	270,713	23,750,000
2.	Heze Qiaobei Jingrui Venture Capital Partnership Enterprise (Limited Partnership) (菏澤喬貝京瑞創業投資合夥企業(有限合夥)) ("**Heze Qiaobei**")	227,969	20,000,000
3.	Huzhou Jiacheng Zhihe Equity Investment Partnership Enterprise (Limited Partnership) (湖州嘉誠致和股權投資合夥企業(有限合夥)) ("**Huzhou Jiacheng**")	170,977	15,000,000
4.	Wuhan Guide Electronic Industrial Co., Ltd. (武漢市高德電氣有限公司) ("**Wuhan Guide**")	170,977	15,000,000
5.	Mr. Fan	14,248	1,250,000

Series B++ Financing in 2023

In February 2023, our Company completed the series B++ financing through capital increases as detailed below (the "**Series B++ Financing**"). For further details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments" in this section. As a result, the registered capital of our Company increased to RMB27,181,724.

No.	Subscriber(s)	Registered capital subscribed for *(RMB)*	Consideration *(RMB)*
1.	Anhui Intelligent Voice Artificial Intelligence Phase II Venture Capital Partnership (Limited Partnership) (安徽省智能語音人工智能二期創業投資合夥企業(有限合夥)) ("**Anhui Intelligent Voice AI Phase II**")[(1)]	926,123	100,000,000
2.	Anhui Province Intelligent Voice and Artificial Intelligence Venture Capital Partnership (L.P.) (安徽省智能語音及人工智能創業投資合夥企業(有限合夥)) ("**Anhui Intelligent Voice**")[(1)]	324,143	35,000,000

Note:

(1) See "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

Equity Transfer to a Pre-[REDACTED] Employee Incentive Platform in 2023

On December 31, 2023, Shanghai Yingmou entered into an equity transfer agreement with Shanghai Yuegan (a Pre-**[REDACTED]** Employee Incentive Platform), pursuant to which Shanghai Yingmou agreed to transfer 4.50% of the then equity interest in our Company to Shanghai Yuegan, for a consideration of RMB1,223,178. The consideration of the above equity transfer was determined based on the acquisition cost paid by Shanghai Yingmou.

Equity Transfer in 2023

Pursuant to an equity transfer agreement dated December 25, 2023, Shanghai Zhangjiang Haocheng transferred the equity interests of RMB332,813 in our Company to Nanjing Huaruan Chuangyi Equity Investment Partnership Enterprise (Limited Partnership) (南京華軟創熠股權投資合夥企業(有限合夥)) ("**Nanjing Huaruan**") at a consideration of RMB30 million (the "**2023 Transfer**"). Such consideration was determined based on arm's length negotiations between the relevant parties taking into consideration, among others, (i) the timing of investment and (ii) the consideration of the transferor's investment in our Company, and was completed on December 27, 2023.

Conversion into a Joint Stock Company with Limited Liability

On December 1, 2025, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters' agreement entered into by all the then Shareholders on even date, all

promoters approved the conversion of RMB123,648,408.40 in net asset value of our Company as of May 31, 2025 into 27,181,724 Shares of RMB1 par value each, with the remaining RMB96,466,684.40 in net assets converted to capital reserves of our Company. The 27,181,724 Shares were issued to the then Shareholders in proportion to their capital contribution to our Company. Upon the completion of registration on December 11, 2025, our Company was converted into a joint stock company with limited liability.

Series C Financing in 2025

In December 2025, our Company completed the series C financing through equity transfers and capital increases as detailed below (the "**Series C Financing**"). For further details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments" in this section. As a result, the registered capital of our Company increased to RMB30,886,218.

(i) Transfers of existing Shares

Transferor	**Transferee**	**Number of Shares**	**Consideration** *(RMB)*
Shanghai Yingmou	GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司) ("**GigaDevice**")[(1)]	275,376	nil[(2)]
	Hefei Shixi Zhaoyi Chuangzhi Entrepreneurship Investment Fund Partnership Enterprise (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)) ("**Hefei Shixi**")[(1)]	69,247	nil[(2)]
	Hefei Guozheng Duoze Phase II Equity Investment Fund Partnership Enterprise (Limited Partnership) (合肥國正多澤二期股權投資基金合夥企業(有限合夥)) ("**Hefei Guozheng**")[(1)]	6,449	nil[(2)]
	Hefei Jianhui Zhanxin Equity Investment Fund Partnership Enterprise (Limited Partnership) (合肥建匯戰新股權投資基金合夥企業(有限合夥)) ("**Hefei Jianhui**")[(1)]	19,347	nil[(2)]
	Hunan Junxi High Tech Innovation Phase II Technology Industry Fund Partnership Enterprise (Limited Partnership) (湖南鈞犀高創二期科技產業基金合夥企業(有限合夥)) ("**Hunan Junxi**")[(1)]	239,395	nil[(2)]
	Shanghai Zhide Hengyun No.1 Private Investment Fund Partnership (Limited Partnership) (上海值得恒運壹號私募投資基金合夥企業(有限合夥)) ("**Shanghai Zhide**")	47,879	nil[(2)]

Transferor	**Transferee**	**Number of Shares**	**Consideration** *(RMB)*
HK Panorama	GigaDevice	35,765	3,863,044
Yangzhou Xinhao	GigaDevice	272,571	20,000,000
Beijing Integrated Circuit	GigaDevice	272,572	20,000,000
Sichuan Shanghai	GigaDevice	260,740	21,375,000
Mr. Fan	GigaDevice	13,723	1,125,000
Shanghai Yuegan	GigaDevice	87,727	6,132,118.85
	Hefei Shixi	143,062	10,000,000
	Hefei Guozheng	49,599	3,466,970.29
	Hefei Jianhui	148,797	10,400,910.86

Notes:

(1) See "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

(2) Based on arm's length negotiations between the relevant transferor and transferees, in order to retain the investments to fulfill the Company's strategic financing needs, Mr. Yao, Dr. Shen and Mr. Zhong (being the Company's founders and key management personnel) agreed to transfer a portion of Shares they held through Shanghai Yingmou to such investors at nil consideration, calibrating the overall investment costs of incoming investors. These nil-consideration share transfers formed an integral part of the overall pricing arrangements for the Series C Financing. The average cost per Share of the Series C Financing has taken into account both the subscriptions for new Shares and the transfers of existing Shares, including the nil-consideration transfers. Please see "— Pre-**[REDACTED]** Investments — Principal terms of the Pre-**[REDACTED]** Investments" in this section for details. In agreeing to the nil-consideration transfers, the founders took into account the expected strategic benefits to our Group described below and the potential to enhance the long-term value of their remaining shareholdings.

Such negotiations also took into consideration, among others, the following factors: (i) GigaDevice, whose shares are listed on the Shanghai Stock Exchange (stock code: 603986) and the Stock Exchange (stock code: 3986), is a specialty memory chip and MCU design company and its SPI NOR Flash business ranked second globally and first in Chinese Mainland in 2025 according to Omdia. Our Company considers its investment to represent recognition of our technological capabilities and business prospects by an established semiconductor industry participant, and expects its participation as a strategic shareholder to support our long-term development through (a) exploring opportunities for technological collaboration, leveraging our Company's expertise in the design and development of visual processing AI SoCs, particularly in image and video processing, wireless video transmission and on-device AI technologies, and GigaDevice's capabilities in memory and MCU products, and (b) leveraging the parties' respective industry experience, supply-chain resources and customer networks to explore new business opportunities and expand market reach; (ii) Hefei Shixi has extensive investment track record in chips industry, by which it maintains a deep understanding of market trends and competitive landscapes of the chips industry; (iii) Hefei Guozheng, Hefei Jianhui and Hunan Junxi have extensive investment track record in wider technology industries, by which they maintain broad validation of underlying technological trends and relationships with companies engaged in technology industries; and (iv) the fund manager of Shanghai Zhide has extensive investment record across various industries, by which it maintains broad network and operational expertise to navigate market challenges. Such strategic benefits of the relevant investors have deepened our Company's understanding of industry needs and could provide opportunities for potential network with companies engaged in the chips industry, the wider technology and other

industries. Each of these relevant investors is an Independent Third Party other than being a Shareholder. See "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section for their details.

(ii) Subscription of new Shares by capital increases

No.	Subscriber(s)	Number of Shares	Consideration *(RMB)*
1.	GigaDevice	1,980,681	213,867,881
2.	Hefei Shixi	370,449	40,000,000
3.	Hefei Guozheng	60,504	6,533,030
4.	Hefei Jianhui	181,512	19,599,089
5.	Hunan Junxi	926,123	100,000,000
6.	Shanghai Zhide	185,225	20,000,000

Shareholding Restructuring in 2025

Pursuant to a share transfer agreement dated December 31, 2025, Shanghai Zehan and Shanghai Yingmou, each being a shareholding platform of Mr. Yao, Dr. Shen and Mr. Zhong, transferred their respective entire Shares to Mr. Yao, Dr. Shen and Mr. Zhong, at nil consideration, for restructuring purpose. Shanghai Zehan transferred approximately 4.71%, approximately 5.38% and approximately 5.18% of our Shares to Mr. Yao, Dr. Shen and Mr. Zhong, respectively. Shanghai Yingmou transferred approximately 2.19%, approximately 2.25% and approximately 1.15% of our Shares to Mr. Yao, Dr. Shen and Mr. Zhong, respectively.

Share Transfers in 2026

Pursuant to an equity transaction agreement dated June 22, 2026, each of Shanghai Zhangjiang Haocheng and Shanghai Zhangjiang Torch transferred all of the Shares held (being 387,187 Shares and 360,000 Shares, respectively) to GigaDevice at a consideration of RMB27,063,600 and RMB25,163,600, respectively (the "**2026 Transfers**"). Such considerations were determined based on arm's length negotiations between the relevant parties taking into consideration, among other things, the valuation of the relevant Shares as of December 31, 2025 as appraised by an independent valuer. Such considerations were settled on July 1, 2026.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees to our Group's development, Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan were established as our Pre-**[REDACTED]** Employee Incentive Platforms. For further details of the relevant pre-**[REDACTED]** employee incentive scheme, please see "Statutory and General Information — C. Pre-**[REDACTED]** Employee Incentive Scheme" in Appendix IV to this Document.

Shanghai Lingmou was established as a limited partnership in the PRC. Its general partner is Dr. Shen holding 1.00% of the partnership interests. As of the date of this Document, the remaining partnership interests are held by 39 limited partners, including (i) Dr. Shen Sha (沈沙) (an executive Director), holding approximately 11.90% of the partnership interests, and (ii) 38 other limited partners, each of whom is a current or former employee or a consultant of our Group.

Shanghai Huimou was established as a limited partnership in the PRC. Its general partner is Dr. Shen holding 1.00% of the partnership interests. As of the date of this Document, the remaining partnership interests are held by 49 limited partners, including (i) Mr. Yao and Dr. Shen Sha (an executive Director), holding approximately 8.65% and approximately 4.09% of the partnership interests, and (ii) 47 other limited partners, each of whom is a current or former employee of our Group.

Shanghai Jixuan was established as a limited partnership in the PRC. Its general partner is Mr. Yao holding 1.00% of the partnership interests. As of the date of this Document, the remaining partnership interests are held by 49 limited partners, including (i) Dr. Shen, holding approximately 8.04% of the partnership interests, and (ii) 48 other limited partners, each of whom is a current or former employee of our Group.

Shanghai Yuegan was established as a limited partnership in the PRC. Its general partner is Mr. Xu holding 99% of the partnership interests. As of the date of this Document, the remaining partnership interests is held by one limited partner, being a current employee of our Group.

PREVIOUS A-SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an **[REDACTED]** in the PRC (the "**A-Share Listing Attempt**"). The Company had not entered into any A-share pre-listing tutoring agreement, or any agreement with any A-share sponsor or **[REDACTED]**, and the Company had not submitted any formal application for an A-share listing. And there had been no rejection, suspension or other adverse regulatory decision in respect of the A-Share Listing Attempt. Our Company engaged (i) China International Capital Corporation Limited on May 19, 2021 to provide financial advisory services to our Company, (ii) Jingtian & Gongcheng on September 26, 2018 to provide legal consultancy services to our Company, and (iii) BDO China Shu Lun Pan Certified Public Accountants LLP on November 1, 2019 to provide accounting services to our Company (collectively, the "**Professional Parties**"). On August 27, 2023, the CSRC published the Arrangements of the CSRC for Coordinating the Balance between Primary and Secondary Markets and Optimizing the Regulation of Initial Public Offerings and Refinancing (證監會統籌一二級市場平衡優化IPO、再融資監管安排) (the "**Arrangements**"), stating that the pace of initial public offerings would be tightened on a phased basis to promote a dynamic balance between the financing side and the investment side of the capital market. The publication and implementation of the Arrangements were expected by the market to result in a slower review and approval process and fewer A-share listing applications being accepted. Although the Arrangements did not formally raise the applicable eligibility or admission standards for an A-share listing, the resulting slowdown could lengthen the expected timetable and lead to greater uncertainty of its execution and completion. Taking into account (i) the uncertainty of A-share listing process arising from such evolving regulatory environment, and (ii) the Company's overall capital markets strategy, the Company, after discussions with the relevant Professional Parties, reassessed the relative merits, timing and execution considerations of pursuing an A-share listing. Following such assessment, the Company decided not to further pursue the A-Share Listing Attempt around September 2023.

Our Directors confirm that, to their best knowledge, (i) the Professional Parties did not have any material disagreements with the Company, and (ii) there are no other material matters relating to the A-Share Listing Attempt which are relevant to the **[REDACTED]** and are necessary to be disclosed in this

Document for **[REDACTED]** to form an informed assessment of our Company. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that could cast doubt on the Directors' confirmation set out above.

REASONS FOR THE [REDACTED]

Our Directors consider that the Stock Exchange, as an internationally recognized and reputable stock exchange, can provide us with a good platform to access the international capital markets and expand our global presence. The **[REDACTED]** will provide us with the necessary funding to increase our competitiveness by assisting us in expanding our operations and strengthening our business prospects, and the **[REDACTED]** on the Stock Exchange will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our **[REDACTED]** base. Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors considered the Stock Exchange to be a more suitable venue to access international equity markets, and decided to seek a **[REDACTED]** of our H Shares on the Stock Exchange. For further details of our future plans, see "Future Plans and Use of **[REDACTED]**" in this Document.

PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

Our Company concluded several rounds of Pre-**[REDACTED]** Investments, details of which are set out below:

	Series A Financing	Series B Financing	2021 Transfers	Series B+ Financing	Series B++ Financing	2023 Transfer	Series C Financing	2026 Transfers
Date of agreement(s)	December 19, 2019 and February 10, 2020	November 30, 2020	October 17, 2021	November 9, 2021	November 15, 2022	December 25, 2023	December 24, 2025	June 22, 2026
Date of the last payment of consideration	March 2020	December 2020	November 2021	November 2021	November 2022	December 2023	April 2026	July 2026
Approximate cost per Share (in RMB)[(1)]	55.56	73.38	75.77	87.73	107.98	90.14	87.90[(7)]	69.90[(8)]
Amount of registered capital subscribed and/or acquired (in RMB)	1,080,000	5,996,573	1,291,251	854,884	1,250,267	332,813	5,646,743[(7)]	747,187
Amount of consideration paid for equity subscription/acquisition (in RMB)	60,000,000	440,000,000	97,835,450	75,000,000	135,000,000	30,000,000	496,363,044[(7)]	52,227,200[(8)]
Discount to the [REDACTED][(2)]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Post-money valuation of our Company (in RMB) ***(approximately)***[(3)]	1.06 billion	1.84 billion[(4)]	1.90 billion	2.28 billion[(5)]	2.94 billion[(6)]	2.45 billion	2.71 billion[(7)]	2.16 billion[(8)]

	Series A Financing	Series B Financing	2021 Transfers	Series B+ Financing	Series B++ Financing	2023 Transfer	Series C Financing	2026 Transfers
Basis of determination of the valuation and consideration	The consideration for the Pre-**[REDACTED]** Investments was determined based on arm's length negotiations between the relevant parties after taking into consideration various factors including but not limited to, the timing of the investments, the industry where our Company operates, whether special rights would be granted, and the prospects of our business.							
Use of proceeds and whether they have been fully utilized	As the 2021 Transfers, the 2023 Transfer and the 2026 Transfers were effected by way of transfer by our then Shareholders, no proceeds were received by our Company. The proceeds raised from other Pre-**[REDACTED]** Investments have been used for our daily operation. As of the Latest Practicable Date, all of the net proceeds from the Series A Financing, the Series B Financing, the Series B+ Financing, the Series B++ Financing and the Series C Financing had been utilized.							
Lock-up period	Subject to a lock-up period of 12 months following the **[REDACTED]** pursuant to the PRC Company Law.							
Strategic benefits of the Pre-[REDACTED] Investments brought to our Group	Our Group would benefit from the additional capital injected by the Pre-**[REDACTED]** Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them, and their investments demonstrate their commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group.							

Notes:

(1) The cost per Share paid by the Pre-**[REDACTED]** Investors was calculated based on the amount of investment made by the relevant Pre-**[REDACTED]** Investors and number of Shares acquired in each respective round of investment, as adjusted to reflect subsequent capital injections and the conversion of our Company from a limited liability company to a joint stock company with limited liability on December 11, 2025, as applicable.

(2) The discount to the **[REDACTED]** is calculated based on the foreign exchange rate HK$1 to RMB0.86616 and the assumption that the **[REDACTED]** is HK$**[REDACTED]** per H Share (being the mid-point of the indicative **[REDACTED]** range).

(3) The post-money valuation of our Company equals the total consideration paid by each round of Pre-**[REDACTED]** Investors divided by the percentage of equity interests held of such investors immediately following their investments.

(4) The increase in valuation from Series A Financing to Series B Financing was primarily due to the successful commercialization progress of the Company's AI SoC products, continued enhancement of the Company's core technology capabilities, and the expansion of its customer base and application scenarios.

(5) The increase in valuation from Series B Financing to Series B+ Financing was primarily due to the further advancement of the Company's AI SoC product portfolio, increasing market recognition of its products, improvements in operating performance, and investors' positive expectations regarding the Company's growth potential.

(6) The increase in valuation from Series B+ Financing to Series B++ Financing was primarily due to the launch of new AI SoC and wireless communication products, enhanced technological competitiveness in automotive and industrial application scenarios, and the strengthening of the Company's industry position.

(7) Taking into consideration 1,942,249 Shares by way of share transfer and the corresponding consideration of RMB96,363,044. See "— Corporate Development — Series C Financing in 2025" in this section for details. The decrease in valuation from Series B++ Financing to Series C Financing was primarily due to (i) the transition into a strategically managed and disciplined investment strategy in Chinese semiconductor industry in 2025; and (ii) the composition of investors taking part in Series C Financing mainly being industrial investors.

(8) For the basis of considerations under the 2026 Transfers, see "— Corporate Development — Share Transfer in 2026" in this section for details.

Special rights granted to the Pre-[REDACTED] Investors

Certain Pre-**[REDACTED]** Investors were granted rights including, among others, redemption rights, priority sale rights, liquidation preference rights, right of first refusal, tag-along rights, pre-emptive rights, anti-dilution rights, co-sale rights and information rights. Such redemption rights have been terminated before our submission of **[REDACTED]** application to the Stock Exchange and all the other special rights will be terminated before the **[REDACTED]**, subject to reinstatement upon the earlier of (i) the failure by the Company to consummate a qualified **[REDACTED]** before December 31, 2027, (ii) the **[REDACTED]** application is withdrawn by the Company, or (iii) the **[REDACTED]** application is returned, or rejected by the Stock Exchange, the CSRC or the SFC.

Sole Sponsor's Confirmation

Given that (i) the **[REDACTED]** will take place no earlier than 120 clear days after completion of the investment of the Pre-**[REDACTED]** Investments; and (ii) the special rights granted to the Pre-**[REDACTED]** Investors have been terminated as disclosed in "— Special rights granted to the Pre-**[REDACTED]** Investors" above, the Sole Sponsor confirms that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the Pre-**[REDACTED]** Investments in all material respects, and the changes in share capital and equity transfers in relation to the Pre-**[REDACTED]** Investments as described above were conducted in compliance with the applicable PRC laws and regulations in all material respects.

Information regarding our Pre-[REDACTED] Investors

Set out below is a description of our Pre-**[REDACTED]** Investors (with sequence presented according to their respective shareholding in the Company as of the Latest Practicable Date), which individually or collectively held more than 1.00% of our total issued Shares as of the Latest Practicable Date. To the best of our knowledge, save as disclosed below, each of the following Pre-**[REDACTED]** Investors and their respective beneficial owners is an Independent Third Party.

GigaDevice

GigaDevice is a joint stock company established in the PRC and listed on the main board of Shanghai Stock Exchange (stock code: 603986) and the Stock Exchange (stock code: 3986), principally engaged in the design and sale of chips including specialty memory chips and micro control units.

Mr. Ko

Mr. Ko is an entrepreneur and venture capitalist with extensive experience in technology industries. He was previously the Dean of Engineering of the Hong Kong University of Science and Technology from May 1995 through June 2000. Mr. Ko is a co-founder of Googol Technology Co., Ltd. (固高科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 301510) and primarily engaged in research and development of core technologies for motion

control and intelligent manufacturing. Mr. Ko has made investments in numerous leading technology companies, including SmartSemi (Shanghai) Electronic Technology Co., Ltd. (思特威(上海)電子科技股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688213)), and Broadcom Integrated Circuit (Shanghai) Co., Ltd. (博通集成電路(上海)股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603068)). Mr. Ko is currently an independent non-executive director of a number of companies whose shares are listed on the Stock Exchange, including Montage Technology Co., Ltd. (瀾起科技股份有限公司) (stock code: 6809) and a non-executive director of OneRobotics (Shenzhen) Co., Ltd. (臥安機器人(深圳)股份有限公司) (stock code:6600).

Hefei Municipal Entities

Each of Anhui Intelligent Voice AI Phase II, Anhui Intelligent Voice, Hefei Guozheng and Hefei Jianhui (collectively, "**Hefei Municipal Entities**") is a limited partnership established in the PRC, principally engaged in equity investments.

Anhui Intelligent Voice AI Phase II's general partner is Hefei Industrial Investment Capital Venture Capital Management Co., Ltd. (合肥產投資本創業投資管理有限公司) ("**Hefei Industrial ICV**") which is wholly owned by Hefei State-owned Assets Holding Company Limited (合肥市國有資產控股有限公司). Hefei State-owned Assets Holding Company Limited is owned as to approximately 81.06% by Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司) which is 100% owned and controlled by State-owned Assets Supervision and Administration Commission of Hefei Municipal People's Government (合肥市人民政府國有資產監督管理委員會) ("**Hefei SASAC**").

Anhui Intelligent Voice AI Phase II is held as to 1% by Hefei Industrial ICV, 40% by Hefei High-tech Venture Capital Co., Ltd. (合肥高新創業投資有限公司) ("**Hefei High-tech**") (a wholly-owned subsidiary of Hefei High Tech Holding Group Co., Ltd. (合肥高新控股集團有限公司), which is in turn wholly owned by Administrative Committee of Hefei High-tech Industrial Development Zone (合肥高新技術產業開發區管理委員會)), 39% by Hefei Industrial Investment Holdings (Group) Co., Ltd.

Anhui Intelligent Voice's general partner is Hefei Chantou Guoyao Venture Capital Co., Ltd. (合肥產投國耀創業投資有限公司) which is owned as to 88% by Hefei Innovation Scitech Venture Capital Co. Ltd. (合肥市創新科技風險投資有限公司). Hefei Innovation Scitech Venture Capital Co. Ltd. is wholly owned by Hefei State-owned Assets Holding Company Limited.

Anhui Intelligent Voice is held as to approximately 0.10% by Hefei Chantou Guoyao Venture Capital Co., Ltd and approximately 39.96% by its largest limited partner, Hefei High-tech. The remaining three limited partners each holds less than 30% of the partnership interest of Anhui Intelligent Voice.

Hefei Guozheng's general partner is Hefei Industrial Investment Guozheng Entrepreneurship Investment Co., Ltd. (合肥產投國正創業投資有限公司) ("**Hefei Industrial**") which is 50% owned by Hefei State-owned Assets Holding Company Limited and 50% by Hefei Industrial Investment Guozheng Equity Investment Co., Ltd (合肥產投國正股權投資有限公司). Hefei Industrial Investment Guozheng Equity Investment Co., Ltd is wholly owned by Hefei State-owned Assets Holding Company Limited.

Hefei Guozheng is held as to approximately 6.67% by Hefei Industrial and 56.67% by Hefei Industrial Investment Guozheng Equity Investment Co., Ltd. The remaining four limited partners each holds less than 30% of the partnership interest of Hefei Guozheng.

Hefei Jianhui's general partner is Hefei Jiantou Capital Management Co., Ltd. (合肥建投資本管理有限公司) which is owned as to 70.83% by Hefei City Construction Investment Holdings (Group) Co., Ltd (合肥市建設投資控股(集團)有限公司). Hefei City Construction Investment Holdings (Group) Co., Ltd is wholly owned by Hefei SASAC. No limited partners holds 30% or more of the partnership interests in Hefei Jianhui.

HK Panorama

HK Panorama is a private limited company incorporated in Hong Kong, principally engaged in industrial investments. The ultimate beneficial owner of HK Panorama is an individual entrepreneur with over 20 years of experience in technology industry, who established a layered corporate structure to manage his interests in the Company through HK Panorama. Each of HK Panorama and its ultimate beneficial owner is an Independent Third Party.

Huaxu Guangzhou

Huaxu Guangzhou is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Changshun (Guangzhou) Enterprise Management Partnership (Limited Partnership) (長舜(廣州)企業管理合夥企業(有限合夥)) ("**Changshun Guangzhou**"), whose general partner is Guangdong Huaxu Private Fund Management Co., Ltd (廣東華胥私募基金管理有限公司). Guangdong Huaxu Private Fund Management Co., Ltd is wholly owned by SANY Group Co., Ltd (三一集團有限公司) which is owned as to approximately 56.74% by Liang Wengen (梁穩根) and none of its remaining shareholders holds 30% or more of equity interests therein.

Huaxu Guangzhou is held as approximately 1.07% by Changshun Guangzhou, 77.87% by Sany Heavy Industry Co., Ltd (三一重工股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600031) and the Stock Exchange (stock code: 06031), and remaining five limited partners each holding less than 30% of the partnership interest in Huaxu Guangzhou.

Yingmou LP

Yingmou LP is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Mr. Yao Hairong (姚海容) who holds 35.22% of its partnership interest. Mr. Yao Hairong is the younger brother of Mr. Yao. Mr. Pan Rihua (潘日華) holds 32.97% of its partnership interest and the remaining five limited partners each holding less than 30% of its partnership interest.

Hunan Junxi

Hunan Junxi is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Hunan Junxi Gaochuang Private Equity Fund Management Co., Ltd. (湖南鈞矽高創私募股權基金管理有限公司). Hunan Junxi Gaochuang Private Equity Fund Management Co., Ltd. is held as to 37% by Hunan Hi-Tech Industry Investment Group Co., Ltd (湖南高新產業投資集團有限公司) and 34% by Shanghai Junxi Information Consulting Co., Ltd (上海鈞矽信息諮詢有限公

司). Hunan Hi-Tech Industry Investment Group Co., Ltd is owned as to approximately 89.89% by State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government (湖南省人民政府國有資產監督管理委員會). Shanghai Junxi Information Consulting Co., Ltd is owned 50% each by Chen Hao (陳浩) and Zhuang Xiaolan (莊曉嵐).

Hunan Junxi is held as to 0.8% by Hunan Junxi Gaochuang Private Equity Fund Management Co., Ltd. The remaining nine limited partners each holds less than 30% of the partnership interest in Hunan Junxi.

Suzhou Fangguang

Suzhou Fangguang is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Suzhou Fangguang Phase III Venture Capital Management Partnership Enterprise (Limited Partnership) (蘇州方廣三期創業投資管理合夥企業(有限合夥)) whose general partner is Shanghai FG Venture Management Co. Ltd. (上海方廣投資管理有限公司). Shanghai FG Venture Management Co. Ltd. is owned as to 55% by Mr. Hong Tianfeng (洪天峰) and as to 45% by Mr. Cao Pengli (曹鵬利).

Suzhou Fangguang is held as to 1% by Suzhou Fangguang Phase III Venture Capital Management Partnership Enterprise (Limited Partnership). The remaining 42 limited partners each holds less than 30% of the partnership interest in Suzhou Fangguang.

Beijing Integrated Circuit

Beijing Integrated Circuit is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Beijing Shengshi Hongming Investment Fund Management Co., Ltd. (北京盛世宏明投資基金管理有限公司) ("**Beijing Shengshi**"), which is owned as to 74.72% by Shanghai Shengshi Hongming Investment Group Co., Ltd (上海盛世鴻明投資集團有限公司). Shanghai Shengshi Hongming Investment Group Co., Ltd is owned as to approximately 57.44% by Mr. Jiang Mingming (姜明明) and none of its remaining shareholders holds 30% or more of equity interests therein.

The partnership interest in Beijing Integrated Circuit is held approximately as to 59.23% by Beijing Integrated Circuit Industry Development Equity Investment Fund Co., Ltd. (北京集成電路產業發展股權投資基金有限公司) ("**Beijing Integrated**"), 31.17% by Beijing International Emerging Industrial Investment Center (L.P.) Strategic Emerging Industrial Fund (北京亦莊國際新興產業投資中心(有限合夥)) ("**Beijing International**") and remaining two limited partners each holding less than 30% of the partnership interest in Beijing Integrated Circuit.

Beijing Integrated is held as to approximately 0.1% by Beijing Shengshi, approximately 99.90% by its largest shareholder, Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) which is ultimately majority-owned by Beijing Municipal State-owned Assets Supervision and Administration Commission (北京市人民政府國有資產監督管理委員會). The partnership interest of Beijing International is ultimately 100% owned by Finance and State-owned Assets Administration Bureau of Beijing Economic-Technological Development Area (北京經濟技術開發區財政國資局).

Hefei Shixi

Hefei Shixi is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Beijing Shixi Qingliu Private Equity Fund Management Co., Ltd. (北京石溪清流私募基金管理有限公司) which is approximately 46.15% held by Mr. Zhu Zheng (朱正) and 30.77% by Beijing Jiyi Enterprise Management Partnership (Limited Partnership) (北京集益企業管理合夥企業). Beijing Jiyi Enterprise Management Partnership (Limited Partnership) is held as to approximately 71.43% by Mr. Lv Wei (呂煒) and 28.57% by Mr. Yan Xing (閆行).

Hefei Shixi is held as to approximately 1.82% by Beijing Shixi Qingliu Private Equity Fund Management Co., Ltd. None of its remaining nine limited partners holds 30% or more of its partnership interests.

Shanghai Zhangjiang Suifeng

Shanghai Zhangjiang Suifeng is a limited partnership established in the PRC and principally engaged in equity investments. Its general partner is Shanghai Zhangjiang Haoheng Innovative Equity Investment Management Co., Ltd. (上海張江浩珩創新股權投資管理有限公司) ("**Shanghai Haoheng**") which is owned as to 49% and 34% by Zhangjiang Hi-Tech and Shanghai Pudong Private Equity Fund Management Co., Ltd. (上海浦東私募基金管理有限公司) ("**Shanghai Pudong PE**"), respectively. Shanghai Pudong PE is wholly owned by Shanghai Pudong Innovation Investment Development (Group) Co., Ltd (上海浦東創新投資發展(集團)有限公司), which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of Pudong New Area, Shanghai (上海市浦東新區國有資產監督管理委員會). None of the limited partners of Shanghai Zhangjiang Suifeng holds 30% or more partnership interests therein.

Suzhou Yuanzhixin

Suzhou Yuanzhixin is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Shenzhen VCshare Fund Management Enterprise (Limited Partnership) (深圳風投俠基金管理企業(有限合夥)) ("**Shenzhen VCshare**"). Shenzhen VCshare's general partner is Shenzhen Venture Capital Xia Investment Co., Ltd. (深圳風投俠投資有限公司)("**Shenzhen Venture Capital**") which is 51.5% owned by Mr. Shao Haitao (邵海濤) and 35% owned by Mr. Zhang Guiyin (張桂銀) through an entity in which he is the sole shareholder. Shenzhen VCshare is held as to 99.8% by Shenzhen Venture Capital.

Suzhou Yuanzhixin is held as to 0.23% by Shenzhen VCshare. None of its remaining thirty limited partners holds 30% or more of its partnership interests.

Nanjing Huaruan

Nanjing Huaruan is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Beijing Kinglink Huaxin Investment Management Co., Ltd (北京金陵華新投資管理有限公司) ("**Beijing Kinglink**"). Beijing Kinglink is a wholly owned subsidiary of China Soft Capital Management Group Co., Ltd. (華軟資本管理集團股份有限公司) which is owned as to approximately 63.83% by Mr. Wang Guangyu (王廣宇) and remaining seven shareholders each holding less than 30% of its shares.

The partnership interest in Nanjing Huaruan is held as to 0.6% by Beijing Kinglink, 30% by Qingdao Jundao Tonglian Investment Enterprise (Limited Partnership) (青島君道通聯投資企業(有限合夥)) which is held approximately as to 39.62% by Huafu Jundao (Jinan) Management Consulting Partnership (Limited Partnership) (華富君道(濟南)管理諮詢合夥企業(有限合夥)), which is controlled by Mr. Yu Yue (于越), and remaining 5 limited partners of Nanjing Huaruan each holding less than 30% of the partnership interest in Nanjing Huaruan.

ACQUISITIONS AND DISPOSALS

We did not carry out any major acquisitions, disposal or mergers during the Track Record Period and up to the Latest Practicable Date.

ACTING IN CONCERT ARRANGEMENT

In order to enhance the stable and efficient operation of the Company as an integrated unit, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the "**Concert Parties**") entered into the Concert Party Agreement, pursuant to which all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alias, the Company's operation and management, and exercising the Shareholders' rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen and Mr. Zhong. In case of disagreement among Mr. Yao, Dr. Shen and Mr. Zhong, the matter shall be resolved by a vote among them in proportion to their respective direct shareholding percentages in the Company with the majority opinion prevailing. For details of their direct shareholding percentages in the Company as of the Latest Practicable Date and the **[REDACTED]**, see "— Capitalization of Our Company" in this section. If there are changes to such direct shareholdings of Mr. Yao, Dr. Shen and Mr. Zhong and such voting results in a tie and does not reach a majority decision, Mr. Yao, Dr. Shen and Mr. Zhong shall defer the vote for three calendar days before re-voting on the same shareholding basis. If the re-vote remains a deadlock without a majority opinion, the matter shall ultimately be determined by a vote on a per capita basis (i.e., one vote per individual), with the majority opinion prevailing.

[REDACTED]

Pursuant to Rule 19A.13A(1) of the Listing Rules, assuming the **[REDACTED]** is not exercised, based on an **[REDACTED]** of (i) HK$**[REDACTED]** per **[REDACTED]** (being the low-point of the indicative **[REDACTED]** range), (ii) HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range) and (iii) HK$**[REDACTED]** per **[REDACTED]** (being the high-point of the indicative **[REDACTED]** range), the expected market value of H Shares would be HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]**, respectively, and the minimum prescribed percentage of H Shares held by the public in the total H Shares upon **[REDACTED]** shall be **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**%, respectively.

[REDACTED] Unlisted Shares, representing approximately **[REDACTED]**% of our total issued Shares upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) will not be considered as part of the **[REDACTED]** as such Unlisted Shares will not be converted into H Shares.

Among the **[REDACTED]** H Shares to be converted from Unlisted Shares pursuant to the Conversion of Unlisted Shares into H Shares and the **[REDACTED]** on the Stock Exchange, **[REDACTED]** H Shares in aggregate to be converted from Unlisted Shares held by Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, representing approximately **[REDACTED]**% in aggregate of our total issued Shares upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) will not be counted towards the **[REDACTED]** for the purpose of Rule 8.08 of the Listing Rules after the **[REDACTED]** as such Shares are being held or controlled by the core connected persons of our Company.

To the best knowledge of our Directors, save as disclosed above, immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and the conversion of Unlisted Shares into H Shares, an aggregate of **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total issued Shares and approximately **[REDACTED]**% of H Shares) will be counted towards the **[REDACTED]**, which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules.

[REDACTED]

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 listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

It is expected that immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the H Shares **[REDACTED]** on the Stock Exchange that are not subject to such disposal restrictions represent approximately 15% of the total number of H Shares and have an expected market value at the time of **[REDACTED]** of (i) HK$**[REDACTED]** based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the low-point of the indicative **[REDACTED]** range, (ii) HK$**[REDACTED]** based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range, and (iii) HK$**[REDACTED]** based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the high-point of the indicative **[REDACTED]** range.

Accordingly, our Company will be able to satisfy the requirements under Rule 19A.13C of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

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

	As of the Latest Practicable Date		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	**Number of Unlisted Shares**	**Approximate ownership percentage in total issued share capital**	**Number of H Shares**	**Approximate ownership percentage in H Shares**	**Number of Unlisted Shares**	**Approximate ownership percentage in Unlisted Shares**	**Total number of Shares**	**Approximate ownership percentage in total issued share capital**
Single Largest Group of Shareholders								
— Dr. Shen	2,356,287	7.63%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Mr. Yao	2,130,882	6.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Mr. Zhong	1,955,154	6.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Lingmou	1,437,066	4.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Huimou	1,365,030	4.42%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Jixuan	900,000	2.91%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	10,144,419	32.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GigaDevice	3,946,342	12.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Ko	1,827,853	5.92%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Municipal Entities								
— Anhui Intelligent Voice AI Phase II[(1)]	926,123	3.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Anhui Intelligent Voice[(1)]	324,143	1.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Hefei Guozheng[(1)]	116,552	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Hefei Jianhui[(1)]	349,656	1.13%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	1,716,474	5.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
HK Panorama	1,538,155	4.98%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huaxu Guangzhou	1,486,232	4.81%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yingmou LP	1,281,686	4.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hunan Junxi	1,165,518	3.77%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Fangguang	1,090,286	3.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Integrated Circuit	817,714	2.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Yuegan	793,993	2.57%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Shixi	582,758	1.89%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhangjiang Suifeng	545,143	1.77%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Yuanzhixin	477,000	1.54%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Huaruan	332,813	1.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Zhongyi[(2)]	272,571	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Jinti[(2)]	272,571	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Runyuan[(2)]	270,563	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jinan Ruixin[(2)]	263,964	0.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Shanghai[(2)]	260,739	0.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhide[(2)]	233,104	0.75%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Heze Qiaobei[(2)]	227,969	0.74%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiangsu Jiequan[(2)]	204,429	0.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Kunshan Fumao[(2)]	204,429	0.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huzhou Jiacheng[(2)]	170,977	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Guide[(2)]	170,977	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Bangming Yangshang[(2)]	136,286	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yangzhou Longchuan[(2)]	136,286	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Bangming[(2)]	136,286	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Brizan Ventures[(2)]	96,815	0.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Tianxia[(2)]	68,143	0.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Fan[(2)]	13,723	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As of the Latest Practicable Date		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	Number of Unlisted Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Unlisted Shares	Approximate ownership percentage in Unlisted Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
[REDACTED] taking part in the [REDACTED]	—	—	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**30,886,218**	**100.00%**	**[REDACTED]**	**100.00%**	**[REDACTED]**	**100.00%**	**[REDACTED]**	**[REDACTED]**

Notes:

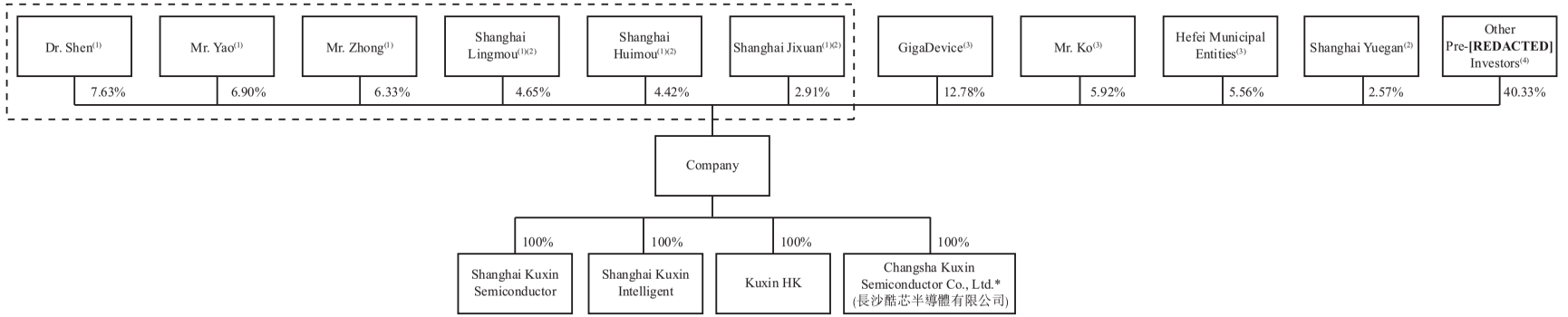
(1) For relationship among Anhui Intelligent VoiceAI Phase II, Anhui Intelligent Voice, Hefei Guozheng and Hefei Jianhui, see "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

(2) Each being an Independent Third Party.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the completion of the **[REDACTED]**:



Notes:

(1) Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan have entered into the Concert Party Agreement. For details, see "— Acting in Concert Arrangement" in this section and "Relationship with our Single Largest Group of Shareholders" in this Document.

(2) Each of Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan is a Pre-**[REDACTED]** Employee Incentive Platform. For details, please refer to " — Employee Incentive Platforms" in this section.

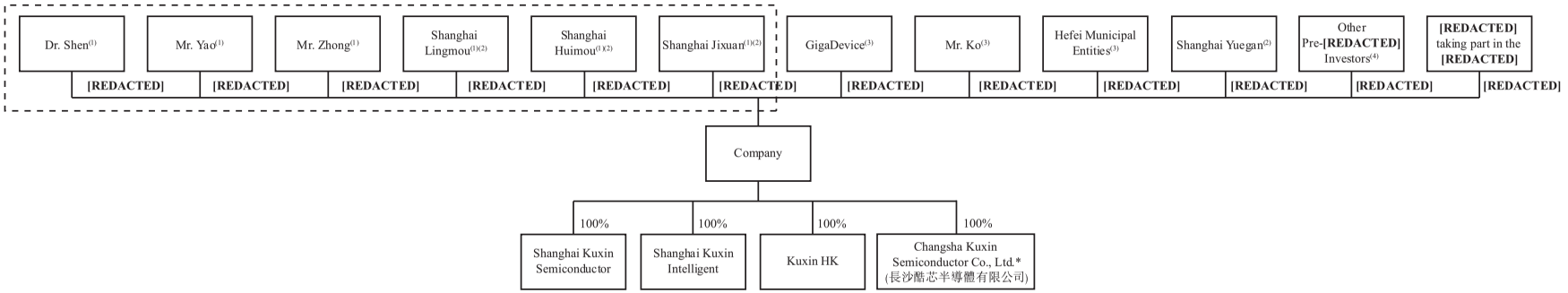
(3) For details, please refer to "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

(4) Other Pre-**[REDACTED]** Investors include 27 entities or individuals, none of whom individually or collectively held 5% or more of the Shares as of the Latest Practicable Date or immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). For details, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — Information regarding our Pre-**[REDACTED]** Investors" in this section.

(5) During the Track Record Period, in order to streamline the corporate structure of the Group and optimize the management of the Group and its geographical focus, two of our subsidiaries, namely Chengdu Kuxin Microelectronics Co., Ltd.* (成都酷芯微電子有限公司) ("**Chengdu Kuxin**") and Nanjing Kuxin Microelectronics Co., Ltd.* (南京酷芯微電子有限公司) ("**Nanjing Kuxin**"), were deregistered on February 14, 2026 and February 26, 2026, respectively. Neither Chengdu Kuxin nor Nanjing Kuxin had commenced any material operation before its deregistration.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised:



Notes:

1. Please see notes (1) to (5) of the sub-section headed "— Shareholding and Corporate Structure Immediately before the Completion of the **[REDACTED]**" above.

OVERVIEW

Who We Are

We are a visual processing AI SoC supplier in China with solid solutions capabilities. By combining deep industry expertise with innovative technologies, we offer a diversified product portfolio designed for both consumer and industrial AI applications. Seamlessly integrated into UAVs, AIoT and smart wearables applications, our products continuously expand the application landscape and enhance the utility of smart devices.

According to Frost & Sullivan, we ranked eighth in the China visual processing AI SoC product and solution market, where the overall competitive landscape is relatively fragmented because the market is broad-based and application-diversified, driven by demand across a wide range of end-use scenarios. In addition, we ranked third in UAV visual processing AI SoC product and solution market and second in the AR glasses market in 2025. By combining deep technical capabilities with early market entry, we have established our early presence by multiple industry firsts. Please see "— Our Strengths — Early Participant in the Visual Processing AI SoCs Products and Solutions in China" for further details.

Our business is built on robust end-to-end in-house R&D capabilities. Leveraging solid IC architecture design capabilities, we have established a strong technical foundation surrounding intelligent image processing, computing and transmission, which enable us to deliver advanced visual processing AI SoC and wireless video transmission SoC products and solutions. Through deep vertical integration of high-performance SoC architectures, proprietary technology IPs and dedicated algorithms and software, we empower smart devices without compromising performance, power consumption, or costs. Leveraging our robust, anti-interference wireless video transmission modules, we have also provided added advantages in the UAV, AIoT and smart wearables markets.

Rooted in our visionary perception, we have been delivering visual processing products that drive innovations across UAV, AIoT and smart wearables applications. Benefiting from our first-mover advantage, we have consistently been one of the first market players to enable the commercialization of these technologies across the industry verticals. Our extensive experience in AI IC design accumulated over the years allows us to set new industry precedents for power efficiency and latency, and continuously raise the technological entry barriers for the competitors. By leveraging our strong technological and engineering capabilities, together with go-to-market execution, we have successfully and repeatedly captured high-growth market opportunities.

Value creation for customers is central to our operations, and through close collaboration with leading technology companies across various sectors, we keep abreast of industry trends and continuously refine our technology roadmaps. Supported by agile R&D capabilities and strong partnerships, we respond effectively to innovation demands in smart device markets. Building on our established market presence in UAVs, AIoT and smart wearables, we aim to capture AI-driven opportunities in visual interaction and invest in pioneering projects. We also plan to further expand into emerging markets such as thumb cameras and handheld gimbal cameras. Moreover, we intend to extend our footprint into advanced intelligent domains, including embodied intelligence and on-device AI inference.

Our Core Products

Our core products are distinguished by high-computing power, low power consumption, and low video transmission latency. Our products are SoC solutions that power smart devices and accelerate the use of AI.

The following descriptions illustrate how our products and solutions are applied to the relevant end products:

- **UAVs**. As an early participant in the UAV sector since 2012, we provide high-performance visual processing AI SoCs that feature integrated visible light and thermal imaging capabilities, alongside advanced wireless video transmission SoCs. Our comprehensive

portfolio provides integrated solutions for intelligent flight, long-distance video transmission and edge computing, covering the full range of consumer and industrial scenarios applicable to low-altitude economy.

Our products are designed to achieve a balance between computing performance, power efficiency and transmission capability. When benchmarked against comparable products, our visual processing AI SoCs (i) are, according to Frost & Sullivan, the only products in the UAV market to simultaneously support both visible light and infrared thermal imaging; and (ii) achieve power consumption of approximately 1.8W under typical operating conditions, compared to a range of approximately 2.0W to 4.9W among comparable products. In addition, our wireless video transmission SoCs support video transmission at up to 1080p at 240fps with latency of approximately 15ms and transmission distances of up to approximately 25km, whereas comparable solutions typically support lower frame rates, higher latency and shorter transmission distances.

- **AIoT.** Leveraging our (i) compact AI SoCs featuring low-power, efficient AI computing and (ii) industry-leading wireless video transmission SoCs featuring long communication range and low-latency, we have established a robust presence in the AIoT markets. Our footprint encompasses robotic vacuum cleaners, lawn-mowing robots, smart doorbells, wireless IP cameras and access control systems. Furthermore, we are strategically expanding into emerging consumer segments, including thumb cameras and handheld gimbal cameras.

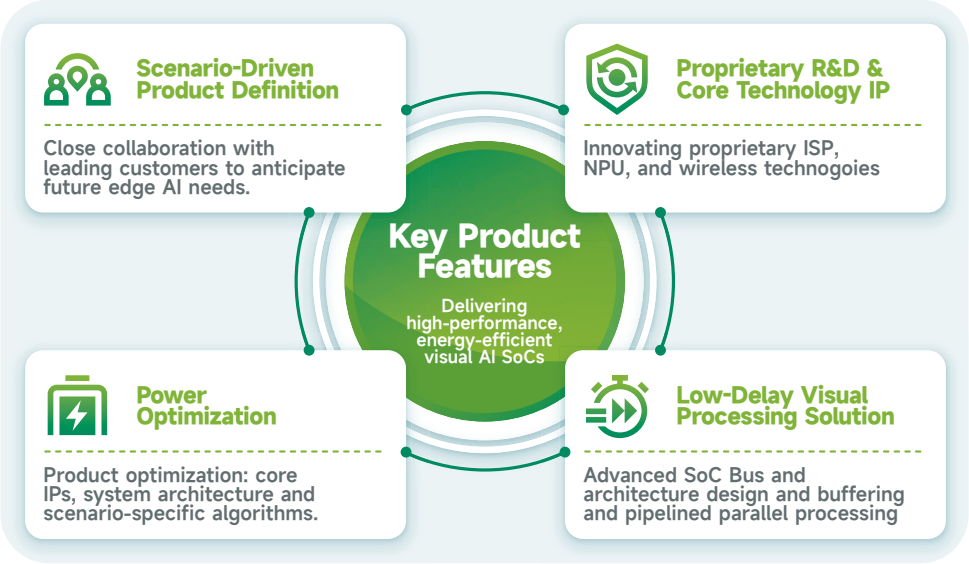
  Our products are designed to deliver efficient computing and provide stable communication for AIoT applications. When benchmarked against comparable products, our compact AI SoCs (i) delivers 8 TOPS of AI computing power at a typical power consumption of approximately 1.8W, compared with approximately 2.5 TOPS to 6 TOPS at typical power consumption of approximately 2.0W to 4.9W for comparable products; and (ii) integrates both a visible-light image signal processor ("**ISP**") and a thermal-imaging ISP on a single chip, in a compact package measuring 15 mm × 15 mm. In comparison, none of the comparable products integrates a thermal-imaging ISP, and their package sizes range from 19 mm × 19 mm to 23 mm × 23 mm. In addition, our wireless video transmission SoCs support low-latency transmission of approximately 15ms, a frequency range of 150 MHz to 7 GHz compared with the 2.4 GHz and 5.8 GHz bands supported by comparable products, and transmission distances of over 25km at a transmit power of 33dBm compared with a range of approximately 10km to 15km among comparable products at the same transmit power.

- **Smart Wearables.** We were among the first to develop high-performance, low-power and compact visual AI SoCs with dedicated designed features for AR/AI glasses. We are strategically expanding our product footprint to include solutions for the smart watches and smart earphones, further diversifying our presence across the smart wearables market.

  Our products are designed with a focus on energy efficiency and functional integration for smart wearable applications. When benchmarked against comparable products, our visual processing AI SoCs (i) operate at power consumption levels of approximately 250mW under typical operating conditions, which is generally lower than comparable products; and (ii) support integrated functionalities for AR/AI applications.

- **Technology Services.** In addition to offering visual processing AI SoC products and solutions, for strategic customers, we offer proprietary algorithms design and technology services to aid our customers' product development, encompassing production line configuration and maintenance protocol development. We also selectively grant strategic customers with access to core technology IPs and software or integrated IP into our chips, facilitating deep collaboration and system-level integration. For further details on our technology services, proprietary algorithms design and IP licensing arrangements, see "— Our Products and Solutions — SoC Solutions" in this Document.

The following diagram illustrates our key product features.



- **Scenario-driven, forward-looking product defining.** Close collaboration with leading customers in various application scenarios allows us to anticipate future needs of edge AI in a timely manner, which we then apply to extend our business reach. Coupling our customer-centric approach with our comprehensive technological capabilities, we help downstream industry leaders succeed in competitive markets through forward-looking product defining and the provision of integrated visual products and solutions.
- **Closed-loop proprietary R&D and core technology intellectual property.** By innovating and iterating proprietary core technologies across the domains of ISP, NPU and wireless communication, we establish our technical pillars essential for the continued advancement of smart devices.
- **Commitment to product power optimization.** We have strived to optimize power consumption for our products through a comprehensive approach that covers across our proprietary core IPs, system architecture and scenario-specific algorithms. This holistic approach ensures that our products outperform competitors in energy efficiency without compromising performance, costs, or flexibility.
- **Support smart devices with low-delay visual processing and video transmission.** Extended camera-to-display latency is the root cause of dizziness associated with AR/MR devices, and the lagging operation of UAV remote video control. Our holistic technical enhancement surrounding (i) advanced SoC Bus and architecture design and (ii) buffering and pipelined parallel processing across ISP, codec and wireless communication modules, significantly reduced live-image latency in both wired and wireless transmission.

COMPETITIVE LANDSCAPE AND MARKET OPPORTUNITY

We operate across three core application scenarios where visual processing AI SoC products and solutions play critical roles. In UAVs, our solutions power intelligent flight control, long-distance video transmission, and edge computing for both consumer and industrial applications. In AIoT, we serve applications including robotic cleaners, smart cameras, and emerging consumer electronics. Within smart wearables, we focus on emerging devices such as AR/AI glasses that require low-power, high-performance visual processing AI SoCs.

According to Frost and Sullivan, we ranked eighth in the visual processing AI SoC product and solution market in China, with a market share of 1.1% measured by sales revenue in 2025. The visual processing AI SoC product and solution market is projected to reach RMB112.8 billion in China and RMB162.7 billion globally by 2030, with CAGRs of 22.6% and 20.4%, between 2025 and 2030 respectively. Growth is particularly pronounced across our core segments, driven by expanding use cases in UAVs, the continued diversification of AIoT applications, and the transition of smart wearables from early exploration to large-scale commercialization. See "Industry Overview" in this Document for further details on industry trends and growth drivers.

Moreover, as application requirements continue to evolve, market demand is increasingly shifting from standalone SoCs toward integrated solutions that combine hardware adaptation, algorithm optimization and scenario-specific customization, providing sustained momentum for market expansion. Against this backdrop, our vertically integrated capabilities spanning IC design, proprietary IP development and scenario-optimized algorithms enable us to deliver differentiated products that address specific requirements across these target markets. This approach allows us to capture opportunities in fragmented market segments where specialized solutions combining local processing and connectivity outperform general-purpose alternatives.

OUR STRENGTHS

Early Participant in the Visual Processing AI SoCs Products and Solutions in China

We are an early participant in the visual processing AI SoC product and solution industry. We were among the first-movers in China to engage in AI IC design and have established a strong track record of over a decade. Based on our proprietary R&D capabilities and market foresight, we deliver comprehensive visual processing solutions that integrate intelligent image processing, computing, and transmission. This integrated approach enables us to develop proprietary SoC products that precisely address customer demands across UAVs, AIoT, and smart wearables. As a result, we have achieved meaningful market recognition in several key segments.

By combining deep technical capabilities with early market entry, we were the first to launch:

- consumer wireless HD video transmission SoC with an effective range over 5 km in 2012;
- drone SoC and 2.4 & 5.8 GHz dual-band RF SoC in 2016;
- drone-specific application processor (supporting up to eight camera inputs) in 2018;
- 150 MHz-7 GHz full-band wireless video transmission SoC in 2023; and
- multispectral visual processing AI SoC which integrates both visible-light and infrared ISP as well as high-performance NPU and visual DSP in 2024.

Our technical expertise enables us to precisely target high-growth segments aligned with critical edge AI applications. Through partnerships with leading AI device companies, we deliver breakthrough visual solutions that transform concepts into advanced products. During the Track Record Period, we maintained our focus on the visual processing AI SoC product and solution market while continuously introducing innovations that redefine SoC capabilities and value. We expanded our technological lead and delivered highly competitive solutions that empower global partners to bring diverse smart hardware, robotics from concept to reality.

Well-recognized First-Mover with Strong Industry Expertise

We have established ourselves as a well-recognized first-mover through a distinctive capability: identifying and partnering with innovative customers at the early stages of emerging application categories, co-developing breakthrough solutions that enable their market leadership, and accumulating transferable expertise that positions us to capture subsequent opportunities. This repeatable pattern has made us the partner of choice for companies pioneering new markets across UAVs, AIoT and smart wearables. We have replicated this business model across thermal imaging, wireless security, and other emerging areas.

Our first-mover position is evidenced by our role in enabling industry-defining product launches. We were amongst the first to develop wireless video transmission chip with communication range exceeding five km, helping our customer become the global leader in the UAV industry. We enabled the launch of the stereo vision smart robotic vacuum cleaner, establishing AI-powered visual perception as a new capability and equipping us with experience to expand into other robotics markets. We also partnered with an AR glasses company, developing custom IP modules addressing requirements across spatial computing, high-performance image distortion correction, ultra-low-latency dual-screen display with different content, biometric recognition, interface types, low power consumption, and compact packaging. This collaboration created significant competitive advantage for the customer in the emerging AR/AI glasses market, while enabling us to expand into broader smart wearables market.

These early-stage partnerships create a positive feedback loop that is difficult for competitors to replicate. By engaging with customers before market requirements are fully defined, we gain visibility into emerging technical needs that inform our product roadmaps. By co-developing solutions that enable customer success, we accumulate deep expertise across multiple application areas. This combination of early market insight and cross-domain technical capability allows us to rapidly develop customized solutions for new customers entering adjacent markets, reinforcing our first-mover advantage with each successive partnership.

Solid Technology Matrix Fueling Innovations

Leveraging our IC design capabilities, we have synergistically integrated our in-house developed proprietary across ISP, NPU and communication domains to build a solid technology matrix that fuels customer innovations. These integrated technologies provide a comprehensive foundation for constructing sophisticated visual processing AI systems, covering front-end visual perception, mid-layer processing and analysis, and back-end data transmission. This full-spectrum coverage enables us to deliver complete solutions that address complex application requirements across UAVs, AIoT, and smart wearables devices.

Our technology matrix is built on deep industry expertise and has been continuously enhanced through multiple iterations and upgrades. Centered on intelligent image processing, computing and transmission, our capabilities have evolved in line with advances in AI SoC technologies and edge-AI application requirements, enabling us to address increasingly complex and performance-intensive use cases. These three interconnected pillars form a cohesive technology foundation that supports a wide range of edge-AI applications.

- *Intelligent image processing enables innovations in complex visual environments*. As one of the very few globally that independently develop both visible-light and thermal-imaging with multi-spectral fusion capabilities, we deliver advanced image quality in challenging scenarios including complex outdoor lighting, backlighting, nighttime, and motion capture. Our complete one-stop image processing solutions fuel customer product innovations while creating loyalty through advanced technical capabilities.

- *Intelligent computing enables innovations in visual AI systems*. Our proprietary computing architecture integrates DSP, NPU, and computer vision accelerators to flexibly support diverse computing requirements from image enhancement and security analysis to intelligent robotics, large language model processing, and spacial computing/biometric recognition for AR systems. With energy efficiency reaching up to 12 TOPS/W (12nm process) while consuming only 30%–50% of the DDR bandwidth used by comparable solutions, we fuel customer innovations requiring high performance within strict power constraints.

- *Intelligent transmission enables innovations requiring ultra-long-distance wireless capabilities*. Our technology under typical situation supports live-image and data transmission over distances over 20 km and glass-to-glass latency under 40 ms, maintaining robust anti-interference performance even in complex industrial and air-ground integrated environments. This fuels customer innovations in applications demanding high-reliability, real-time transmission across consumer and industrial scenarios.

Together, these three pillars form a comprehensive technology matrix that enables us to deliver integrated visual processing solutions and fuel ongoing customer innovations across the full spectrum of edge-AI applications. For further technical details, see "Business – Core Technologies" in this Document.

Robust Engineering Capabilities Supported by Solid Supply Chain

Our operations are anchored by sophisticated engineering and supply chain management competencies, ensuring seamless realization and scalability of our complex SoC architectures. Operating under a fabless model, we focus on engineering capabilities in visual processing SoC design while ensuring manufacturing excellence through strategic foundry partnerships. This dual-capability approach provides us with design flexibility and process optimization capabilities.

Leveraging our engineering expertise in integrated circuit design and commitment to innovation, we enhance process technology compatibility through our proprietary technology IP. To maximize product performance, we integrate process-specific considerations directly into the initial design phase, enabling deep technical adaptation and architectural optimization. By utilizing advanced design methodologies including dynamic power and clock-domain switching alongside dynamic voltage and frequency scaling (DVFS), we optimize critical PPA metrics of our SoC designs. These techniques enhance synergy between our SoC architectures and foundry-specific processes while effectively neutralizing manufacturing-process variations. Consequently, we achieve remarkable benchmarks in tape-out success rates, operational stability, mass-production velocity, and yield-control precision.

We ensure resilient, scalable manufacturing through strategic partnerships and rigorous quality management. Through long-term partnerships with leading foundries and packaging and testing service providers, we have established a robust dual-track supply-chain mechanism and quality management system that delivers reliable, agile, and risk-controlled product delivery. Our mastery of process node characteristics and close collaboration with premier global foundries enable stable mass production with manufacturing flexibility and process optimization. We maintain strict quality-control processes certified under ISO quality management systems, safeguarding customer interests at every stage from design to delivery.

Strong Management and R&D Team with Deep Industry Roots

We have a strong management team with a unique combination of strategic foresight, deep industry expertise and a global perspective. With over a decade of specialized experience in the IC sector, our founders have demonstrated a proven track record bringing innovative technology to market. Our leadership team possesses two decades of experience in product development from product formation to commercialization scaling, which we believe is unparalleled in the domestic semiconductor sector. Under our senior management's leadership, we have built a solid corporate philosophy focused on identifying fundamental customer needs and resolving the core technological bottlenecks that impede application breakthroughs. As the edge-AI market accelerates, we are strategically positioned to capitalize on emerging opportunities in intelligent computing, driving rapid growth and strengthening our position in the global IC industry.

We maintain a strategic focus on innovation, driven by a dedicated R&D team. Our R&D team comprises experienced professionals from various technical disciplines including IC design, software engineering and artificial intelligence, fostering a collaborative and forward-thinking environment. As of May 31, 2026, R&D personnel account for 71.1% of our total staff, many of whom are semiconductor experts with deep technical expertise in innovation. As of the Latest Practicable Date, our team's continuous innovation has secured an extensive global portfolio of 25 patents and 10 pending applications. This intellectual property spans the entire visual processing AI SoC and video transmission SoC value chain, including image processing, wireless communication, and hardware acceleration technologies, safeguarding our technological competitiveness and reinforcing our commitment to driving industry standards.

We are proud to be a core-technology innovator, dedicated to building a lean, high-performance team characterized by an entrepreneurial spirit and technical excellence. By maintaining an agile organizational structure and integrating cross-disciplinary technologies internally, we delivered comprehensive SoCs and solutions that drive deep customer engagement and long-term loyalty, which we believe shall continue to pillar our success.

OUR STRATEGIES

Strengthening Market Position through Continuous Product Iterations and SoC Product Portfolio Upgrade

In markets where we have already achieved commercial success, we will continue to accelerate product iteration to maintain leadership and capture growth opportunities. Our product iteration is not limited to hardware upgrades, it is supported by a vertically integrated capability spanning chip design, software development kits, scenario-optimized algorithms and dedicated engineering support, enabling faster iteration and shorter customer time-to-market. We intend to focus our next-generation product innovation and upgrades our visual processing AI SoCs, AI application processor and wireless video transmission SoCs from the following aspects:

- **AI performance enhancement**. We are developing a next-generation NPU core designed to optimize instruction sets, maximize compute density, and enhance energy efficiency for large-model execution. Our architecture is projected to increase AI performance and efficiency while maintaining seamless support for both CNNs and large-scale models. This makes our technology uniquely suited for multimodal systems and emerging applications, such as robotics and embodied intelligence, that require high-performance integration of diverse AI algorithms.
- **ISP enhancement**. Building on our established expertise in ISP, we intend to further enhance our capabilities on low-light, motion and other complex scenarios, ensuring advanced image and video clarity. By integrating project-proven DSP and AI algorithms into dedicated IP cores, we are significantly optimizing performance while reducing both power consumption and overall system costs. These advancements directly improve critical functions such as low-light imaging, motion stabilization, fusion imaging, and 3D sensing. Furthermore, by refining our on-SoC and off-SoC memory allocation, we provide the flexibility to meet high-resolution demands without compromising low-power requirements.
- **Extended communication range and quality**. Building on our proven long-range wireless video transmission technologies and anti-interference communication architecture, we intend to adopt advanced communication technologies, such as beamforming, to increase communication range by more than 50% while maintaining constant transmission power levels. These enhancements are expected to materially improve transmission coverage and stability while maintaining constant transmission power levels, reinforcing our competitive position in intelligent UAVs and industrial AIoT applications that require reliable long-distance, low-latency communication.
- **Low-power optimization**. To address the accelerating demand for low-power smart wearables, we intend to implement a comprehensive, fine-grained power management strategy across IP design, SoC architecture, and memory optimization. By leveraging advanced process nodes and refined circuit design techniques, we aim to reduce SoC power consumption by over 50% for power-sensitive wearable applications. Additionally, our architecture supports both high-performance DRAM and low-power external memory, providing flexibility to significantly lower system costs and power requirements.

Advancing Frontier Technologies with Strategic Partners

Building on our vertically integrated capabilities, we intend to collaborate closely with strategic industry partners to translate frontier technologies into commercially viable SoC solutions. Leveraging our proven expertise in multi-core heterogeneous architectures and near-memory-computing SoC designs, we intend to enhance collaborations with AI industry partners to pioneer emerging

architectures, including PIM and RISC-V. By addressing memory bandwidth limitations, we aim to deliver powerful, energy-efficient computing solutions, enabling reliable multimodal large-model inference for advanced edge applications such as embodied intelligence.

In parallel, we strive to continue to work closely with AI algorithm developers to strengthen system-level optimization between hardware architectures and mainstream AI models. These efforts will reduce reliance on costly high-bandwidth memory SoCs, facilitating the widespread deployment of AI models across intelligent terminals. Additionally, this approach allows us to cultivate a more mature AI development ecosystem while reinforcing our technological competitiveness in the industry.

Exploring Diverse Growth Paths in Partnership with Industry Leaders in Multiple Product Areas

Building on our close partnerships with innovative industry leaders, we intend to further deliver scenario-driven visual processing AI SoC products and solutions that address diverse and specialized application requirements. Rather than generic solutions, we intend to remain focused on developing differentiated, application-specific products that evolve alongside our customers' innovation trajectories, enabling sustained mutual growth.

- In terms of application expansion, in the intelligent UAV sector, we intend to grow within industrial and enterprise segments while reinforcing our established position in the mid-to-high-end consumer market. Within the AIoT space, we are penetrating emerging categories such as ultra-portable cameras and educational robotics. While for smart wearable products, building on our success in AR/AI glasses, we intend to scale our smart wearable portfolio to include smart audio, smart watches, and other connected devices. In parallel, leveraging our existing technical foundation in intelligent image processing, computing and transmission, we intend to selectively explore advanced intelligent scenarios, including embodied intelligence and on-device AI inference.
- In terms of customer base expansion, we intend to target broader markets and tap into terminal device volumes in the tens of millions. We strive to expand our high-value customer base by entering the supply chains of major mobile device brands. By providing high-performance visual processing AI SoCs, we aim to support the rapid growth of their smartphone-adjacent product ecosystems and be a core supplier in their next-generation products.

Exploring Investment and Acquisition Opportunities

In line with our focus on existing product lines and core application areas, we intend to selectively pursue investment and acquisition opportunities on both a domestic and international basis that enhance our visual processing AI SoC end-to-end capabilities. Our approach emphasizes strategic fit and technological synergy rather than scale expansion, with the objective of strengthening our integrated solutions across UAVs, AIoT and smart wearables applications.

We will focus on high-quality targets with differentiated technologies that can complement our existing technological matrix or address specific capability gaps, particularly in areas adjacent to our core strengths in intelligent image processing, computing and transmission. Potential investment or acquisition targets, whether located in China, will be evaluated based on their technological capabilities, operational and financial soundness, and alignment with our long-term strategic direction.

Following any investment or acquisition, we intend to integrate relevant technologies, intellectual property and talent into our existing platform, and leverage our established supply chain and go-to-market capabilities to support commercialization, thereby driving synergistic growth and enhancing our overall competitiveness.

Expanding Overseas to Building a World-Class Brand

Drawing on our established success, we recognize that global expansion is a key driver for diversified growth. We intend to build strategic co-development partnerships with leading international clients, integrating global resources into a unified, complementary technology network. To support this, we intend to establish overseas application and technology centers in key regions including Europe, the

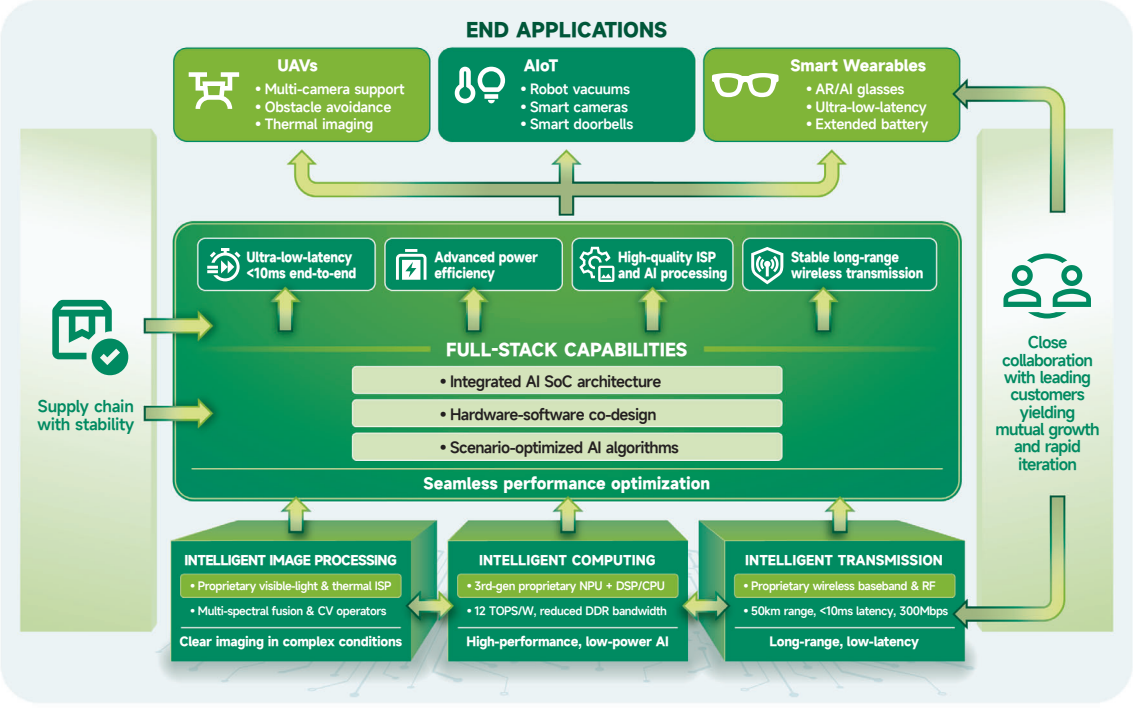
Middle East and Southeast Asia. Through these centers we seek to engage customers from the initial stage of product definition, working alongside them through product development and commercialization to better capture regional market requirements and facilitate efficient technology adoption, allowing us to advance our globalization strategy and strengthen our influence in the global marketplace. Specifically, our headquarters' R&D expertise will be deployed locally to offer hands-on technical support and customized hardware and software development services, and these centers are expected to significantly lower customer adoption barriers and shorten time-to-market for local product deployments. Each center is expected to commence with a selective team of personnel, supported by an initial investment of approximately RMB7.0 million. We intend to fund these centers solely from internal resources rather than from the **[REDACTED]** of the **[REDACTED]**, and target the launch of our first overseas center in 2027, with subsequent centers to follow according to our business development.

OUR BUSINESS MODEL

Overview

We are a visual processing AI SoC supplier in China with integrated solution capabilities. We operate under a fabless business model, focusing on the research and development, design and sales of AI SoC products and solutions. We provide integrated solutions centered on visual processing AI SoCs and wireless video transmission SoCs. Our offerings combine IC design, software toolkits, scenario-optimized algorithms and engineering support, enabling customers to shorten development cycles and accelerate time-to-market in rapidly evolving AI application environments. By addressing the mismatch between long chip iteration cycles and fast-evolving software and AI applications, our integrated approach allows customers to utilize our proprietary IPs and more efficiently incorporate new application requirements.

The following diagram illustrates our business model.



Guided by market insights, we empower customers in UAVs, AIoT and smart wearables with visual processing solutions devise to address their product needs. To support these applications, we have established a comprehensive technical framework built around the integration of intelligent image

processing, computing and transmission. Based on these core capabilities, we deliver SoCs and solutions that integrate proprietary ISP, NPU and wireless transmission technologies, supported by strong hardware-software co-design capabilities and end-to-end IC design expertise.

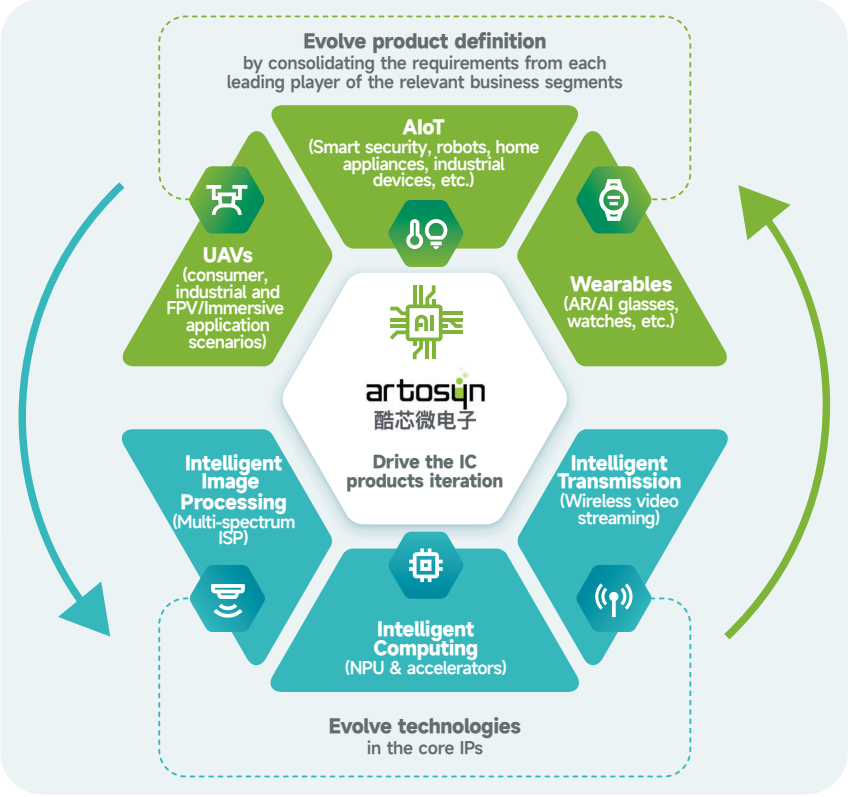
Fabless Model

We adopt a fabless model that allows us to focus on in-house R&D while controlling the entire process from design and manufacturing to packaging, testing and sales of finished goods through our internal control. Leverage our robust R&D and technical capabilities, we focus on the SoC design. We engage foundries for the production of our wafer and packaging and testing suppliers for packaging and testing. See " – Our Suppliers – Procurement and Manufacturing" in this section.

Value Proposition

We facilitate customer product innovation by implementing forward-looking and differentiated product specifications, underpinned by a comprehensive portfolio of proprietary IPs that afford us a distinct competitive advantage. This product defining capability fundamentally distinguishes us from our peers. As such, we that have empowered industry leaders to achieve market leadership in their respective segments.

The following diagram illustrates our value proposition.



We continuously empower technological innovations and contribute to the success of our customers through early-stage product defining. Leveraging deep market insights, close collaborations with industry-leading customers and solid technical capabilities, we discover new application scenarios, assess critical performance metrics and technical requirements and advise customers on their product designs. By discovering and converting customer requirements to forward-looking product defining, we actively capture market opportunities ahead of demand surges, transitioning from a traditional component supplier to a strategic partner. Moreover, we deliver more than standalone hardware. We provide a vertically integrated solution encompassing chip design, software development kits, scenario-

optimized algorithms and dedicated engineering support. The integrated capabilities across hardware and software ease our customers' efforts to resolve increasing R&D complexity, thereby accelerating products' time-to-market while facilitating.

Our strategic product defining capability is underscored by a track record of introducing industry-first SoC products since our inception. In particular, we have achieved the following:

- The 2012 introduction of our world-first consumer wireless HD video transmission SoC with an effective range over 5 km by far extended the video communication range of UAVs beyond the traditional range of Wi-Fi networks.
- The 2016 introduction of a complete wireless video transmission solution further enhanced UAVs' wireless transmission capabilities by integrating a dual-band 2.4 & 5.8 GHz RF chip, ensuring stable anti-interference signal transmission in complex environments. Consequently, we empowered a UAV customer to secure first-mover advantages in the market.
- The 2018 introduction of the world's first intelligent UAV main-control SoCs supporting up to eight camera interfaces, empowered UAVs with panorama capabilities. Our customers were thus able to upgrade their products and launch market-leading UAV products, further evolving into world-class UAV providers.

During the Track Record Period, we continued to empower technological innovations of our customers through product defining in multiple application areas. In particular, we have achieved the following:

- The 2023 introduction of our world-first 150 MHz-7 GHz full-band wireless video transmission SoC ensured mission-critical video stability in congested wireless environments, enabling our customers to deploy smart devices across consumer and industrial application scenarios.
- The 2024 introduction of our world-first multispectral visual AI SoCs equipped smart devices with perception beyond the human visible spectrum and on-device processing, empower customers' product innovations across the UAV, AIoT and smart wearables markets.

Our product defining capability is underpinned by a comprehensive portfolio of proprietary IPs including:

- intelligent image processing for high-accuracy multi-spectral and thermal imaging;
- intelligent computing for high-performance and low-power processing via our in-house NPU; and
- intelligent transmission for long-range, low-latency, and anti-interference connectivity.

We enable industry leaders to overcome technical barriers by offering innovative SoC products and IC designs to solve technical bottlenecks. See "— Our Core Technologies" in this section.

OUR PRODUCTS AND SOLUTIONS

Featured with computing efficiency, optimal energy consumption and reliability, our products drive innovations in various consumer and industrial application scenarios.

SoC Products

We provide visual processing AI SoC and wireless video transmission SoC products, forming an integrated technology-to-application ecosystem that supports intelligent on-device computing and reliable long-range data transmission:

- **One-stop product portfolio.** We offer a one-stop, end-to-end product portfolio centered on visual processing AI SoCs and wireless video transmission SoCs, covering the full visual data chain from image perception and on-device processing to wireless video transmission. Our visual processing AI SoC products integrate high-quality visible-light imaging, AI-enhanced thermal sensing and on-device edge inference capabilities. In parallel, our wireless video

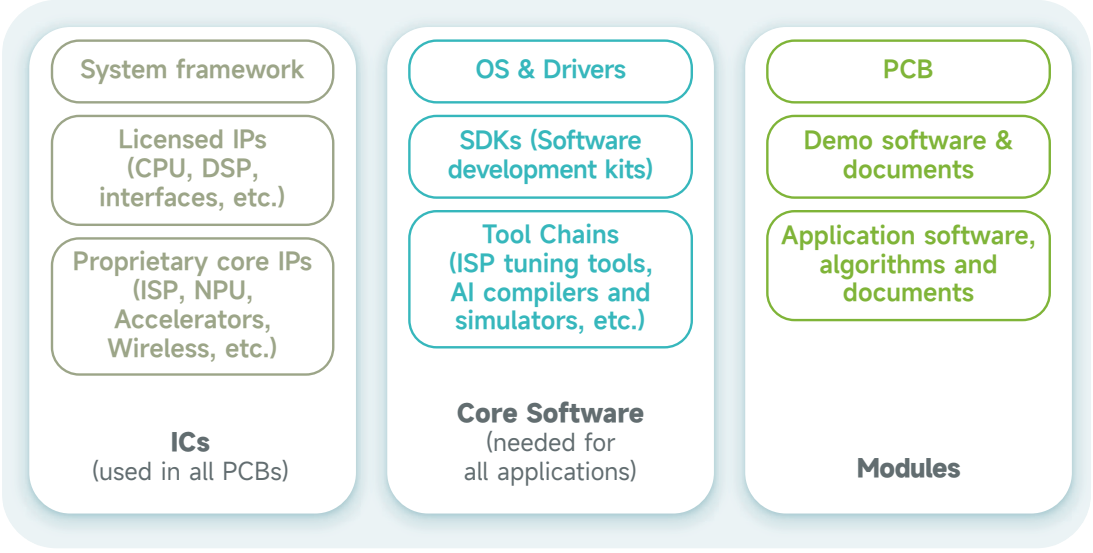
transmission SoC products provide long-range, ultra-low-latency and interference-resilient communication and are designed within SWaP-optimized system architectures. Together, these products form a cohesive and scalable hardware foundation for visual AI applications.

- **Cross-scenario coverage.** In contrast to centralized cloud-based AI, edge AI applications are characterized by fragmented demand and scenario-specific requirements, making application-driven deployment a key success factor for visual processing SoC providers. Leveraging close collaboration with industry partners, we identify emerging application needs and deploy our SoC products across diverse applications. This cross-scenario capability demonstrates the versatility, scalability and market adaptability of our SoC products and increase the life cycle and utility our products significantly.

SoC Solutions

We strategically adopted an integrated hardware and software architecture to expedite market entry and drive long-term customer retention. We establish deep partnership with industry leaders by providing comprehensive one-stop SoC solutions that encompass SoCs, modular products and software such as Art. Galaxy AI toolchain [Note]. This synergistic multi-layer infrastructure constructs a formidable entry barrier for competitors and solidifies our role as an indispensable innovation partner for smart device applications.

Our SoC platforms are underpinned by a proprietary software stack, including specialized OS and drivers, SDKs and a suite of development tools for ISP tuning, AI compilation, and simulation. These proprietary tools seamlessly integrate complex algorithms to optimize on-device functionality, delivering critical visual processing and video transmission features our customers require. Built upon more than a decade of collaboration with well-established smart device providers in China, our framework facilitates end-to-end technical consultancy, ensuring peak performance for diverse end-use scenarios.



Note: Art. Galaxy AI toolchain refers to a comprehensive AI solution developed by the Company specifically for its AR series visual AI SoCs. It comprises on-device AI runtime software operating across multiple hardware processing units, including ARM Cortex-A series processors, CEVA DSPs and NPUs, as well as a PC-side integrated development environment known as Art. Studio. Art. Galaxy AI toolchain is a one-stop solution offering four core capabilities, namely model quantization, model compilation, co-simulation and model deployment.

In addition to offering visual processing AI SoC products and solutions for strategic customers, we offer proprietary algorithms design and technology services to aid our customers' product development, encompassing production line configuration and maintenance protocol development. We also selectively grant strategic customers with access to our proprietary IPs and software or integrate custom-tailored modules into our SoCs to facilitate deep collaboration and system-level integration. In particular, for AI enabled smart devices, we also offer model training aligned with customer objectives.

The technology services described above refer to application solution services, under which we provide relevant services to customers seeking to develop end products incorporating our SoCs, including hardware and software development, production line configuration and maintenance protocol development. On the other hand, the proprietary algorithms design described above refers to chip customization services, under which we work with strategic customers to incorporate their specific technical requirements into our SoC product development prior to commencing development of a new SoCs.

The salient terms of each category of service are set out below.

Application solution services

Scope of work	We provide customized application solution development services, with specific deliverables — including technical documentation, hardware design, software and firmware, samples and modules — agreed on a project-by-project basis according to the customer's product requirements.
Fees and pricing	Service fees are determined on a by project basis with reference to the scope and complexity of the customization work required. Fees may be payable in a lump sum upon contract signing, or in installments linked to key project milestones, as agreed between the parties on a project-by-project basis.
Intellectual property	IP ownership is determined case-by-case based on the nature of customisation and each party's contributions, and may vest in the customer or be retained by us. We retain ownership of all pre-existing background IP in all cases.
Confidentiality	Both parties are subject to ongoing confidentiality obligations in respect of all technical and commercial information exchanged, which survive termination of the agreement.
Termination	The agreement may be terminated by mutual written consent or by either party upon the other party's unremedied material breach.

Chip customization services

Scope of work	We work with strategic customers to develop SoCs incorporating their specific technical requirements, based on our existing platform. Depending on the project, deliverables may include the customized chip together with accompanying software SDK, drivers and necessary technical documentation.
Fees and pricing	Development fees are determined on a project basis with reference to incremental costs and paid in stages linked to key milestones. Upon mass production, the customer procures chips at prices that are mutually agreed with reference to the underlying production costs and order size.

Intellectual property	We retain ownership of the core chip IP and background IP. Non-chip IP arising from the project that relates to the customer's specific application requirements vests in the customer. We grant the customer a royalty-free license to use our background IP to the extent necessary to manufacture, use and sell the customized chip.
Confidentiality	Both parties are subject to ongoing confidentiality obligations in respect of all technical and commercial information exchanged, which survive termination of the agreement.
Termination	The agreement may be terminated by mutual written consent or by either party upon the other party's unremedied material breach.

IP licensing arrangements

In addition to the services described above, we also selectively grant strategic customers with access to our proprietary IPs to facilitate close collaboration and system-level integration. As of the Latest Practicable Date, we have entered into two IP licensing agreements with strategic customers, being (i) a license in respect of our proprietary high-speed image data transmission interface IP module; and (ii) a license in respect of certain proprietary SoC-related IP modules. Set forth below is a summary of the key terms of these IP licensing agreements:

Scope of license	We license specific proprietary SoC-related IP modules to strategic customers for their development of relevant products. The licensed IP and specific technical deliverables are agreed on a case-by-case basis according to the customer's chip development requirements.
License terms	The license granted is non-exclusive and perpetual. We retain the right to license the same IP to other parties.
Fees and payment	License fees fixed and determined with reference to the scope and nature of the IP licensed. Fees are paid in instalments linked to key milestones, including contract signing, IP delivery and customer acceptance, with the specific number of instalments and amounts agreed on a case-by-case basis.
IP ownership	We retain full ownership of all licensed IP. No IP is transferred to the licensee. Technical support and training services are provided by us to assist the licensee in implementing the licensed IP.
Confidentiality	Both parties are subject to ongoing confidentiality obligations in respect of all technical and commercial information exchanged, which survive termination of the agreement.
Termination	The agreement may be terminated by mutual written consent or by either party upon the other party's unremedied material breach.

The following table sets forth the sales volume and average selling price ("ASP") of each product category, for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
	Units	*RMB*	*Units*	*RMB*	*Units*	*RMB*	*Units*	*RMB*	*Units*	*RMB*
UAV										
UAV — Chips	37,916	107.6	62,226	77.0	1,623,298	55.4	231,652	51.1	1,596,729	62.2
UAV — Modules	83,415	740.4	525,779	517.0	593,061	316.2	335,330	307.7	120,058	261.4
AIoT										
AIoT — Chips	159,026	81.0	597,781	77.6	905,038	78.0	364,487	86.1	570,785	81.4
AIoT — Modules	106,248	203.7	344,035	312.4	340,694	276.0	159,821	261.5	66,356	463.5
Smart Wearables										
Smart Wearables — Chips	770	56.5	63,173	69.4	170,379	88.1	68,016	88.2	165,080	104.9

Comparison of Sales Volumes

The sales volumes of products applied to UAVs and AIoTs increased materially in 2024 due to general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, see "Industry Overview — Visual Processing AI SoC Product and Solution Market Overview — Market Size of Global and China Visual Processing AI SoC Product and Solution" in this Document, together with the increased sales following the commercialization of our new SoCs, including AR8032S (primarily for UAV and AIoT) and ARS31 (primarily for UAV and AIoT), and related modular products. In particular, (i) we launched our AR8032S chips in October 2023. As sales volumes ramped up in 2024, these chips contributed to a larger share of our revenue. Revenue from sales of AR8032S chips for UAV and AIoT applications increased from RMB0.04 million in 2023 to RMB3.1 million in 2024. In 2024, we also launched UAV and AIoT modules incorporating AR8032S chips and commenced their mass production. These modules generated revenue of RMB6.0 million in 2024; (ii) although we launched our ARS31 chips in September 2022, revenue from sales of these chips increased significantly from RMB5.4 million in 2023 to RMB18.1 million in 2024. This growth reflected our continued commercialization of these chips and the expansion of their downstream applications with our customers. In 2024, we also commenced mass production of new UAV and AIoT modules incorporating ARS31 chips. These modules generated revenue of RMB308.3 million in 2024; and (iii) in 2024, we commenced mass production of new UAV modules incorporating AR9201, a previous-generation chip we launched in 2018. These modules generated revenue of RMB36.5 million in 2024.

The sales volume of our UAV — Chip products increased further in 2025 compared with 2024 and in the five months ended May 31, 2026 compared with the corresponding period in 2025. In particular, the sales volume of our UAV — Chips increased by 2508.7% from 62,226 in 2024 to 1,623,298 in 2025, and also increased by 589.3% from 231,652 in the five months ended May 31, 2025 to 1,596,729 in the five months ended May 31, 2026. By contrast, the sales volume of our module products generally declined over the same periods, except for a moderate increase in UAV-Modules from 2024 to 2025. These trends were primarily attributable to (i) the launch of new-generation UAV models, which typically incorporate a greater number of chips to support enhanced performance and thereby drove demand for our UAV — Chips; and (ii) a preference among certain customers to purchase our products in chip form rather than module form as it is generally more cost-efficient for such customers to manufacture the module product as such products mature.

The shift in customer demand from UAV modules to UAV chips developed progressively. Customer A's procurement pattern illustrates this trend and accounted for a substantial portion of the changes in our UAV chip and module sales volumes. Customer A was our largest customer in each year/period during the Track Record Period. Following the launch of new chips, we primarily supplied module products to Customer A and other customers to facilitate their adoption of our chips, as modules

required fewer integration and processing steps on their part than standalone chips. We undertook the initial research and development of these modules and subsequently managed their manufacturing. As the relevant module products matured, Customer A became capable of managing module manufacturing itself. By procuring chips directly and managing module manufacturing across its product portfolio, Customer A could better leverage its own economies of scale and reduce its overall costs compared with purchasing modules manufactured under our management. The following table sets forth the percentage breakdown, by sales volume, of our sales of UAV chips and UAV modules to Customer A for the periods indicated:

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
UAV chips	0.2%	65.9%	3.9%	100.0%
UAV modules	99.8%	34.1%	96.1%	—

In addition to the change in its procurement pattern, Customer A's significantly increased demand for UAV chips for the five months ended May 31, 2026 reflected the expansion of its downstream business. Having previously focused on video-transmission modules and glasses, Customer A began offering complete consumer UAV products in the second half of 2025. Growing sales of these UAV products in overseas markets increased its demand for our video-transmission chips. In addition, our supply constraints in 2025 limited Customer A's procurement volumes, resulting in accumulated demand from its customers. The subsequent fulfillment of this accumulated demand further contributed to its increased procurement of our UAV chips in the five months ended May 31, 2026. For further details of our supply constraints in 2025, please see "Financial Information — Key Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income — Revenue" in this Document.

Our UAV chips generally carry higher gross profit margins than our UAV modules, as modules require additional components procured from third-party suppliers and involve additional assembly and processing costs. We expect the shift in customer demand from UAV modules to UAV chips to continue, including following the commercialization of AR8040, with the sales volume of our UAV chips expected to increase. Given the generally higher gross profit margins of our UAV chips and the expected growth in their sales volume, we expect this shift in product mix to have a generally positive impact on our overall gross profit margin and do not expect this trend to have a material adverse effect on our revenue or gross profit.

The sales volume of our AIoT — Chips increased from 597,781 in 2024 to 905,038 in 2025, primarily driven by the robust demand from AIoT downstream scenarios, especially outdoor sports cameras and industrial inspection cameras. The sales volume of our AIoT — Chips also increased from 364,487 in the five months ended May 31, 2025 to 570,785 during the same period in 2026, primarily driven by the robust demand from AIoT downstream scenarios, especially industrial camera and robotics.

The sales volume of our Smart Wearables — Chips increased from 770 units in 2023 to 63,173 units in 2024 and further to 170,379 units in 2025, and from 68,016 units in the five months ended May 31, 2025 to 165,080 units in the five months ended May 31, 2026, primarily due to the commercialization of our smart wearable chips, in particular ARS4X Series.

Revenue from products launched in each respective period amounted to RMB244.0 million in 2024, RMB38.8 million in 2025 and RMB68.8 million in the five months ended May 31, 2026, representing 54.4%, 7.8% and 30.0% of our total revenue for those periods, respectively. We launched several of our principal new chips in 2024, including the AR9481 and ARS4X-Series chips. In 2025 and the five months ended May 31, 2026, we launched fewer new products and continued to upgrade and refine products launched in 2024 or earlier. Following launch, sales of new products generally increase gradually as more customers adopt them and their commercial deployment expands.

Comparison of Average Selling Prices

The ASP for our products applied to UAVs decreased between 2023 and 2025. Such change was largely attributable to (i) our mass production and volume deliveries of our new wireless video transmission chip, AR8032S. The AR8032S chip carries a lower cost basis as it (a) has a smaller die size primarily due to its more advanced design and process node, and thus requires less wafer material compared with certain earlier generation chips; and (b) uses QFN (quad flat no-lead) packaging, which is less complex and generally less costly than the BGA (ball grid array) packaging used for certain earlier generation products. Such lower production cost enabled us to offer the AR8032S chip and modules incorporating such chip at a lower selling price than the relevant earlier-generation products; and (ii) the strategic transition of our business focus as we expanded, from providing comprehensive end-to-end solutions to offering more standardized solutions, including offering semi-finished modules compared to fully assembled modules, which generally required less customer-specific development, incorporated fewer components, and involved fewer manufacturing and assembly processes, and thus commanded lower selling prices, while supporting customers through technical assistance. In 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, the sales volumes of our fully assembled UAV modules were 18,400, 39,913, 7,622, 2,955 and 1,370 units, respectively, with corresponding ASPs of RMB2,183.5, RMB2,190.5, RMB2,746.2, RMB2,831.9 and RMB2,335.8. During the same periods, the sales volumes of our standardized semi-finished UAV modules were 65,015, 485,866, 585,439, 332,375 and 118,688 units, respectively, with corresponding ASPs of RMB331.9, RMB379.6, RMB284.6, RMB285.3 and RMB237.5.

The ASP of our UAV — Chips increased from RMB51.1 in the five months ended May 31, 2025 to RMB62.2 in the five months ended May 31, 2026, primarily due to a higher proportion of sales of our dual-band chips, which had a relatively higher selling price.

The ASP of our AIoT — Chips remained relatively stable during the Track Record Period. The fluctuation of the ASP of our AIoT-Modules was primarily attributable to the changes in product mix and the variations in the complexity and specifications of module configurations ordered in the respective periods. The increase in the ASP of our AIoT-Modules from RMB203.7 in 2023 to RMB312.4 in 2024 primarily reflected a shift in our product mix toward more comprehensive, customized module kits. Following the initial launch of our ARS31 series, we supplied general-purpose core boards comprising our SoC, memory, power-supply circuitry and interfaces to facilitate customers' product evaluation and validation. These core boards featured relatively simple configurations and were sold at lower prices. Based on customers' evaluations and application requirements, we subsequently developed customized module kits incorporating additional components and more complex configurations. For example, one of our module kit products, developed for a customer's outdoor sports camera applications, comprised a core board, a storage board, a Wi-Fi board, a sensor board and a connecting cable. These customized module kits entailed higher development and production costs and commanded higher selling prices than standalone core boards. Their increased contribution to our sales in 2024 therefore resulted in a higher overall ASP for our AIoT-Modules.

The subsequent decrease in the ASP of our AIoT-Modules to RMB276.0 in 2025 primarily reflected (i) a decrease in the proportion of AIoT-Module revenue attributable to higher-priced fully assembled modules from approximately 4.9% in 2024 to 1.1% in 2025; and (ii) downward pricing adjustments for certain customized module kits as sales volumes increased and their initial customization and development costs were spread over a larger number of units.

The ASP of our AIoT-Modules increased to RMB463.5 in the five months ended May 31, 2026, primarily due to the increased revenue contribution from our higher-performance C Series modules, which accounted for approximately 41.2% of our AIoT-Module revenue during the period. Incorporating our ARS4X Series SoC, which features AI image signal processing capabilities and 6 TOPS of AI computing power, our C Series module offers enhanced wireless transmission performance and supports wireless camera applications at resolutions and frame rates of up to 4K at 60 frames per second. These enhanced capabilities supported its higher selling price relative to our other AIoT-Modules.

The ASP of our Smart Wearables — Chips increased from RMB56.5 in 2023 to RMB69.4 in 2024 and RMB88.1 in 2025, and from RMB88.2 in the five months ended May 31, 2025 to RMB104.9 in the five months ended May 31, 2026, primarily due to (i) product iteration from ARS31 to ARS4X Series, our latest smart wearable SoC, with the ASP in 2024 being lower than that in 2025 as we offered more competitive prices during the initial stage of customer adoption of ARS4X Series; (ii) our commencement of sales of a version of ARS4X Series chips with a larger memory capacity in the five months ended May 31, 2026, which carried a higher selling price; and (iii) the increase in the selling price of the existing version of ARS4X Series chips in the five months ended May 31, 2026 in light of the rising prices of memory components.

The following table sets forth a breakdown of our revenue by products and price range, or the upper-limit of the price range of our major products, as applicable, for the years/periods presented.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
							(unaudited)			
	RMB'000	*RMB per Unit*	*RMB'000*	*RMB per Unit*	*RMB'000*	*RMB per Unit*	*RMB'000*	*RMB per Unit*	*RMB'000*	*RMB per Unit*
SoC products										
UAVs	65,835	—	276,636	—	277,556	—	115,028		130,661	
UAV — Chips	4,078	62.0–263.0	4,794	45.8–267.4	90,010	34.4–154.5	11,833	37.7–278.0	99,278	27.7–160.4
UAV — Modules	61,757	174.7–2,465.5	271,842	127.4–2,998.6	187,546	127.4–2,831.9	103,195	127.4–2,831.9	31,383	70.8–2,831.9
AIoT	34,530	—	153,879	—	164,610	—	73,175		77,221	
AIoT — Chips	12,884	33.4–177.0	46,398	45.2–223.4	70,563	26.1–330.3	31,388	28.0–291.6	46,463	36.2–616.2
AIoT — Modules	21,646	69.5–2,920.4	107,481	69.5–3,362.8	94,047	69.5–3,499.6	41,787	69.5–3,308.0	30,758	120.8–3,362.8
Smart Wearables — Chips	43	No more than 120.0	4,383	No more than 150.0	15,009	No more than 220	6,002	no more than 150	17,322	no more than 220
Subtotal	**100,408**		**434,898**		**457,175**		**194,205**		**225,204**	
Technology Services[1]	4,673		13,799		41,324		5,861		4,273	
Total	**105,081**		**448,697**		**498,499**		**200,066**		**229,477**	

Note:

(1) Technology services primarily consist of non-recurring engineering ("**NRE**") such as product design services and IP incomes. NRE refers to one-time pre-production engineering investments made by customers prior to mass production of their end products, which is a standard semiconductor industry term. Such fees are project-specific and are not expected to recur once the customer's product enters mass production. Product design services refer to the application solution services and chip customization services. For details, please see "— Our Products and Solutions" in this Document.

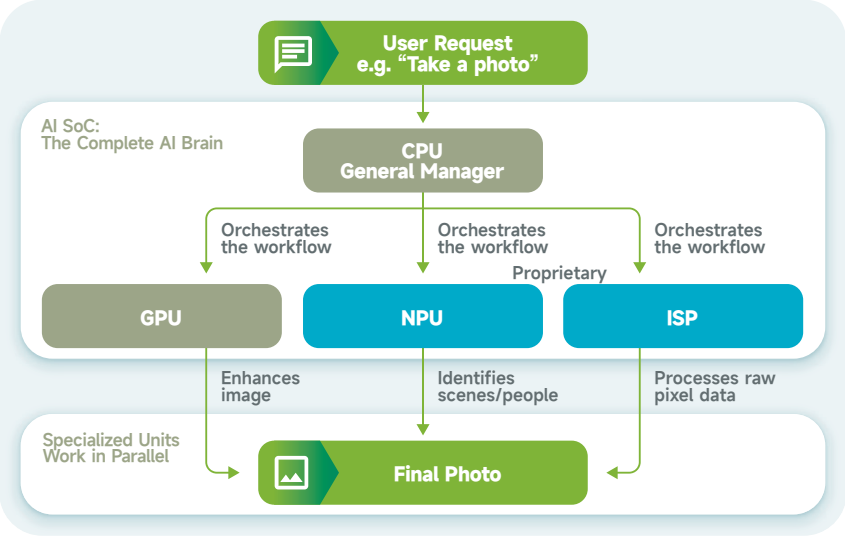
For details of the fluctuation of revenue from different products, see "Financial Information — Key Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income — Revenue."

UAVs

UAV applications require SoC solutions with high performance, efficiency and reliability. High performance requires high-quality real-time visual capture and processing, on-device AI inference for intelligent vision functions, multi-spectral imaging capabilities for complex environments, and image quality enhancement specifically for dynamic flight scenarios. Efficiency requires low power consumption suitable for portable UAVs and reliability requires reliable system integration and data transmission capabilities.

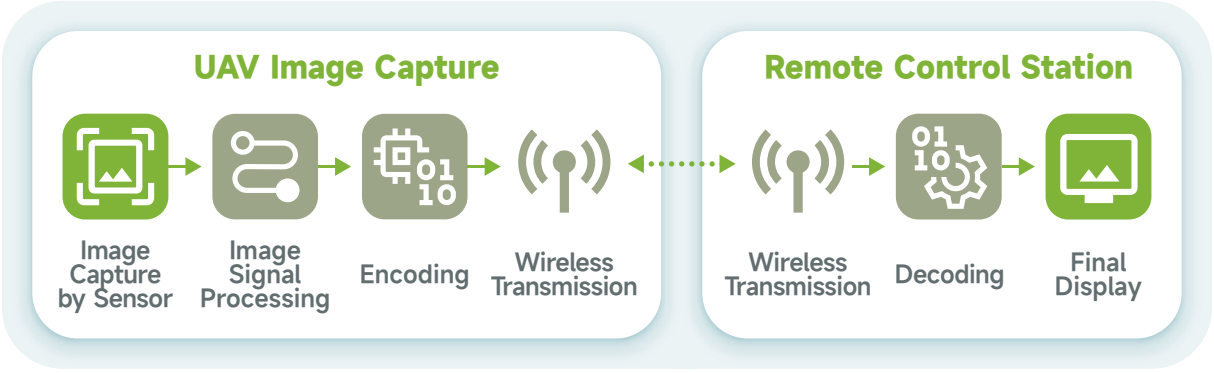
We provide visual processing AI SoC and wireless video transmission SoC products and solutions for UAV applications. We enable UAVs with core functions including picturing and recording, obstacle avoidance and collision prevention, navigation, and target recognition and tracking, as well as low-latency and high-stability video transmission. Our visual processing AI SoC products integrate multiple processing components, including technology IP across NPU and ISP, and are optimized for multimedia imaging and on-device AI workloads in UAV systems. Our latest visual processing AI SoC integrates the technology IP of multi-core high-performance NPU suitable for AI inference, and dedicated vision accelerators supporting advanced vision-related functions.

The following diagram illustrates the application of our visual processing AI SoCs.



To support end-to-end UAV visual data processing and transmission, we also provide dedicated video transmission SoCs that handle encoding, modulation and stable transmission of image and video data. These video transmission SoCs enable long-distance, low-latency and anti-interference communication through protocol optimization and interference mitigation, while reducing reliance on external components and supporting reliable data transmission in UAV applications.

The following diagram illustrates the application of our video transmission SoCs.



Moreover, rather than offering isolated SoCs and modules, our solutions integrated software tools that emphasize system-level integration and scenario-driven optimization, enabling UAV manufacturers to shorten development cycles, reduce system complexity and enhance overall flight and imaging performance across both consumer and industrial use cases.

Product and solution advantages

Our product and solution advantages in UAV applications are built around the integrated optimization of visual sensing, on-device AI computing and wireless transmission. By deeply integrating visual processing AI SoCs, wireless video transmission technologies and FPV display systems, we are able to address key UAV requirements including multi-spectral imaging in low visibility environment, thermal imaging, low-latency end-to-end transmission, energy-efficient operation and reliable performance in complex environments.

The key advantages of our product and solution supporting the above capabilities are summarized in the table below.

Key advantages of our products and solutions	**Description**
Multi-spectral and multi-modal intelligent image processing	Proprietary AI ISP that integrates deep learning models to enable adaptive image quality enhancement and supports both visible-light and infrared thermal imaging, enabling reliable visual perception and target recognition under complex conditions, such as motion-intensive scenes and outdoor lighting, backlit, nighttime and low-visibility environments.
High-performance on-device AI computing	Proprietary high-performance NPU and dedicated vision accelerators, supporting real-time edge AI inference, reducing reliance on cloud computing and supporting super-resolution, noise reduction and video enhancement with optimal energy efficiency.
Low-latency end-to-end visual pipeline	Optimized integration of image capture, visual processing, AI inference and transmission enables near-real-time synchronization from sensing to display, which is critical for precise control and FPV applications.
Energy-efficient design for UAVs	Close coordination between the AI ISP and the NPU delivers real-time intelligent processing under strict power constraints, supporting cost-effective portable edge AI deployment for UAVs.
Integrated transmission and FPV experience	Proprietary wireless video transmission technology delivers stable, interference-resilient and low-latency communication, enabling immersive and responsive FPV experiences through compatible AR/AI glasses and display systems.
One-stop integrated UAV solution	Seamless integration of image processing, computing and transmission functions within our SoC solutions reduces system complexity, shortens development cycles and lowers overall integration and deployment costs for customers.

Together, these product and solution advantages enable us to provide comprehensive, high-performance and energy-efficient UAV solutions that address diverse use cases across consumer-grade and industrial UAV applications, positioning us as a competitive and trusted technology partner within the UAV ecosystem. Moreover, our products and solutions seamlessly integrated AI-powered visual capabilities, which include intelligent subject tracking, dynamic flight pathing, and multi-sensor obstacle avoidance. The following table demonstrates the advantages of our product and solution applications in various scenarios.

Type	Primary Applications	Core Intelligent Features
Consumer	Aerial photography, recreational flight, and high-fidelity content creation.	**Auto-Follow:** Precise, hands-free tracking of moving subjects. **Orbit Flight:** Automated circular trajectories for dynamic cinematic footage.
Industrial	Infrastructure inspection, surveying, search and rescue (SAR), and precision agriculture.	**Obstacle Avoidance:** Multi-sensor fusion for real-time barrier navigation and mission continuity. **Mission-Critical Stability:** High-resolution capture in challenging environmental conditions.
FPV/Immersive	Professional racing, specialized inspections, and immersive visual monitoring.	**Ultra-Low Latency:** Near-real-time synchronization between visual capture and AR/VR HMD. **Real-Time Data Overlay:** Intuitive visual interaction for enhanced operational efficiency.

Featured Products

During the Track Record Period, we launched several world-first SoC products possessing better technical capabilities with greater adaptability to different applications scenarios, which enabled our products to enter into a broader market, set us apart from our competitors and drove the improvement in our revenue and gross profit margin in 2024 and 2025. Our latest visual processing AI SoCs integrate multiple processing components including the technology IP of NPU and ISP and optimized multimedia imaging processing with AI capabilities. Our SoCs integrate an proprietary 8TOPS NPU ideal for AI tasks and a dedicated vision accelerator fully supporting functions including optical flow. Our visual processing AI SoC also offers extensive multi-spectral sensor capabilities, allowing direct interfacing with full-resolution thermal imaging detectors and enabling AI-powered visible light-thermal fusion. Moreover, designed for energy efficiency, our visual processing AI SoC operates within a 0.65V to 1.0V range with a typical power draw of three to four watts, and as little as one watt in certain scenarios. The design thus delivers ideal visual processing AI SoC products and solutions for portable and power-constrained devices.

The following table sets forth the details of our latest visual processing AI SoC for the UAV market, being the world-first multispectral visual processing AI SoC that integrates both visible-light and infrared ISP as well as high-performance NPU and visual DSP.

Product	Picture	Key Performance Parameters
AR9481		• Quad-CPU, single-DSP, low-power RISC-V MCU • Integrated NPU delivering up to 8 TOPS, enabling smooth execution of NLP and large-scale visual models • Video processing capability up to 4K at 60 frames per second • Built-in high-definition thermal and visible light AI ISP • Built-in computing vision accelerators tailored for UAV, AIoT, and smart wearable applications

Our latest wireless video transmission SoC consolidates all essential components for wireless connectivity and computing onto a single chip. Our wireless transmission SoC is featured by advantages in wireless transmission range and anti-interference capability surrounding (i) advanced SoC Bus and architecture design, (ii) optimization of data movement and (iii) buffering and pipelined parallel processing across ISP, codec and communication modules, with supporting coverage achieving a spectrum from 150MHz to 7GHz and extended the transmission range of over 20 km, meeting global application requirements across various industries. Our SoC includes the technology IP of power management units and wireless transceivers. By integrating these elements, our wireless communication SoCs enable compact, power-efficient and cost-effective designs for UAVs, allowing them to perform complex communication tasks and local data processing without requiring multiple discrete components. Moreover, compared with traditional Wi-Fi or Bluetooth based wireless communication SoC, we leverage the TDD principle and key technologies such as OFDM and MIMO, significantly enhance spectrum utilization of SoCs.

The following table sets forth the details of our latest wireless video transmission SoC for UAVs, being the world-first wireless video transmission SoC (i) powered by a single chip that supports both baseband and radio frequency channel with bandwidth ranging from 5 to 40 Megahertz; and (ii) supporting 150 MHz-7 GHz full-band wireless video transmission with a transmission range over 15 kilometers. It also possess a competitive advantage in supporting networking function and allows for adaptation to a wider spectrum of application scenarios in both customer and industrial application scenarios.

Product	Picture	Key Performance Parameters
AR8032S		• Frequency Range: 150 Megahertz–7 Gigahertz • RF Channel Bandwidth: 5/10/20/40 Megahertz • Typical Communication Range: over 20 km at 5.8 Gigahertz • Peak Data Throughput: 160 Megabits per second • Supported Network Modes: Point-to-Point, Point-to-Multipoint and Mesh Networking

Case Study

As a key component for the UAV's visual system, our wireless video transmission SoC, being one of the most advanced wireless video transmission SoC available in the market, extends the UAV's point-to-point transmission distance, ensuring exceptional data link stability and reliable image reception within complex operational environments. Our wireless video transmission SoC supports a transmission range of up to 2 kilometers in agricultural UAV deployments, enabling high-definition farmland imagery and flight data to be transmitted to the ground control station in real time, allowing operators to continuously monitor the UAV's operational status throughout the mission. Leveraging the low-latency transmission capability of our wireless video transmission SoC, agricultural UAVs are able to conduct real-time acquisition and analysis of farmland imagery during operation, ensuring the timeliness and accuracy of data required for precision-targeted spraying and thereby improving overall operational efficiency.

The following picture demonstrates an agricultural UAV in use.

AIoT

In the AIoT market, we offer AI enabled SoC products and solutions for various applications, ensuring smooth transmission and on-device visual processing. In particular, we provide visual processing AI SoC and wireless video transmission SoC products and solutions to achieve high definition, real-time and long-distance visual transmission, further integrated visual intelligence across consumer, enterprise and industrial application scenarios.

Our visual processing AI SoC products are widely used by various smart devices in the AIoT area, such as action cameras, robot vacuums, smart cameras and smart doorbells. With strong IC design capabilities, we provide visual processing AI SoC products and solutions in various application scenarios. In particular, we improve the functions of action cameras with visible light sensing, intelligent target tracking and multi-spectral capabilities. We also enable robot vacuums with functions such as precision obstacle avoidance and efficient on-device processing. In particular, we enhance the performance of smart devices in the AIoT devices from the following aspects:

- **Visible light capabilities.** With ISP technology, we provide visual processing AI SoC engineered for low-light environments, enabling action cameras with real-time obstacle recognition ability to identify and categorize objects with millimeter precision and dynamic path planning functionalities in real environments.
- **Intelligent target tracking with low-latency.** Utilizing proprietary NPU technologies, we enable smart devices with strong on-device computing capabilities. Smart devices are therefore able to process sensitive visual devices with privacy and instantaneously react to moving objects without cloud lag.

- **Thermal imaging integration.** Integrated three core technologies, we enable smart devices with thermal imaging capabilities to fuse visible light with infrared data, expanding smart device application scenarios to include such as wild life observation for action cameras.

Moreover, leveraging IC architectures for intelligent transmission, we optimized power consumption for on-device AI processing. Our SoC products and solutions provide stable wireless connections for home security cameras while optimizing power consumption and enable robotic vacuums with obstacle avoidance sensing and surface-aware decision-making capabilities.

Featured Products

AR9481 and ARS31 feature our latest models of visual processing AI SoC products and AR8032S features our latest model of wireless video transmission SoC in the AIoT market. See "– Our Product and Solution Applications – UAVs – Latest Progress" in this section for details on AR9481 visual processing AI SoC and AR8032S wireless video transmission SoC.

The following table sets forth the details of our ARS31 visual processing AI SoC products.

Products	**Picture**	**Key Performance Parameters**
ARS31		• Multi-channel video-in up to 5-megapixel • 2TOPS computing • Built-in thermal and visible light AI ISP • SiP (System-in-Package) of an application Processor and 2Gb DDR memory

Case Study

Leveraging our proprietary wireless transmission IP, we provided wireless video transmission SoC solutions to a wireless HD video transmission device provider. Our SoCs enable production teams to monitor two camera feeds simultaneously from a single receiver with perfect synchronisation, with low-latency transmission supporting precision tasks such as real-time focus pulling and gimbal coordination, and long-range capability ensuring reliable performance on expansive outdoor sets where traditional cabling is impractical. The SoC adaptively performs rapid frequency hopping and dynamically adjusts modulation strategies in complex, high-interference environments, keeping video feeds smooth and interference-free in RF-congested venues including sports arenas, news reporting environments and large-scale live events. Dual-interface support for HDMI and SDI, and plug-and-play design further extend the solution's compatibility across professional cinema, virtual production studios and large-scale enterprise monitoring environments including convention centers, industrial sites and emergency response operations where physical access may be restricted.

Smart Wearables

We offer visual processing AI SoC products and solutions for smart wearables applications, mainly for the use of AR/AI glasses, enhancing photography, AR display and video viewing capabilities while achieving high power efficiency. Leveraging our advanced technical capabilities, we have developed core proprietary technology IPs that enable differentiated system-level performance in AR/AI glasses.

Our SoC products and solutions are designed to deliver high-quality video processing and support on-device 3DoF spatial computation. We specialize in AR and spatial computing architectures, focusing on the integration of key components with high-performance perception and computing capabilities to achieve efficient, real-time visual processing within compact and power-constrained form factors. By focusing early on use cases and collaborating closely with leading customers, we continuously refine our SoC architecture and IP designs to address complex application requirements. Specifically, our comprehensive SoC products and solutions address four critical functions of smart wearables:

- **Immersive Video Viewing.** As the foundation of our strategic business layout, we offer a competitive suite of features, including terminal-level 2D-to-3D conversion, which provides immersive 3D experiences without the need for specialized content.

- **Photography.** Our SoC computing capabilities enable solid video processing, delivering high-definition clarity across diverse and complex lighting environments.
- **AR Display.** we facilitate seamless image translation and virtual overlays, enabling the real-time integration of digital data with physical environments to improve interaction and information efficiency.
- **Multiple interfaces.** Engineered for high-performance smart wearable devices, our visual processing AI SoC products leverage interfaces including Display Port 1.4 and USB 3.0 to ensure connectivity.

Product and Solution Advantages

Our diverse application capabilities are underpinned by three core technologies, with a focus on enhance image quality while achieving low power consumption. Our dedicated ISP and NPU ensure smooth operation for demanding tasks like image processing, AR rendering, and 2D-to-3D conversion, ideal for high-quality photography and video viewing experiences on portable devices. Moreover, our SoC products offer superior power consumption performance in the market. This low power consumption product capability enhances the overall user experience for smart devices including AR/AI glasses, as our SoC products for AR/AI glasses operate at power consumption levels of approximately 250mW under general operating conditions, which is lower than the average market power consumption level at 300–600mW, according to Frost & Sullivan. In particular, we accumulated over a decade of dedicated R&D in the field of ISP. Our ISP technologies have been highly optimized for specialized applications including high-end cinematography and AR glasses.

Featured Products

ARS45 features our latest visual processing AI SoC in the smart wearables market.

Product	Picture	Key Performance Parameters
ARS45		• SiP (System-in-Package) of AR9481[(1)] SoC and 4Gb DDR memory • 10mm x 8mm tiny package suitable • Cost and size-sensitive replacement for AR9481

Note:

(1) For more details on the key performance parameters of AR9481, please see " — Our Product and Solution — UAVs — Featured Products."

Case Study

We collaborated with a smart wearable company in providing consumer-grade AR glasses, delivering visual processing AI SoC products and solutions to enhance real-time image processing, on-device computing and low-latency data transmission functionalities essential for AR glasses. Our SoC achieves an end-to-end display latency of approximately 3ms through an optimized data processing path comprising three signal processing nodes and two transmission paths, with row-by-row frame correction enabling real-time display compensation. It delivers a maximum 120Hz refresh rate and 1080P binocular resolution, providing fluid visuals that mitigate motion sickness in immersive viewing applications. The integrated NPU and ISP support on-device 3DoF spatial computation and AI inference within the power constraints of the device, while the SoC's architecture minimizes overall power consumption to meet the lightweight design requirements of AR glasses.

The following picture demonstrates the user scenario for AR glasses equipped with our visual processing AI SoCs.

CORE TECHNOLOGIES

Overview

We translate advanced R&D in imaging, artificial intelligence and communications into robust solutions, creating a distinct market advantage in the highly competitive chip industry. These competencies are driven by our focus on innovation and continuous improvement in visual processing, computing and transmission capabilities. As of the Latest Practicable Date, we had 25 image processing and transmission related patents, including thermal imaging related invention related patents, 14 integrated circuit layout design registrations, 14 software copyrights, 11 registered trademarks, and six registered domain names in China.

We possess three interconnected core capabilities designed for SoC solutions, namely: intelligent image processing, computing and transmission. Intelligent image processing utilizes a proprietary ISP to perform visual processing and intelligent analysis on sensor data, with the ISP responsible for image quality enhancement and the NPU applying AI algorithms for further optimization and intelligent analysis, in respect of visual data output from image sensors procured from third-party suppliers. We then handle the processed data with the intelligent computing component, which uses an optimized and power efficient AI processor for advanced intelligent computing. With intelligent transmission capability, we then ensure the efficient and reliable output of the information through an optimized internal signal chain that reduces data latency, utilizing a proprietary wireless transmission SoC for real-time data transfer. From sensing and capturing the physical environment, to processing collected visual data, and to transferring digital data to and from devices, these three functions work in concert to deliver an integrated, efficient visual processing and transmission solution for smart device products.

The following diagram illustrates our three core technologies used in various scenarios.

Intelligent Image Processing Achieved by AI ISP Technology for Thermal Imaging and Visible Light

Our ISP technologies for visible light and infrared thermal imaging form the technical foundation of our intelligent image processing capabilities, defining how visual information is acquired, processed and optimized at the front end of AI visual systems. Through ISP-level processing, our technologies support the acquisition, processing and optimization of visual information at the front end of AI visual systems, enabling high-quality visual outputs under various lighting conditions and complex environments.

For visible-light imaging, our ISP technologies focus on image quality and visual stability under diverse lighting conditions. They support functions such as HDR high dynamic image fusion, image edge enhancement, image contrast improvement, 2D/3D noise reduction and electronic image stabilization, enabling reliable performance in scenarios including complex outdoor lighting changes, backlighting, nighttime environments and motion capture.

For infrared thermal imaging, our ISP technologies incorporate specialized processing designed for data from focal plane temperature sensors. Through dedicated algorithms and ISP-level optimization, our solutions enable effective thermal-imaging signal processing and support integration with visible-light imaging.

Over the past ten years, driven by application requirements and iterative innovation across four generations of SoCs, we have independently developed a portfolio of visible-light ISPs, infrared thermal-imaging ISPs and spatial-computing CV operators. We can independently develop both visible-light ISPs and infrared thermal-imaging ISPs, and our capabilities have been recognized by leading industry customers.

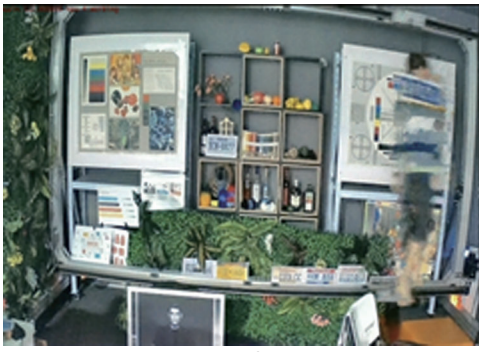
Our SoC solutions support a wide range of image detector interfaces, while the integrated ISP incorporates specialized algorithms dedicated to processing data from focal plane temperature sensors. Key technical characteristics include:

- **Latency.** With preparatory ISP processing, our SoC solutions achieve an end-to-end latency of less than 10 ms, spanning the full pipeline from image sensor output to display rendering.
- **Optimized power efficiency.** We continuously reduce the power consumption of smart devices, significantly enhancing energy efficiency for power-constrained scenarios.
- **Visual processing.** Our SoC supports real-time processing of visible-light signals at a resolution of 4K at 60 fps, enabling high-fidelity visual data handling.
- **Multi-channel scaling capabilities.** The ISP subsystem integrates four independent on-chip scalers (supporting scaling ratios from 1/64 to 2×), complemented by two external one-input-four-output scalers, providing flexibility for multi-resolution image adaptation.
- **Dedicated CV ISP subsystem.** The CV ISP module integrated in our SoC solutions supports two-channel mono sensor input and operates independently without consuming resources allocated to the RGB ISP.

Together, these ISP technologies establish a stable and efficient technical foundation for intelligent image processing, enabling reliable visual perception across visible-light and infrared thermal-imaging scenarios.

The following comparison demonstrates the image enhancement achieved by our proprietary AI ISP, which enhances the night vision quality of the image.

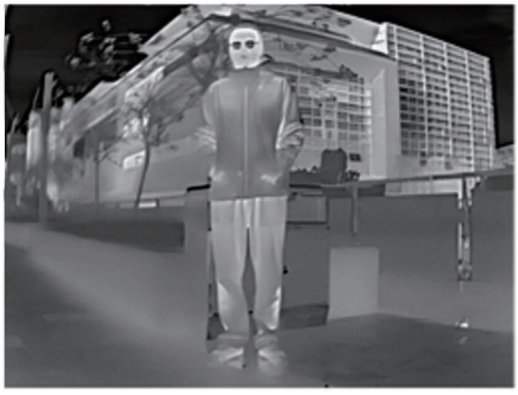
Before



After

The following comparison in image quality demonstrates the thermal imaging capabilities of our ISP, which significantly increases the resolution of the image:

Before



After

Intelligent Computation Supported by NPU for On-device Computing

Intelligent computing serves as the core of visual AI processing systems, enabling the analysis, recognition, and decision-making of visual data collected by the perception layer. As large-scale models continue to drive the demand for edge intelligence, smart device industries require SoCs with greater computing capacity.

We have made long-term strategic investments in intelligent computing technologies to support high-quality and energy-efficient on-device AI processing. Our NPU serves as the core computing engine for on-device computing within visual AI systems, enabling efficient recognition and processing of multidimensional information.

To address the diverse and evolving requirements of intelligent vision applications, our intelligent computing architecture integrates the technology IP of DSP and NPU, together with a continuously expanding set of custom operators, providing flexible support for different computing workloads. Within this architecture, the NPU is designed to handle AI inference tasks efficiently while balancing computational performance and energy consumption, forming the computing foundation for multidimensional information recognition and processing.

The intelligent computing architecture of our mass-produced SoCs has advanced to the third generation, incorporating features such as high DDR bandwidth compression, low quantization loss, dynamic graph inference support, and structured and unstructured sparse computing. Through these architectural optimizations, our NPU achieves enhanced energy efficiency that reaches up to 12 TOPS/W.

In response to market demand for higher computational efficiency, our visual processing AI SoC AR9481 integrates a proprietary NPU delivering a peak computational performance of 8 TOPS. Through systematic architectural enhancements, this NPU achieves smooth execution of NLP and large-scale visual models, thereby lowering system power consumption and overall operating costs.

Through NPU-based on-device computing, our intelligent computing technologies provide efficient and flexible computing support for a wide range of intelligent application scenarios. Leveraging the architectural features of our NPU and its integration within our SoC solutions, our on-device computing capabilities support the following representative processing workloads:

- **Image processing.** Supporting on-device visual enhancement and analysis tasks, including image enhancement, video denoising, image super-resolution, and AI Codec processing, improving visual data quality and processing efficiency without reliance on cloud resources.
- **Security analysis.** Enabling real-time intelligent analysis functions such as face recognition and detection, crowd counting, crowd anomaly detection, single- and multi-target tracking, and target classification and detection, supporting continuous on-device monitoring and automated situational analysis.
- **Intelligent robotics.** Supporting core perceptual and operational functions, including audio noise reduction, speech recognition, image and semantic segmentation, dense depth estimation, AI-aided SLAM, obstacle detection, and optical flow computing, enabling autonomous navigation and interactive operation of robotic systems.
- **Large language model processing.** Supporting natural language processing-related tasks, including causal language generation, BERT-based semantic processing, open-vocabulary object detection, intelligent information retrieval, and text summarization, enabling on-device language understanding and human machine interaction.
- **AR systems.** Underpinning on-device spatial perception and interaction capabilities, including scene understanding, motion analysis, eye tracking, visual feature extraction and description, and gesture and posture recognition, forming the computing foundation for immersive and interactive AR experiences.

Through NPU-based on-device computing, these capabilities collectively form the core of our intelligent computing technology, enabling efficient recognition and processing of multidimensional information within Visual AI systems while balancing computational performance and energy consumption.

Intelligent Transmission Featuring Wireless Baseband for Long Distance and Efficient Transmission and RF Technology for Stable Transmission

Our wireless baseband technology serves as the core implementation layer of our intelligent transmission capabilities, enabling efficient and reliable transmission of perceptual data and computational outputs within visual AI processing systems. By integrating long-distance and low-latency communication and anti-interference capabilities at the RF+baseband level, our solutions support stable connectivity across complex and demanding operating environments.

Leveraging wireless transmission technologies, we offer wireless video transmission SoCs empowering smart devices from the following aspects:

- **Long-distance transmission.** We facilitate a wireless video transmission range of over 20 kilometers. By utilizing transmission technologies such as orthogonal frequency division multiplexing (OFDM), low-density parity-check (LDPC) coding and multiple-input multiple-output (MIMO) with spatial diversity, we boost spectral efficiency and receiver sensitivity, thereby extending transmission range without increasing power consumption. We thus balance reliability, speed and coverage of our wireless video transmission SoC products and solutions.
- **Stable and resilient AI transmission.** We embed intelligent processing directly into wireless transmission to enhance both performance and reliability. Our SoCs are optimized for scenarios requiring ultra-long-distance coverage, ultra-low-latency and large-scale flexible networking. Through adaptive transmission mechanisms, including dynamic channel selection, real-time modulation and coding adjustment, and fast, low-latency error handling and retransmission embedded in the transmission process, our solutions maintain stable and continuous connectivity under varying signal and interference conditions. These capabilities enable robust communication performance even in complex and harsh environments, such as industrial settings and air-ground integrated applications.
- **Flexible bandwidth.** Our SoC products and solutions support various physical configurations, meeting a variety of diverse transmission requirements. In particular, our AR803X series supports wide frequency range from 150MHz to 7GHz with 2T2R capability, allowing for flexible, software-defined configurations that adapt to global regulatory standards and diverse industrial environments.
- **Multi-user transmission.** We enhance SoC performance through architecture designs. A 4-to-1 architecture design facilitates a single access point to receive simultaneous image data from four separate devices.
- **Scalability.** The wireless transmission technology IP enables scalable deployment, facilitating complex network construction and large-scale scenarios involving multi-node and multi-device architectures.

Our intelligent transmission technology leverages FCC-, CE- and SRRC-compliant ISM frequency bands and transmit power to achieve long-distance image and data transmission over 20 km and glass-to-glass latency under 40 ms from image sensor input to display output. These performance characteristics provide comprehensive support for real-time transmission requirements in applications demanding long-range, low-latency and interference-resistant connectivity. These performance characteristics position us as a leader in the visual processing AI SoC product and solution industry.

Through wireless baseband-based transmission, these capabilities collectively form the technical foundation of our intelligent transmission technology, enabling long-distance, efficient and stable data transmission within visual AI processing systems while meeting the requirements of low-latency and high reliability.

RESEARCH AND DEVELOPMENT

R&D Philosophy

With a deeply rooted engineering culture, we prioritize technology innovation, seamless collaboration and efficient production throughout the R&D process. We foster a dynamic exchange of ideas and are dedicated to delivering high-performance visual SoC products and solutions with precision craftsmanship. Our R&D encompasses the entire product lifecycle, emphasizing critical product defining at the earliest stages to meet the demands of smart device industries such as UAVs, AIoT and smart wearables.

Recent R&D Projects

We are strategically investing in next-generation IC architectures to reinforce our technological competitiveness in key growth markets. Our primary R&D focus is on two core series designed to advance performance and enable new applications.

The AR95 Series is a foundational shift towards an advanced process. This project targets substantial gains in power efficiency and cost structure through enhanced near-memory and in-memory computing capabilities. Scheduled for launch and mass production in 2027, the series is positioned for smart wearable devices-including AR/AI glasses, and watches-as well as for embodied and multimodal on-device artificial intelligence inference, promising solid imaging performance and support for a wider array of image sensors.

We are also developing an advanced product. This product series is engineered to deliver integrated, high-performance solutions for autonomous platforms such as drones and robotics, with an expected launch and mass production in the next two years. It aims to significantly improve transmission distance and interference resistance. Key characteristics include a highly integrated design that converges image signal processing, AI computing, and wireless transmission into a single, compact module, resulting in markedly lower power consumption, reduced latency, and a smaller form factor.

Moreover, we intend to undertake R&D initiatives focused on in-memory computing SoCs and AI application processors for edge computing applications.

Process

Our comprehensive R&D process primarily includes key stages of (i) customer engagement, (ii) technical assessment and (iii) design and execution. Our R&D approach built on a profound understanding of customers' requirements, fostering seamless collaboration from the earliest stages. We compete in a fast-evolving industry and technology advancement often renders products and processes obsolete. Leveraging product defining capabilities, we provide end-to-end solutions for the UAV market, including goggles, video transmission, and imaging systems (visible light and thermal). For AIoT market, we continue to explore market opportunities with wireless video transmission R&D capabilities. We also provide products and solutions supporting advanced image processing and 3DoF for smart wearable markets. Benefited from years of dedicated R&D cycles, we possess proprietary technologies and deliver peak performance, efficient debugging support, and a downstream-friendly toolchain. See "Value Proposition" for further details on our product defining capabilities.

Based on initial customer engagement, our sales team is responsible for initially evaluating the commercial viability of market opportunities, which involves gathering detailed market information and working with the R&D team in assessing the opportunities. Our sales team then collaborates with the R&D team for joint technical feasibility assessment based on market trends, competitor analysis and specific chip performance requirements.

Upon the completion of technical assessment, our R&D team plans detailed manpower and timeline for sales to finalize execution milestones which mainly includes customer sign-off, tape-out and test acceptance. At the execution stage, our R&D team is responsible for in-house chip design, encompassing in-house algorithm development, front-end design and back-end design. We then engage third-party service providers in design tape-out and packaging, a process requiring collaborations with foundries for fabrication, wafer cutting and assembly of dies. The engineered sample units are subjected to rigorous testing. Any identified discrepancies are addressed through formal methodologies such as ECO.

We conduct a majority of our R&D activities in-house. In line with market practice, for certain non-core R&D activities in the chip development cycle — primarily back-end physical design and final test engineering support — we engage specialized third-party service providers on a project-by-project and on an as-needed basis.

The following table sets forth a breakdown of our R&D expenses by in-house and outsourced activities during the Track Record Period:

	Year ended December 31,			Five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
Total R&D expenses *(RMB'000)*	136,546	139,884	85,301	30,143	39,637
Outsourced development and testing expenses *(RMB'000)*	14,772	1,089	5,713	420	1,764
— as a % of total R&D expenses	10.8%	0.8%	6.7%	1.4%	4.5%
In-house R&D expenses *(RMB'000)*	121,774	138,795	79,588	29,723	37,873
— as a % of total R&D expenses	89.2%	99.2%	93.3%	98.6%	95.5%

Our outsourcing arrangements in respect of R&D activities during the Track Record Period comprised of two categories. Under both arrangements, fees are payable on a fixed basis and there is no profit or loss sharing mechanism between us and the service providers.

(i) Back-end physical design services

We engage specialized third-party service providers to carry out back-end physical design services for our SoC products. The material terms of such arrangements are set out below:

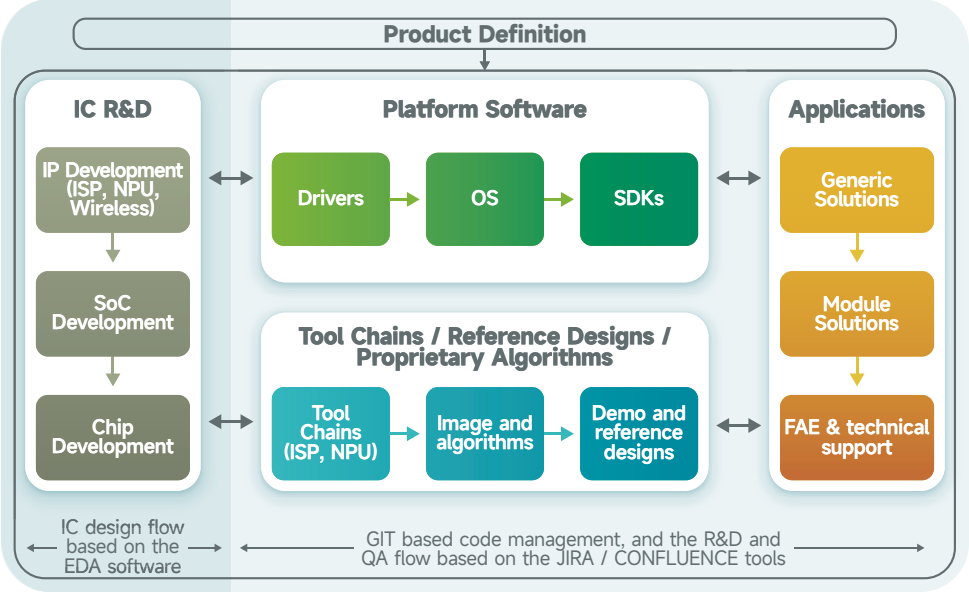
- ***Scope of work:*** The service provider is responsible for carrying out back-end physical design activities, including physical layout, timing analysis, power analysis and physical verification, and delivering the final design outputs. We provide the necessary technical inputs, such as RTL code and timing constraints, to facilitate the commencement of the work. The service provider is generally not permitted to sub-contract any part of the work to any third party without our prior written consent.
- ***Fees and pricing:*** Fees are fixed and payable in milestone-based installments tied to key project deliverables, such as initial data delivery and tape-out. In the event of termination prior to completion, fees are settled on a pro-rata basis by reference to the milestone stage reached at the time of termination.
- ***Intellectual property:*** All intellectual property rights arising from the engagement, including all outputs produced by the service provider, vest exclusively in us upon creation. The service provider has no right to retain, use, license or sub-license any such intellectual property following completion or termination of the contract, and may be required to deliver or destroy all work products upon termination.
- ***Confidentiality:*** The service provider is subject to strict confidentiality obligations in respect of all technical information and proprietary data disclosed during the engagement, which survive termination of the contract.
- ***Termination:*** Either party may terminate upon material breach. If we terminate without cause, fees are settled based on milestones reached. The service provider may not terminate without cause without refunding fees and compensating us for resulting losses.

(ii) Testing engineering services

We also engage third-party service providers for final test engineering services in connection with our SoC products. This category of engagement is testing support services in nature, whereby the service provider provides customized testing hardware and engineering support to facilitate our production testing process in accordance with our chip specifications. As such, no intellectual property ownership arrangements arise from these engagements. The material terms of such arrangements are set out below:

- ***Scope of work:*** The service provider is responsible for providing customized testing hardware and engineering support in accordance with the chip specifications provided by us. Acceptance testing is conducted upon delivery to verify conformance with our requirements.
- ***Fees and pricing:*** Fees comprise fixed service items payable in installments, with ancillary services such as logistics and packaging billed on an actual-cost basis and settled periodically.
- ***Confidentiality:*** The service provider is subject to confidentiality obligations in respect of all technical and business information received in the course of the engagement, including chip specifications and related proprietary information.
- ***Termination:*** Either party may terminate the arrangement upon prior written notice. In the event of termination by us prior to commencement of services, no fees are payable. Following commencement, fees are settled by reference to services rendered.

The following diagram illustrates our R&D process.



Expertise

Our R&D team is responsible for determining the necessary technologies by comparing customer needs against competitor solutions and existing in-house SoCs or modules. We adopt R&D approach where software upgrades complement hardware iteration. We experiment with technology innovations through software upgrade and integrated the functions into our SoC, while unmet needs trigger new technical requirements for future product roadmap developments to enhance next-generation chip performance.

As of May 31, 2026, our R&D department has a team of 133 research professionals, accounting for 71.1% of our total workforce. Our R&D department is structured in three integrated divisions governing SoCs, software and application-specific solutions. Dr. Shen Bo, our Co-founder and Chief Technology Officer, leads our R&D department and is in charge of research technology development and SoC design, Dr. Shen has over 20 years of R&D and project management experience in the semiconductor industry with particular emphasis on SoC design. Dr. Shen Sha, our R&D director of vision and NPU department, leads R&D across three domains including video codec, digital image processing, and deep learning hardware accelerators, in which Dr. Shen Sha has more than ten academic publications and patents under his name. Mr. Li Zheng, our director of digital communication, leads our R&D in digital baseband and RF design. Mr. Liu Hongming, our director of software design, leads our software R&D including IC validation, SDK development, and reference design development. Mr. Wu Jun, our director of IC engineering, leads our IC engineering R&D which includes system-level IP development and verification, SoC front-end design and verification, synthesis, DFT, back-end implementation and sign-off, package design and simulation, and production CP/FT testing.

Financial Resources

During the Track Record Period, we incurred RMB136.5 million, RMB139.9 million, RMB85.3 million, RMB30.1 million and RMB39.6 million R&D expenses in 2023, 2024, 2025, and the five months ended May 31, 2025 and 2026, respectively, accounting for 129.9%, 31.2%, 17.1%, 15.1% and 17.3%, respectively, of our revenue for these periods. We incurred R&D expenses primarily for improving the design and expanding applications of our SoCs.

OUR CUSTOMERS

Our customers are distributors and direct sales customers, which mainly include technology manufacturers and product sellers.

During the Track Record Period, our products were primarily sold in the PRC.

Sales Channels and Marketing

We take a customer-centric marketing approach to build and expand our business relationships. We proactively engage with industry leaders and key players to explore collaboration opportunities. At the same time, we participate in or attend major industry exhibitions to enhance brand visibility and promote our products and services, which we believe helps gain traction with small and medium-sized customers. In addition, we have collaborated with distributors to enhance the brand recognition and market acceptance of our products. We collect feedback directly from customers and partners to garner insights that help drive our business and operations forward. As we continue to expand domestically and globally, we strive to enhance our sales and marketing network to ensure that we continue to have a robust market coverage.

Our products are sold through both direct sales and distribution, which aligns with standard practice in the semiconductor industry, according to Frost & Sullivan.

The following table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the years/periods indicated:

	Year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	101,717	96.8	277,545	61.9	438,461	88.0	164,611	82.3	192,208	83.8
Distribution	3,364	3.2	171,152	38.1	60,038	12.0	35,455	17.7	37,269	16.2
Total	105,081	100.0	448,697	100.0	498,499	100.0	200,066	100.0	229,477	100.0

Direct Sales

As of December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, we have 81, 92, 84, and 65 direct sales customers, respectively. In 2023, 2024, 2025, and the five months ended May 31, 2026, revenue from our direct sales amounted to RMB101.7 million, RMB277.5 million, RMB438.5 million, and RMB192.2 million, respectively, representing 96.8%, 61.9%, 88.0%, and 83.8% of the total revenue for the respective periods.

We adopt direct sales for our UAVs, AIoT, and smart wearables customers in light of the relatively concentrated customer base for our products. We typically reach our direct sales customers through reaching out to the top users and suppliers of SoCs in each industry. The adoption of direct sales enables us to precisely understand and respond to customer requirements, allowing us to offer tailored products and services that meet our customers' specific needs. We acquire direct sales customers primarily by capitalizing on our robust brand reputation and substantial industry influence established through long-term, comprehensive and in-depth collaboration with top-tier companies across diverse application areas, together with other marketing activities.

The salient terms of our standard direct sales agreements during the Track Record Period are set out below:

- *Duration*. We generally enter into one-off purchase agreements with our customers.
- *Pricing*. The prices of our products are set forth in our price list in effect as of the date of the agreement.
- *Payment*. Our direct sales customers are generally required to make prepayments or settle the full purchase price prior to delivery. We also grant credit terms on a case-by-case basis. The relevant payment terms are determined with reference to various factors, including order size and the transaction history with the relevant customer.
- *Logistics*. We are generally responsible for delivering the products to locations designated by our customers and bear the relevant transportation costs.
- *Warranty*. We generally provide a one-year warranty period for the products delivered to our customers.
- *Product returns*. Not specified, except that our customers may negotiate with us on the remedies for our defective products upon discovering issues of our products which are confirmed to have arisen from our reasons.
- *Confidentiality*. Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party, unless otherwise agreed upon.
- *Termination*. If our customers repudiate their obligations, in whole or in part, by express statement or by conduct, we are entitled to terminate the agreement and claim liquidated damages equivalent to 20% of the price of the repudiated portion of the goods. If the liquidated damages are insufficient to cover our losses, we reserve the right to claim compensation for the shortfall from our customers.
- *Dispute Resolution*. Any disputes related to the enforcement of our agreements shall be subject to the exclusive jurisdiction of the competent people's court located at our place of domicile.

Distribution

We generally sell our SoCs and modules through distributorship to leverage their ability to reach end customers in the UAV and AIoT industries. This approach allows us to tap into novel markets and facilitate rapid establishment of regional sales networks, thereby enhancing our market penetration swiftly. The distributors are not exclusively engaged to distribute our products.

As of December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, we had two, six, five and four distributors, respectively. Our distributor increased from two as of December 31, 2023 to six as of December 31, 2024, mainly due to marketing effort to increase our customer base. As our sales stabilized, the number of distributors we engaged for the sales of the SoCs decreased from six as of December 31, 2024 to five as of December 31, 2025, and to four as of the five months ended May 31, 2026. In 2023, 2024, 2025, and the five months ended May 31, 2025 and 2026, revenue from our distributors amounted to RMB3.4 million, RMB171.2 million, RMB60.0 million, RMB 35.5 million and RMB37.3 million, respectively, representing 3.2%, 38.1%, 12.0%, 17.7% and 16.2% of the total revenue for the respective periods.

We select the distributors for the sales of our SoC products based on a number of criteria, including, among others, their knowledge of SoC products, resources, relationships with semiconductor companies, technical capabilities and financial condition. We manage these distributors and determine whether to continue our contractual relationships with them based on their performance and then enter into distribution agreements with them. They directly purchase products from us with no commission arrangement and are our customers, on-selling our products to companies in UAV and AIoT industries. The distributors purchase SoC products from us and maintain their own inventories. We generally do not require a minimum purchase amount or a minimum sales target from our distributors. Our distribution agreements generally do not permit distributors to appoint sub-distributors. During the Track Record Period, none of our distributors appointed sub-distributors.

The salient terms of our standard distribution agreements with distributors during the Track Record Period are set forth below:

- *Duration*. We generally enter into one-off purchase agreements with our distributors.
- *Pricing*. The prices of our products are set forth in our price list in effect as of the date of the agreement.
- *Payment:* Our distributors are generally required to make prepayments or settle the full purchase price prior to delivery. We also grant credit terms on a case-by-case basis. The relevant payment terms are determined with reference to various factors, including order size and the transaction history with the relevant distributor.
- *Logistics*. We are generally responsible for delivering the products to locations designated by our customers and bear the relevant transportation costs.
- *Warranty*. We generally provide a one-year warranty period for the products delivered to our distributors.
- *Product returns*. Our distributors may negotiate with us on the remedies for our defective products upon discovering issues of our products which are confirmed to have arisen from our reasons.
- *Confidentiality*. Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party, unless otherwise agreed upon.
- *Termination*. If our distributors repudiate their obligations, in whole or in part, by express statement or by conduct, we are entitled to terminate the distribution agreement and claim liquidated damages equivalent to 20% of the price of the repudiated portion of the goods. If the liquidated damages are insufficient to cover our losses, we reserve the right to claim compensation for the shortfall from our distributors.

- *Dispute Resolution*. Any disputes related to the enforcement of our distribution agreements shall be subject to the exclusive jurisdiction of the competent people's court located at our place of domicile.

Pricing and material terms as compared with our direct sales channel

We determine the prices of our products on a consistent basis across our direct sales and distribution channels, taking into account, among other factors, the relevant customer's purchase volume and overall procurement scale. Customers with larger purchase volumes generally receive more favorable unit prices, irrespective of whether they purchase directly from us or through our distributors. We do not differentiate product prices by sales channel or offer preferential pricing or channel-specific discounts to our distributors. During the Track Record Period, the unit prices offered to our distributors were comparable to those offered to direct sales customers purchasing the same products in comparable volumes.

As set out above, the principal terms of our sales agreements are generally consistent across our direct sales and distribution channels. While payment terms may vary among individual customers and distributors, such variations are determined with reference to factors such as the relevant order size and the length and quality of the cooperation history with the relevant customer or distributor, rather than the applicable sales channel.

During the Track Record Period, we strengthened our distributor network to facilitate the sales of our SoCs and modules products as our business expanded.

With respect to our product return policy, during the warranty period, we are responsible for repair, replacement or adjustment of products that do not conform to applicable quality standards. We are not responsible for defects or damage arising from negligence, improper use or other abnormal use by the distributor. Upon expiration of the warranty period, we provide repair and maintenance services within our capacity, with the relevant costs being borne by the distributor. During the Track Record Period, there were no product returns from our distributors. According to Frost & Sullivan, the above product return policy is in line with industry practice.

In addition, to manage cannibalization across our sales channels, we designate specific target markets and product lines for each distributor to prevent overlap in end customers. We also regularly monitor distributor inventory levels to maintain healthy channel inventory and prevent stock accumulation and cross-territory sales.

The table below sets forth the changes in the numbers of our distributors during the Track Record Period.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Number of distributors at the beginning of the year/period	2	2	6	5
Number of new distributors	0	4[(1)]	0	2
Number of terminated distributors	0	0	1[(2)]	3
Number of distributors at the end of the year/period	2	6	5	4

Notes:

(1) We engaged new distributors in 2024 to sell more visual processing AI SoC products as these products were in high demand.

(2) Our collaboration with certain distributor was terminated because we strategically focused on supplying to direct customers.

To the best of our knowledge, during the Track Record Period and as of the Latest Practicable Date, except for one distributor that is under the control of one of the limited partners of Shanghai Huimou as a former employee of the Company, all of our distributors are Independent Third Parties, as none of our distributors are controlled by any of our employees, and none of our distribution partners had any business, employment, family or financing relationships with any of our Directors, substantial Shareholders, senior management and employees. During the Track Record Period, revenue attributable to such distributor accounted for nil, 0.8%, 5.2%, 1.7% and 3.6% of our total revenue in 2023, 2024, 2025, and the five months ended May 31, 2025 and 2026, respectively. The terms of the agreements entered into by the distributor affiliated with the individual were consistent with normal commercial terms and were generally in line with our standard form. The distributor affiliated with the individual did not receive any material advances or financial assistance from us during the Track Record Period. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates. Our distributors place orders with us when and to the extent they deem appropriate. In general, our relationships with distributors have remained stable. For details, see "Financial Information – Key Components of Our Consolidated Statement of Profit or Loss – Revenue by sales channel" in this Document.

Our Directors are of the view, and the Sole Sponsor concurs, that our sales through distributors are consistent with actual end-consumer demand, based on the following:

(i) We do not impose minimum purchase amounts or sales targets on our distributors. In addition, our distributors typically place orders with us to the extent required to fulfill orders received from their downstream customers, rather than for inventory build-up. This order-driven purchasing pattern confirms that distributor purchases reflect actual downstream demand;

(ii) Our distributors serve end customers primarily comprising manufacturers and solution providers in the UAV and AIoT sectors, who incorporate our products into specific end applications. We regularly monitor distributor inventory levels to prevent stock accumulation, which provides us with ongoing visibility into the sell-through status of products in the distributor channel; and

(iii) During the Track Record Period, there were no product returns from any of our distributors, generally indicating that products sold through the distributor channel were successfully on-sold to and consumed by end customers.

Pricing

We price our products based on a market-based pricing strategy. We determine product prices by considering multiple factors including market demand, industry conditions, technological advantages, cost structures and customer specifications. We regularly review pricing strategies and make adjustments to effectively address market conditions.

The following table sets forth the breakdown of price range or the upper end of the price range of our major products, as applicable, by application during the Track Record Period.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB per Unit	*RMB per Unit*	*RMB per Unit*	*RMB per Unit*	*RMB per Unit*
UAVs					
Chips	62.0–263.0	45.8–267.4	34.4–154.5	37.7–278.0	27.7–160.4
Modules	174.7–2,465.5	127.4–2,998.6	127.4–2,831.9	127.4–2,831.9	70.8–2,831.9
AIoT					
Chips	33.4–177.0	45.2–223.4	26.1–330.3	28.0–291.6	36.2–616.2
Modules	69.5–2,920.4	69.5–3,362.8	69.5–3,499.6	69.5–3,308.0	120.8–3,362.8
Smart Wearables					
Chips	No more than 120	No more than 150	no more than 220	no more than 150	no more than 220

The material changes in the price range for each product category during the Track Record Period were primarily driven by product iteration and the introduction of new chip series with different functional profiles and cost structures, as further described below.

UAV — Chips

The price range for our UAV-chips products generally decreased during the Track Record Period. Such decrease was largely attributable to our mass production and volume deliveries of purpose specific products with lower cost basis, which led to lower selling price. In particular, the decrease in the upper bound of the price range of our UAV-Chips during the five months ended May 31, 2026 as compared to the five months ended May 31, 2025 was primarily attributable to downward price adjustments we made to certain aged UAV-Chip products.

AIoT — Chips

A general upward shift in price range for our AIoT-chips products was primarily driven by (i) the launch of a more advanced edge intelligence chip, and (ii) relevant product iterations. On the other hand, the lower bound of our AIoT-chips products price decreased slightly in 2025 as a result of the sales of an image transmission product that had a lower cost profile and accordingly a lower selling price to certain AIoT customer. In the five months ended May 31, 2026, the upper bound of our AIoT-chips products price further increased to RMB616.2 per unit, primarily due to changes in product mix, as a certain chip product with advanced features sold during the period commanded a particularly high selling price.

Modules (UAV and AIoT)

The price ranges for both UAV and AIoT modules remained wide throughout the Track Record Period, reflecting the diverse functional configurations of modules procured by different customers. Fluctuations in the upper bounds across periods were attributable to variations in the complexity and specifications of module configurations ordered in the respective periods.

Smart Wearables — Chips

The increase in the price ceiling from no more than RMB120.0 per unit in 2023 to no more than RMB150.0 per unit in 2024, no more than RMB220 per unit in the year ended December 31, 2025 was primarily driven by product iteration, with the newer generation products offering enhanced performance capabilities that support higher selling prices. The price ceiling remained at no more than RMB220 per unit in the five months ended May 31, 2026.

Top Five Customers

During the Track Record Period, our customers primarily consisted of direct sales customers and distributors. We generated revenue of RMB76.0 million, RMB341.7 million, RMB299.6 million and RMB150.1 million from the provision of SoC products to our top five customers in 2023, 2024, 2025, and the five months ended May 31, 2026, respectively, accounting for 72.3%, 76.1%, 60.1% and 65.4% of our total revenue, respectively. In addition, during the Track Record Period, revenues generated from our largest customer in each year accounted for 50.9%, 33.1%, 37.7% and 42.4% of our total revenue, respectively.

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

Five months ended May 31, 2026

Customer	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A[1]	Chips, modules, and technology services for UAV	97,309,920	42.4	2021	Prepayment or up to 30 days after monthly close
Customer B[2]	AIoT-Modules	16,982,301	7.4	2026	Up to 30 days after monthly close
Customer C[3]	Chips and technology services for smart wearables	14,825,990	6.5	2022	Up to 30 days after monthly close
Customer D[4]	Chips, modules and technology services for AIoT	10,695,294	4.7	2026	Up to 30 days after monthly close
Customer E[5]	AIoT-Chips	10,268,981	4.5	2026	Up to 90 days after monthly close

Year ended December 31, 2025

Customer	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A	Chips, modules, and technology services for UAV	187,693,832	37.7	2021	Prepayment
Customer C	Chips and technology services for smart wearables	34,986,672	7.0	2022	Up to 30 days after monthly close
Customer/ Supplier F[6]	Chips, modules and technology services for AIoT	26,349,965	5.3	2020	Up to 30 days after monthly close
Customer G[7]	Chips, modules and technology services for AIoT	25,778,118	5.2	2024	15% of total prepayment and 85% up to 30 days after monthly close
Customer/ Supplier H[8]	Chips, modules, and technology services for AIoT	24,777,610	5.0	2020	Up to 30 days after monthly close

1 Customer A is a UAV manufacturer and solution provider, founded in 2017, with its headquarters in Shenzhen, Guangdong Province and operating as a privately held company. Customer A is our direct sales customer.

2 Customer B is an AIoT distributor, founded in 2022, headquartered in Shenzhen, Guangdong Province, and operating as a private held company.

3 Customer C is an AR glasses manufacturer, founded in 2017, with its headquarters in Shanghai and operating as a privately held company. Customer C is our direct sales customer.

4 Customer D is an AIoT distributor, founded in 2002, headquartered in Shanghai, and operating as a private held company.

5 Customer E is an information technology services and integrated hardware and software solution proivider, founded in 2022, with its headquarters in Hangzhou, Zhejiang Province and operating as a privately held company. Customer E is our direct sales customer.

6 Customer/Supplier F is a public company listed on the Shanghai Stock Excchange headquartered in Weihai, Shandong Province, founded in 2009. It is a thermal imaging and micro-electro-mechanical system provider. Customer/Supplier F is our direct sales customer.

7 Customer G is an AIoT distributor, founded 2024, headquartered in Shanghai, and operating as a private held company.

8 Customer/Supplier H is a public company listed on the Shenzhen Stock Exchange headquartered in Wuhan, Hubei Province, founded in 2004. It is a thermal imaging system and integrated electro-optical system provider. Customer/Supplier H is our direct sales customer.

Year ended December 31, 2024

Customer	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A	Chips, modules and technology services for UAV	148,449,039	33.1	2021	Prepayment
Customer I[9]	Chips, modules for UAV	108,988,693	24.3	2024	Prepayment
Customer J[10]	Chips, modules for AIoT	53,153,394	11.8	2023	Prepayment
Customer K[11]	Chips for AIoT	15,804,597	3.5	2023	Up to 60 days after monthly close
Customer/ Supplier F	Chips, modules, and technology services for AIoT	15,282,077	3.4	2020	Prepayment

Year ended December 31, 2023

Customer	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A	Chips, modules, and technology services for UAV	53,464,854	50.9	2021	Prepayment
Customer L[12]	Modules and technology services for AIoT	8,338,938	7.9	2023	90% of total prepayment, and 10% within 20 days upon confirmation of receipt
Customer/ Supplier F	Modules and technology services for AIoT	6,319,198	6.0	2020	Prepayment
Customer/ Supplier H	Chips, modules, and technology services for AIoT	4,780,566	4.5	2020	Up to 30 days after monthly close
Customer M[13]	Chips, modules for AIoT	3,128,414	3.0	2017	Prepayment

[9] Customer I is a UAV distributor, founded in 2012, headquartered in Shenzhen, Guangdong Province and operating as a privately held company.

[10] Customer J is a is a software solutions distributor, founded 2022, headquartered in Wuxi, Jiangsu Province, and operating as a privately held company.

[11] Customer K is a household robot manufacturer, founded in 2016, headquartered in Shenzhen, Guangdong Province and operating as a privately held company. Customer K is our direct sales customer.

[12] Customer L is an optoelectronics manufacturing company, founded in 2002, headquartered in Xi'an, Shaanxi Province, and operating as a privately held company. Customer L is our direct sales customer.

[13] Customer M is a AIoT distributor, founded 2018, headquartered in Shenzhen, Guangdong Province, and operating as a privately held company.

Customer/Supplier H is an associate of Wuhan Guide. For more details about Wuhan Guide, please refer to "History Development and Corporate Structure — Corporate Development — Series B+ Financing in 2021."

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

Relationship with our largest customer

For the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, our largest customer was Customer A, to whom we sold chips, modules and technology services for UAV. Revenue we derived from Customer A amounted to RMB53.5 million, RMB148.4 million, RMB187.7 million and RMB97.3 million in 2023, 2024, 2025, and the five months ended May 31, 2026, respectively, representing 50.9%, 33.1%, 37.7%, and 42.4% of our total revenue for the corresponding years/period.

We derived a material portion of our revenue contribution from Customer A largely due to (i) the stage of our product commercialization and the overall development of the UAV market. Our cooperation with Customer A commenced in 2021, at a time when Customer A sought to develop its own UAV-related products and required wireless video transmission chip solutions. Customer A was among the first to adopt our solutions when we were still in the early stages of commercializing our new generation chip products. In particular, in 2022 and 2023, when we were in the process of forming and introducing our new generation products to the market, sales to Customer A, including certain legacy products, contributed to a relatively material portion of our revenue. In addition, Customer A possesses well-established market promotion and system integration capabilities in the UAV sector, which helped the commercialization of our products during the early stage of our business expansion in this sector at such relevant time.

We have maintained a stable business relationship with Customer A, and there has been no material interruption or significant adverse change in our cooperation with them during the Track Record Period. Since 2025, we have primarily sold our standard new-generation chip products equipped with customized software system to Customer A, in terms of sales volume, which are not subject to any exclusivity arrangements with Customer A and can, with commercially reasonable adjustments, be applied and sold to other customers. The intellectual property rights of such products are solely owned by us. The new-generation chip products we sold to Customer A during the Track Record Period comprise our video transmission SoCs and image processing SoCs. The chip hardware of such products is identical to that of the same models we sell to other customers, and the customization for Customer A is confined to the accompanying software system.

The following table sets forth the revenue derived from sales of our new-generation video transmission SoCs and image processing SoCs commercialized since 2022 (including modules incorporating such chips) to Customer A and to other customers for the years/period indicated[(Note)]:

		2023		2024		2025		Five months ended May 31, 2026	
		RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Video transmission SoCs	Customer A	—	0.0	—	0.0	20,818	27.9	27,730	53.3
	Other customers	597	100.0	9,093	100.0	53,715	72.1	24,338	46.7
	Subtotal	**597**	**100.0**	**9,093**	**100.0**	**74,533**	**100.0**	**52,068**	**100.0**
Image processing SoCs	Customer A	32,690	59.6	106,683	29.2	42,093	18.2	6,002	5.9
	Other customers	22,195	40.4	258,196	70.8	189,750	81.8	95,905	94.1
	Subtotal	**54,885**	**100.0**	**364,879**	**100.0**	**231,843**	**100.0**	**101,907**	**100.0**
Total	Customer A	32,690	58.9	106,683	28.5	62,911	20.5	33,732	21.9
	Other customers	22,792	41.1	267,289	71.5	243,465	79.5	120,243	78.1
	Total	**55,482**	**100.0**	**373,972**	**100.0**	**306,376**	**100.0**	**153,975**	**100.0**

Note: The above table sets forth revenue from sales of our new-generation SoC series commercialized since 2022, comprising (i) video transmission SoCs, namely our AR8032S series, and (ii) image processing SoCs, namely our ARS31, AR9341, AR9481 and ARS45 series, including all chips of such series and all modules incorporating such chips. Our AR9481 and ARS45 series were sold only to customers other than Customer A during the Track Record Period. Such scope differs from that of the revenue attributable to new generation products disclosed in "— Business Sustainability and Path to Profitability — Historical Performances — Initial commercialization of our products", which is determined by reference to whether the relevant chips and modules were introduced during the Track Record Period. Accordingly, the latter excludes certain products of our AR9341 and ARS31 series that were launched before the Track Record Period, and includes certain modules based on our previous-generation AR9201 chip that were introduced during the Track Record Period.

As illustrated above, customers other than Customer A accounted for the majority of revenue derived from such products in 2024, 2025 and the five months ended May 31, 2026, representing 71.5%, 79.5% and 78.1% of the revenue from such products, respectively. The relatively high proportion of revenue derived from Customer A in 2023 reflected the early stage of commercialization of such products, as described above. As such products progressively reached mass production with a broader range of customers from 2024 onwards, customers other than Customer A have become the primary source of demand for such products, demonstrating that the market demand for such products extends beyond Customer A.

The products above are produced on a combination of made-to-order and inventory basis. We determine production volumes by reference to customer orders on hand, sales forecasts and prevailing inventory levels, and apply the same production arrangements to all of our customers. We do not produce such products separately for Customer A. Accordingly, products intended for Customer A can be resold to other customers, and the commercially reasonable adjustments referred to above relate to the accompanying software system and do not involve modification to the chip hardware.

Moreover, despite the relatively high revenue contribution from Customer A during the Track Record Period, our Directors are of the view that we are not materially reliant on Customer A, taking into account that: (i) the concentration was primarily attributable to the stage of our product commercialization and is not structural in nature, (ii) we have been actively diversifying our customer base as well as expanding into new application scenarios within AIoT and into smart wearable devices, and the growth in revenue we derived from the expanded sources further dilutes the revenue contribution

from Customer A, and (iii) a majority of the products we sold to Customer A are standard products and can be supplied to other customers with commercially reasonable modifications. We believe that our relationship with Customer A will continue to be mutually beneficial going forward, as our cooperation extends beyond product sales and is underpinned by complementary capabilities. Customer A develops and markets FPV video-transmission systems, cameras and UAVs, while we provide chip technologies and related development support. Customer A benefits from our development support in addition to our chip supply. In 2025, we entered into commissioned development agreements with Customer A for (i) a wireless video-transmission module and system compatible with OpenIPC, an open-source firmware project used in FPV video applications, and (ii) an educational FPV video-transmission system. Both projects incorporate our AR8032S chips, and our services under these agreements include post-delivery technical support, comprising (i) repair, replacement and rework of products during the warranty period; (ii) remote or on-site troubleshooting assistance for issues arising after mass production; (iii) firmware, driver and software development kit (SDK) patches and version maintenance; (iv) tracking of reported issues from receipt through investigation and resolution, and implementation of preventive improvements; and (v) product life-cycle notifications, such as product change and end-of-life notices, together with support for replacement solutions. We generated revenue of RMB1.4 million, RMB9.4 million and RMB4.0 million from development services provided to Customer A in 2024, 2025 and the five months ended May 31, 2026, respectively. In turn, we benefit from Customer A's system-integration capabilities and established sales channels, through which we are able to reach the end-user markets that Customer A serves, including individual FPV consumers and enterprise customers in the media and film-production industries.

In addition, we are developing AR8040, the next-generation iteration of our AR8032 series wireless video transmission SoCs, as a standard product for UAV, robotics and AIoT applications. Compared with AR8032, AR8040 is expected to deliver a 3 dB improvement in receiver sensitivity and a 6 dB improvement in anti-interference capability. AR8040 targets: (i) UAV application scenario, such as FPV UAVs and (ii) AIoT application scenario, such as unmanned ground vehicles, which are the principal applications for which Customer A currently procures our AR8032 series products. The tape-out of AR8040 is expected in the first quarter of 2027, with mass production expected to commence in the third quarter of 2027. We believe that AR8040 will support our continued cooperation with Customer A as it upgrades its product offerings.

However, like AR8032, AR8040 is a standard product that we intend to offer to all of our customers. It is not developed exclusively for Customer A. Whether Customer A procures AR8040 in the future will depend on, among other things, the results of its product evaluation and its commercial requirements.

Given the above, our Directors consider it unlikely that our business relationship with Customer A will be materially adversely affected or terminated in the foreseeable future, as our cooperation has been stable and mutually beneficial. Nevertheless, in the event of any reduction in business from Customer A, we believe that we would be able to mitigate such impact given the established demand from other customers for the products we sold to Customer A as set out above, through expanding our customer base and exploring new application scenarios.

We onboarded 40, 35, 33 and 8 new direct sales customers in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, in line with our approach of prioritizing engagement with leading customers in each market rather than pursuing broad-based customer acquisition. For details, see "— Business Sustainability and Path to Profitability — Path to Profitability — Enhancing Operational Efficiency — We focus on efficiency and cost-effectiveness for sales expenses". In terms of application scenarios, our AIoT products were primarily applied in robotic vacuum cleaners, lawn-mowing robots, wireless IP cameras and access control systems during the Track Record Period. As AIoT encompasses a wide range of sub-segments with differing product forms and technical requirements, we are expanding into new AIoT application scenarios that we did not address during the Track Record Period, including thumb-sized cameras, handheld gimbal cameras and embodied intelligence robots such as quadruped robots.

SEASONALITY

Our results of operations are affected by seasonal fluctuations in demand for our products to be used in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and

sales cycles of customers before or around holidays, we typically experience higher sales in the second and third quarters of the year and highest in the fourth quarters of the year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year. We have implemented an integrated synchronization process. The sales team provides a sales forecast which informs the R&D team's adjustments to product iteration priorities, while enabling our procurement team to dynamically manage inventory levels accordingly, in response to unexpected fluctuations in product demand.

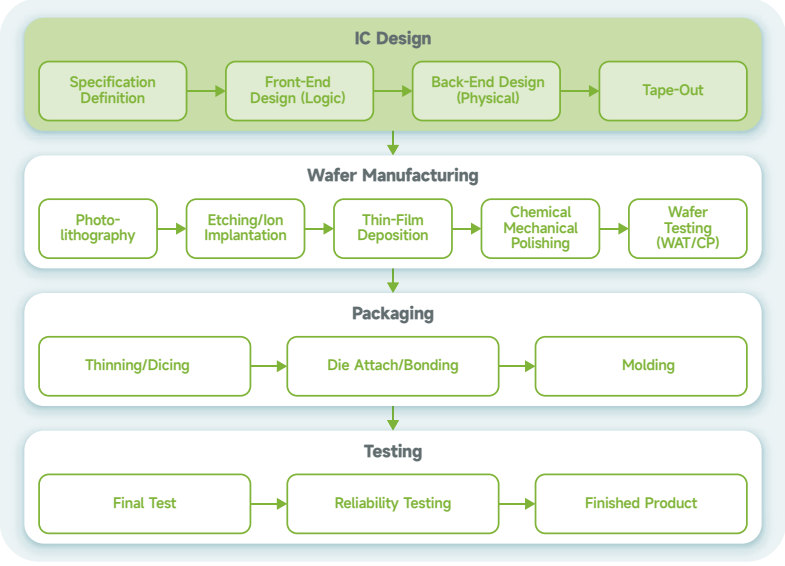
OUR SUPPLIERS

Procurement and manufacturing

We operate with a fabless model, where companies focus on designing their own products and outsource manufacturing to foundries. We outsource the manufacturing process through close collaborations with module manufacturers and packaging and testing service partners. Through this model, we mitigate the substantial capital expenditure necessary for the construction and maintenance of semiconductor fabrication plants, while utilizing and optimizing manufacturing process based on the requirements of our products.

During the Track Record Period, we primarily procured foundry-manufactured wafers and KGDs and SoC packaging and testing services from foundry and packaging and testing partners in the greater China region. During the Track Record Period, our suppliers primarily consisted of (i) foundries and (ii) packaging service providers, (iii) module manufacturer and (iv) sensor and module provider. In 2023, 2024, 2025, and the five months ended May 31, 2026, we incurred purchases amounts of RMB63.4 million, RMB232.6 million, RMB218.8 million and RMB121.3 million primarily for wafers, modules, sensors and packaging services from our top five suppliers, respectively, accounting for 36.9%, 65.5%, 58.1% and 53.6% of our total purchases, respectively. In addition, during the Track Record Period, purchases amounts incurred from our largest supplier in each year accounted for 12.1%, 27.0%, 34.7% and 36.1% of our total purchases, respectively.

Our procurement team is primarily responsible for formulating procurement plans based on the anticipated sales, the manufacturing lead time, inventory levels and production schedules. Pursuant to the procurement plans, our procurement team places purchase orders for our foundry suppliers. The foundry suppliers then manufacture wafers with our designed SoCs. We then arrange subsequent SoC packaging and testing with our packaging and testing partners. Upon completion, our packaging and testing partners deliver the finished products to us for sale.



Raw Materials

The major raw materials that we procure include wafers, which are primarily sourced from leading foundries, with manufacturing facilities located in Jiangsu Province and Taiwan.

According to Frost & Sullivan, leading foundries only establish direct cooperation relationships with selected large scaled chip design companies, while serving the broader base of growth-stage customers through their certified partners. As a result, growth-stage fabless companies that have not yet reached sufficient procurement scale generally place orders to such foundries through their certified partners.

During the Track Record Period, we procured wafers primarily through Supplier A, which is an affiliate of a certified partner of a leading foundry. Salient terms of our tape-out service agreements with Supplier A include:

Term and Termination. The agreements are generally based on specified project or order with a typical one-year term and may be terminated in accordance with agreed contractual terms.

Scope of Services. Supplier A acts as an intermediary tape-out service provider, responsible for coordinating with the foundries for wafer fabrication, arranging and confirming production, and facilitating delivery, logistics and import procedures.

Price. Price primarily includes (i) wafer price charged by the foundries, (ii) service fees charged by Supplier A at a fixed rate based on the total wafer price, and (iii) related logistics and import costs.

Payment Terms. We are generally required to make full prepayment prior to production based on purchase orders placed.

Capacity and Production Arrangements. Production is arranged based on purchase orders and is subject to the production capacity and scheduling of the foundries. In the event of capacity constraints of the foundries, Supplier A will coordinate with the foundries to communicate production status and, as agreed by both parties, adjust production schedules or order quantities based on the foundries' capacity availability.

Delivery. Delivery schedules are determined based on foundry production timelines, and products are delivered to locations designated by us.

Intellectual Property. We retain all intellectual property rights in our product designs and technologies.

Confidentiality. Both parties are subject to confidentiality obligations with respect to technical information, design specifications and other proprietary information.

Our Directors are of the view that procurement of wafer through intermediaries like Supplier A does not have a material adverse impact on our overall gross profit margin, as (i) the service fee represents a relatively small portion of the overall wafer cost and such service fee is in line with market practice as confirmed by Frost & Sullivan, (ii) we are able to incorporate such costs into our product pricing where appropriate, and (iii) we have maintained stable cooperation with Supplier A, which facilitates efficient access to wafer supply from the foundry.

In addition, we have taken measures to mitigate the impact of price fluctuations of wafers: (i) maintaining an annual pricing mechanism with the foundries, under which wafer prices are reviewed and updated periodically based on factors such as market supply and demand conditions, process node complexity and procurement volume; (ii) providing rolling demand forecasts, typically covering a 12-month horizon, to enable the foundries to plan production capacity in advance, thereby reducing the risk of price increases arising from capacity constraints; and (iii) implementing strategic inventory planning for certain key process nodes or products with rapidly increasing demand, which helps buffer short-term fluctuations in wafer prices.

Relationship with Third-Party Manufacturing Partners

Reliance on Third-Party Manufacturing Partners

We rely on third-party foundries, packaging and testing service providers to manufacture our products. Such practice is consistent with the highly specialized division of labor in the global semiconductor industry. Our Directors consider that it is neither practical nor consistent with industry practice for fabless semiconductor companies to fully eliminate such reliance. See "Risk Factors — Risks Relating to Our Business and Industry — We rely on third-party manufacturing partners, and any adverse developments relating to such partnership may adversely affect our business, financial condition and results of operations."

To mitigate the risks related to reliance on third-party manufacturing partners and potential supply chain disruptions, we have implemented the following measures:

(i) maintaining close collaboration with globally leading manufacturing partners that possess proven production capacity and operational resilience to ensure product quality and supply reliability;

(ii) adopting a diversified supplier strategy, whereby in addition to our primary domestic packaging service provider, we engaged a well-established provider in Taiwan as a secondary supplier and work with qualified packaging service providers in South Korea to establish backup capacity, to mitigate potential risks; and

(iii) testing services are primarily conducted by domestic service providers, with multiple other providers with comparable capabilities readily available to address potential capacity constraints.

Capacity stability without long-term capacity reservation agreements

Our collaborations with third-party manufacturing partners are typically based on purchase orders and rolling forecasts rather than long-term capacity-reservation agreements ("**LTAs**"). According to Frost & Sullivan, it is standard industry practice for leading foundries and packaging and testing service providers to cooperate with fabless companies on purchase-order base accompanied with regular forecasts, while capacity-reservation model is typically adopted during periods of supply constraints or for certain advanced process nodes.

In addition, the "purchase-order + forecast" procurement model gives us more operational flexibility. Entering into LTAs with fixed volume commitments increases the risk of inventory obsolescence in event of market demand fluctuations, restrains our abilities to adjust our product design to other packaging configurations, and typically requires upfront payments, resulting in capital restriction.

Moreover, our "purchase-order + forecast" procurement model provides the third-party manufacturing partners with sufficient visibility to our future demands. We communicate our demand forecasts with details such as process node and package substrate model to our manufacturing partners on a rolling basis, enabling them to plan and allocate production capacity in advance and prepare their production schedules accordingly.

During the Track Record Period, we were able to secure sufficient capacity from our key foundries and packaging and testing service providers to meet our production needs, save for general industry-wide fluctuations or temporary supply-demand imbalances which affected delivery timelines across the semiconductor industry and a temporary supply disruption to our UAV-Modules resulted from external regulatory and compliance requirement. See "Financial Information — Key Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin." Even under extreme market circumstances, we did not experience material incidents where the we failed to fulfill our obligations to core customers due to insufficient manufacturing capacity, and we believe our operational stability is largely attributable to our stable long-term relationship with our manufacturing partners.

Accordingly, although we do not enter into long-term capacity reservation agreements, our established stable cooperation relationship, diversified supplier base and demand planning mechanisms are well placed to support our operational stability.

IP Cores Provider

We primarily license IPs, including (i) CPU soft cores, (ii) DSP acceleration IP cores, and (iii) interface IP cores from third-parties to support our SoC designs. Such licensed IPs are applied to our products as supporting modules to provide standardized computing and interface functionalities, with CPU soft cores mainly used for overall software-hardware system scheduling and interrupt handling, and DSP mainly used to run computationally complex image processing and machine vision algorithms. The IP cores we procured serve as pre-verified foundational elements that improve the efficiency of our SoC development process. The integration of standardized interface and control functions enables us to better allocate our R&D resources to our proprietary core technologies, while reducing overall development costs and shortening development cycles by providing reliable and widely adopted functionalities that would otherwise require significant internal resources to develop. In addition, licensing-in such pre-verified IP cores helps ensure the reliability and compatibility of our products with industry standards and mitigates design risks. According to Frost & Sullivan, such licensing is an industry norm for fabless semiconductor companies engaged in SoC design.

However, our core product functionality and competitiveness are primarily driven by our proprietary technologies, not the licensed third-party architectures. The IP we licensed provides supporting functions within our SoC designs. Moreover, according to Frost & Sullivan, there are multiple IP core alternatives in the market, and even if we terminate our collaborations with current suppliers, we should be able to find alternative IP core providers with comparable functions with commercially reasonable costs.

In 2023, 2024 and 2025 and the five months ended May 31, 2026, we paid licensing fees of RMB15.4 million, RMB8.1 million, RMB3.9 million and RMB15.4 million, respectively, in connection with the acquisition of such IP cores. The relevant licensing fees, net of recoverable value-added tax, were initially capitalised as intangible assets upon acquisition and subsequently amortised on a systematic basis over their respective estimated useful lives, in accordance with the applicable accounting standards and our accounting policies. The salient terms of our arrangements with third-party architecture and software providers generally include:

Scope of license. We are typically granted non-exclusive, non-transferable licenses to use the licensed IP for the purpose of designing specified products. Such licenses generally include access to related documentation, technical support and updates, and are subject to restrictions on reverse engineering, unauthorized distribution and sublicensing.

Fees and payment. We generally pay licensing fees upfront or on installments and, in certain cases, agreed royalties based on product sales.

Term and termination. License terms typically range from two to three years, with provisions for renewal upon mutual agreement. The agreement may be terminated by either party in the event of the other party's material breach or bankruptcy or similar conditions.

Supplier Management

We typically engage foundries and packaging and testing plants based on their industry standing and quality assurance capabilities to ensure a sustainable supply of high-quality products. We manage the production quality of our products through establishing long-term cooperative relationships, signing quality agreements, conducting regular audits, and implementing capacity reservation arrangements.

We also implement measures to monitor the final product quality. See "— Quality Control" in this section.

Top Five Suppliers

During the Track Record Period, purchases from our five largest suppliers primarily include wafers, modules, and packaging services, which amounted to RMB63.4 million, RMB232.6 million, RMB218.8 million and RMB121.3 million in 2023, 2024, 2025, and for the five months ended May 31, 2026, representing 36.9%, 65.5%, 58.1% and 53.6% of our total purchase, respectively. In addition, during the Track Record Period, the amount incurred for purchase from our largest supplier accounted for 12.1%, 27.0%, 34.7% and 36.1% of our total purchase in 2023, 2024, 2025, and for the five months ended May 31, 2026, respectively.

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

Five months ended May 31, 2026

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Supplier A[1]	Wafer	81,740,512	36.1	2020	Prepayment
Supplier B[2]	IP licensing	13,706,194	6.0	2021	Up to 30 days after invoice date
Supplier C[3]	Wafer	11,491,965	5.1	2026	Prepayment
Supplier D[4]	Packaging and testing	7,826,864	3.5	2020	Prepayment
Supplier E[5]	Wafer	6,487,054	2.9	2021	Prepayment

Year ended December 31, 2025

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Supplier A	Wafer	130,570,464	34.7	2020	Prepayment
Supplier G[6]	Module manufacturing	46,203,726	12.3	2022	Prepayment
Supplier I[7]	Packaging	17,763,956	4.7	2023	Up to 30 days after monthly close
Customer/ Supplier F	Sensor and moduleproducts	13,708,818	3.6	2022	Prepayment
Supplier J[8]	Sensor products	10,578,319	2.8	2025	Prepayment

1 Supplier A is a privately held company with its operational headquarters in Shanghai, engaged in the trading of wafers.

2 Supplier B is a privately held company headquartered in Shenzhen, Guangdong Province, engaged in IC IP licensing and technical services.

3 Supplier C is a privately held company headquartered in Beijing, engaged in the trading of semiconductor materials.

4 Supplier D is a customized chip solution provider with its headquarters in Shanghai, operating as a public company listed on the Shanghai Stock Exchange.

5 Supplier E is a privately held company headquartered in Beijing, engaged in the trading of semiconductor materials.

6 Supplier G is a privately held company headquartered in Shenzhen, Guangdong Province, engaged in the manufacturing of modular products.

7 Supplier I is a global leader in providing packaging services with its headquarters in Jiangyin, Jiangsu Province, operating as a public company listed on the Shanghai Stock Exchange.

8 Supplier J is a privately held company headquartered in Wuhan, Hubei Province, engaged in trading of sensors.

Year ended December 31, 2024

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Supplier G	Module manufacturing	95,802,731	27.0	2022	Prepayment
Customer/ Supplier H	Sensor products	54,722,965	15.4	2020	Prepayment
Supplier A	Wafer	41,871,278	11.8	2020	Prepayment
Supplier K[9]	Wafer	22,527,742	6.3	2023	Prepayment
Supplier I	Packaging	17,683,719	5.0	2023	Up to 30 days after monthly close

Year ended December 31, 2023

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Customer/ Supplier H	Sensor products	20,768,428	12.1	2020	Prepayment
Supplier A	Wafer	14,232,087	8.3	2020	Prepayment
Supplier G	Module manufacturing	11,393,821	6.6	2022	Prepayment
Supplier L[10]	Technology development and IP licensing	8,915,400	5.2	2021	60% after first phase of the design process, 30% after second phase of the design process, and 10% after the third and final phase.
Supplier M[11]	Wafer	8,102,691	4.7	2022	Prepayment

Supplier Agreements

Salient terms of our agreements with suppliers other than foundries typically include:

Term and Termination. We generally have a term of four years of framework agreements for our packaging and testing partners and we generally enter into agreements with our module manufacturers on order basis.

Price. The framework agreements generally do not specify quantity or price, which we set out in separate purchase orders.

Principal Obligations. Suppliers are responsible for timely delivery and quality assurance of products and services. Our suppliers must meet our specified quality requirements and are responsible for defects resulting from suppliers' conduct.

Delivery. Suppliers are responsible for delivering finished products to our warehouse.

Confidentiality. Our suppliers are obligated to keep all technical documents, design specifications, and proprietary information strictly confidential for five years from the receipt of confidential information.

Prepayment. Depending on the circumstances, we pay our SoC packaging and testing suppliers by prepayments or monthly settlement, and pay our module manufacturers by prepayment.

[9] Supplier K is a privately held company headquartered in Beijing, engaged in the trading of semiconductor materials.

[10] Supplier L is a privately held company headquartered in Shanghai, engaged in back-end design services.

[11] Supplier M is a privately held company headquartered in Hefei, Anhui, engaged in the trading of electronic components.

OVERLAPPING CUSTOMER AND SUPPLIER

Supplier G is a modular product manufacturer. It was one of our top five suppliers in 2023, 2024 and 2025. Our relationship with Supplier G commenced in 2022, whereby we engaged Supplier G primarily for manufacturing and delivering SoC modular products. In 2024, as Supplier G had a temporary production need for a specific type of memory to fulfill the module orders it received from other third parties, and procurement from the original supplier of such memory would have required a relatively long lead time, we sold idle inventory of the required memory which were no longer needed for our own products to Supplier G in response to its inquiry at market price. The transaction amounted to RMB0.1 million, was conducted on one-off basis and did not form part of our principal business activities. We and Supplier G entered into these transactions as they were commercially sensible and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. The purchase amount attributable to Supplier G for 2023, 2024, 2025 and for the five months ended May 31, 2026 was RMB11.4 million, RMB95.8 million, RMB46.2 million and RMB0.04 million, accounted for 6.6%, 27.0%, 12.3% and 0.02% of our total purchases, respectively. Revenue from Supplier G in 2023, 2024, 2025 and for the five months ended May 31, 2026 was nil, RMB0.1 million, nil and nil. The gross profit margin from our sales to Supplier G in 2024 was higher than our overall gross profit margin in 2024, primarily because such transaction was not part of our principal business activities and involved the disposal of certain inventory, which carried a different cost structure from our core products.

Customer/Supplier H is a thermal imaging system and integrated electro-optical system provider. It was one of our top five customers in 2023 and 2025 and was also one of our top five suppliers in 2023 and 2024. Our relationship with Customer/Supplier H began in 2020, whereby we procured sensors from Customer/Supplier H to integrate with our SoC chips into visual processing AI SoC products for AIoT applications, and sold SoC chips to Customer/Supplier H to empower their infrared related products with intelligent image processing. During the Track Record Period, the sensors procured from Customer/Supplier H were not used in products (i.e. SoC chips) sold to it. We and Customer/Supplier H entered into these transactions as they were commercially sensible as Customer/Supplier H is a leading manufacturer of infrared sensors in China and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. The purchase amount attributable to Customer/Supplier H for 2023, 2024, 2025 and for the five months ended May 31, 2026 was RMB20.8 million, RMB54.7 million, RMB4.8 million and nil, accounted for 12.1%, 15.4%, 1.3% and nil of our total purchases, respectively. Revenue from Customer/Supplier H amounted to RMB4.8 million, RMB7.1 million, RMB24.8 million and nil in 2023, 2024, 2025 and for the five months ended May 31, 2026, accounted for 4.5%, 1.6%, 5.0% and nil of our total revenue for the year. We sold products to Customer/Supplier H at prices that were comparable to that of the product prices we charged other customers during the same period. Therefore, gross profit margin from the aforesaid transactions were broadly consistent.

Customer J, a software solutions distributor, was one of our top five customers in 2024. Our relationship with Customer J began in 2023. During the Track Record Period, we engaged Customer J for the sale of our SoC products to certain customers because they found market opportunities in our products and we procured servers for our internal IT infrastructure (storage expansion), which was within our ordinary operational needs as an SoC supplier, from an affiliate of Customer J. Following market due diligence and inquiries with relevant industry participants, the Group selected an affiliate of Customer J as a supplier based on an independent commercial assessment. The supplier had established sourcing channels, was able to procure the relevant products on a timely basis, and offered prices that were competitive relative to available alternatives. The Group's decision to engage the supplier was based on these commercial considerations, rather than its affiliation with Customer J. We and Customer J entered into the transactions as they were commercially sensible and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. Revenue generated from Customer J amounted to RMB53.2 million, RMB20.8 million and nil in 2024, 2025 and for the five months ended May 31, 2026, accounted for 11.8%, 4.2% and nil of our total revenue for the year/period. We sold products to Customer J at prices that were comparable to that of the product prices we charged other customers during the same period. Therefore, gross profit margin from the aforesaid transactions were broadly consistent. The purchase amount attributable to Customer J was RMB5.1 million in 2023, accounted for 3.0% of our total purchase for the year. See "– Our Customers – Sales Channels – Distribution."

Customer/Supplier F is a thermal imaging and micro-electro-mechanical system provider, and was one of our top five customers in 2023, 2024 and 2025 and one of our top five supplier in 2025. Our relationship with Customer/Supplier F began in 2020. We procured sensors and module products from Customer/Supplier F that were integrated into our visual processing AI SoC products for AIoT applications. We sold Customer/Supplier F SoC chips for AIoT to empower their infrared related products with intelligent image processing. During the Track Record Period, the sensors procured from Customer/Supplier F were not used in products (i.e. SoC chips) sold to it. We and Customer/Supplier F entered into the transactions as they were commercially sensible as Customer/Supplier F is a leading manufacturer of infrared sensors in China and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. Revenue generated from Customer/Supplier F amounted to RMB6.3 million, RMB15.3 million, RMB26.3 million and RMB3.0 million in 2023, 2024, 2025 and for the five months ended May 31, 2026, accounted for 6.0%, 3.4%, 5.3% and 1.3% of our total revenue for the year/period. We sold products to Customer/Supplier F at prices that were comparable to that of the product prices we charged other customers during the same period. Therefore, gross profit margin from the aforesaid transactions were broadly consistent. The purchase amount attributable to Customer/Supplier F for 2023, 2024, 2025 and for the five months ended May 31, 2026 were RMB0.2 million, RMB12.2 million, RMB13.7 million and RMB0.7 million, accounted for 0.1%, 3.4%, 3.6% and 0.3% of our total purchases cost of sales, respectively.

Our purchases from and sales to the customers and suppliers are not inter-conditional upon each other. The pricing and other terms of contracts that we entered into with the suppliers and customers are substantially the same as those we enter into with other customers and suppliers for similar products and services.

INTERNATIONAL SANCTIONS AND U.S. EXPORT CONTROL COMPLIANCE

Pursuant to Chapter 4.4 of the Guide for New Listing Applicants, we have conducted an assessment of our sanctions risk exposure, with a focus on transactions involving sanctioned regions or countries (the "**Relevant Regions**") or sanctioned targets, particularly those designated under the U.S. Specially Designated Nationals ("**SDN**") List and Entity List. As advised by our Sanctions Legal Advisor, during the Track Record Period, we did not engage in any transactions that would constitute primary sanctioned activities or violations of U.S. export control requirements, and that the risks of imposition of secondary sanctions based on such activities would be remote. In particular, we did not conduct any business in jurisdictions subject to comprehensive or regional sanctions. As advised by our Sanctions Legal Advisor, our exposure to jurisdictional sanctions risk in the Relevant Regions is minimal and manageable.

Details of the Transactions with Customers and Suppliers on the SDN List and the Entity List

During the Track Record Period, we had transactions with 2 customers (Customer X and Y) and 1 supplier (Supplier X) that were listed on the Entity List on October 23, 2024, and 1 customer (Customer/Supplier Z) and 2 suppliers (Customer/Supplier Z and Supplier Y) that were designated on the SDN List on May 1, 2024. The following tables set forth the details of our transactions with these sanctioned targets in each period during the Track Record Period.

Year ended December 31, 2025

Customers	Products/services provided	Sales amount *(RMB)*	% of Total revenue
Customer/Supplier Z[1]	Chips and modules for AIoT	89,665.49	0.02%

[1] Customer/Supplier Z is a privately held company headquartered in Yantai, Shandong Province, engaged in the research, development, manufacturing and sales of infrared imaging products and optoelectronic components.

[2] Supplier X is a privately held company headquartered in Shenzhen, Guangdong Province, engaged in supply chain management and related supporting services.

[3] Supplier Y is a privately held company headquartered in Wuhan, Hubei Province, engaged in the research, development, manufacturing and sales of infrared detectors and related chip products.

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase
Supplier X[2]	Power Management Chips	5,699,840.00	1.51%
Supplier Y[3]	Sensor products	3,524,690.27	0.94%

Year ended December 31, 2024

Customers	Products/services provided	Sales amount *(RMB)*	% of Total revenue
Customer/Supplier Z	Chips and modules for AIoT	3,827,580.57	0.85% (Revenue after the designation in May 2024: 0.31%)

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase
Supplier Y	Sensor products	54,243,141.64	15.27% (Purchase after the designation in May 2024: 0.52%)
Customer/Supplier Z	Sensor products	7,327,415.92	2.06% (Purchase after the designation in 2024: 0.17%)
Supplier X	Power Management Chips	1,093,120.00	0.31% (Purchase after the designation in 2024: 0.09%)

Year ended December 31, 2023

Customers	Products/services provided	Sales amount *(RMB)*	% of Total revenue
Customer/Supplier Z	Chips and modules for AIoT	2,230,049.55	2.12%
Customer Y[4]	Chips for AIoT	241,460.18	0.23%
Customer X[5]	Chips for AIoT	53,097.35	0.05%

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase
Supplier Y	Sensor products	14,637,168.14	8.51%
Customer/Supplier Z	Sensor products	180,106.19	0.10%

[4] Customer Y is a public company headquartered in Beijing, engaged in the provision of artificial intelligence and computer vision application solutions.

[5] Customer X is a privately held company headquartered in Guangzhou, Guangdong Province, engaged in the technical research and product development focusing on the mobile communications industry.

Our Business Operations are in Compliance with the U.S. Export Control Requirements

As advised by our Sanctions Legal Advisor, during the Track Record Period, we did not engage in any transaction that would constitute violation of U.S. export control requirements. Besides our minimal exposure to Relevant Regions, the bases are as follows.

First, the U.S. export control regime does not prohibit us from procuring items not subject to the EAR from Supplier X, provided such items fall outside the jurisdictional scope of the EAR. Since the items supplied by Supplier X were developed entirely within the PRC and did not incorporate any U.S.-origin technology, software or other components, in the absence of contrary evidence, our Sanctions Legal Advisor is of the view that our procurement from Supplier X did not fall within the scope of the EAR or give rise to a violation.

Second, with respect to our transactions with Customer X, Customer Y and Customer Z, our Sanctions Legal Advisor is of the view that these transactions are in compliance with the EAR on the following bases: (i) all relevant products were developed and manufactured entirely in the PRC; (ii) all relevant products did not incorporate controlled U.S.-origin content exceeding the de minimis threshold (i.e., 25% for items exported to China); and (iii) no Foreign-Direct Product ("**FDP**") Rules under the EAR is applicable. The Russia/Belarus/temporarily occupied Crimea region of Ukraine FDP Rule and the Iran FDP Rule impose specific destination requirements and therefore are not applicable to the relevant transactions. The Entity List FDP Rule and the Russia/Belarus Military End User and Procurement FDP Rule require the involvement of Entity List-designated entities with the relevant footnotes. As Customer X, Customer Y and Customer Z are not designated on the Entity List with such footnotes, these FDP Rules are not applicable. The remaining Foreign-Direct Product Rules could apply where the foreign-produced item itself is the direct product of specified U.S.-origin technology or software, or where the foreign-produced item is produced by a complete plant or major component of a plant that is itself the direct product of specified U.S.-origin technology or software. Such FDP Rules also require the foreign-produced item to fall within the relevant ECCN scope specified under the applicable FDP Rule. Based on the technical parameters and end-use information of the relevant products provided by us and reviewed by the International Sanctions Counsel, the products supplied to Customer X, Customer Y and Customer Z do not fall within the ECCN scope specified under the applicable FDP Rules. Therefore, our sales to those customers on the Entity list do not constitute a violation of the EAR.

Our Sanction Risk Exposure Related to Historical Transactions with Entities on the SDN List Is Remote

Though Supplier Y and Customer/Supplier Z are designated on the SDN List during the Track Record Period, the Group has substantially reduced its transactions with relevant customer and suppliers upon their designation and has completely ceased the commercial relationships by September 2025. Following their respective designations, we only engaged in limited transactions with Supplier Y and Customer/Supplier Z. None of these transactions involved any U.S. nexus, including any U.S. person at any stage of the transactions, any U.S.-origin goods, any activities conducted in or through the United States (including any shipment transiting through the United States), any U.S. financial institution or the U.S. financial system, or any payment denominated or settled in U.S. dollars. Accordingly, the Sanctions Legal Advisor is of the view that our historical transactions with the relevant entities would not constitute primary sanctioned activities under the sanctions regimes of the relevant jurisdictions. With respect to secondary sanctions, sanctions may be imposed on a foreign person that knowingly facilitates a significant transaction for or on behalf of certain SDN-designated entities whose SDN List entries are identified by OFAC as presenting "Secondary sanctions risk." Accordingly, the secondary sanctions analysis in respect of the relevant transactions includes an assessment of whether such transactions could be regarded as "significant." In FAQ 545, OFAC identifies a number of factors to be considered in assessing whether a transaction is "significant," including the size, number and frequency of the transactions, their nature, management awareness, the nexus with the sanctioned entity, the impact on relevant sanctions objectives, and any deceptive practices involved. Considering (i) the absence of any U.S. nexus in the transactions with relevant entities, (ii) the termination of commercial relationships with relevant entities, (iii) the intended use for the products under such transactions being for civilian end-use only, (iv) the absence of records indicating the Group's involvement in the Russian strategic sectors referenced in the designation of its suppliers, and (v) the absence of any deceptive practices or management awareness of any illicit purpose, the Sanctions Legal Advisor is of the view that the risks of imposition of secondary sanctions based on such activities would be remote.

Compliance Measures

To maintain the healthy and sustainable development of the Group's business and ensure regulatory compliance, with respect to internal control policies and procedures designed to identify, assess and manage risks associated with export controls, trade restrictions and economic sanctions, the Group has established and implemented measures that include, among others, (i) screening customers, suppliers and other counterparties against applicable restricted party and sanctions lists; (ii) assessing the export control status of the Group's products, technologies and software, including whether any items are subject to the EAR or similar export control regimes; (iii) obtaining contractual representations and undertakings from customers regarding compliance with applicable export control and sanctions laws; (iv) maintaining records and documentation to support compliance determinations; and (v) providing trainings to relevant personnel and engaging external legal or professional advisers where necessary to monitor regulatory developments and provide guidance on complex or evolving requirements.

The Group has strengthened its internal control measures in respect of import and export control matters and established a compliance framework covering anti-money laundering, economic sanctions and export control. In respect of policy development, the Group has formulated the Anti-Money Laundering and Economic Sanctions Compliance Policy, which sets out unified requirements in respect of, among others, counterparty due diligence, controlled items, contract performance, the handling of risk events and training. The Group has also revised the kuxin-SC-003 Supplier Evaluation and Assessment Management System and the kuxin-Sales-001 Sales Customer Management Measures, which together regulate the admission, evaluation and exit of suppliers and customers.

The Group conducts list screening of suppliers and customers at both the admission stage and prior to each transaction. At the admission stage, the Group confirms that the counterparty is not listed on the U.S. Consolidated Screening List (CSL), the Unreliable Entity List of the Ministry of Commerce of the PRC, or the anti-money laundering and sanctions lists issued by the People's Bank of China. Where cooperation with the relevant entity is necessary, admission may only be considered after external legal counsel has been consulted and a written opinion obtained, subject to compliance with applicable laws and regulations. Prior to entering into any commercial transaction with a new or existing counterparty, the Group conducts fresh name screening against all applicable transaction control lists, covering both the counterparty and any intermediary. The Group has included an "anti-money laundering and sanctions list check" control point in both the customer onboarding process and the supplier admission application in the OA system; where an entity is on a list, the process is escalated to the legal function and the Chief Executive Officer to assess the risks. The Group has also put in place exit arrangements for non-qualifying counterparties; where a counterparty is listed on a relevant control list, a risk assessment will be conducted and appropriate measures taken in accordance with the applicable requirements. Business personnel continuously identify red flag warnings during the course of transactions and, upon identifying any such warning, report the matter to the Inspection, Audit and Legal Affairs Department, which makes a compliance determination with the assistance of external legal counsel.

In respect of the management of controlled items, the Group has established a system for the identification, classification and control of controlled items, and conducts compliance identification of the relevant items by reference to applicable PRC and U.S. export control regulations. Matters that cannot be readily determined are referred to external legal counsel for a professional opinion. The Group exercises compliance control over controlled items throughout the entire process, implementing segregation, marking and record management. The Group also conducts identity compliance checks on personnel in positions with access to controlled items, and assesses the relevant licensing requirements for re-export in accordance with the export control rules. In respect of contract management, the Group incorporates export control compliance clauses and a compliance undertaking into business contracts entered into with export customers, with the relevant clauses and undertaking drafted by external legal counsel to require customers comply with the export control regulatory requirements; any changes thereto are subject to written approval by the legal and compliance department.

In respect of ongoing monitoring and review, external legal counsel provides, on a quarterly basis, updates on sanctions and export control-related policies and lists. The Group may also consult external legal counsel on an as-needed basis, and the Inspection, Audit and Legal Affairs Department will assess the impact of new rules on existing business and implement appropriate compliance measures. The Group conducts an annual retrospective compliance review of existing customers, and the Group has

established procedures for the Inspection, Audit and Legal Affairs Department to conduct an annual compliance audit of the relevant policy. Prior to the external transfer or disposal of items subject to the U.S. Export Administration Regulations (EAR), the Group will verify the licensing conditions, the counterparty, the end use, the destination jurisdiction and any red flags. Where a material change occurs to a key party to the transaction during contract performance, the business will be suspended and the matter reported; after-sales services are likewise subject to the export control compliance requirements. Upon becoming aware that an entity has been placed on a restriction or sanctions list, the Group will immediately initiate emergency response procedures.

The internal control consultant has reviewed the Group's policies and related measures in relation to import and export control, and no material deficiency has been identified in this regard.

IMPACT OF U.S. EXPORT CONTROL AND INTERNATIONAL SANCTIONS

As advised by our Sanctions Legal Advisor, our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, the U.S. export controls and international sanctions have not had, and are not expected to have, a material adverse impact on the Group's business operations and financial performance.

The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export or transfer. During the Track Record Period and up to the Latest Practicable Date, we procured and used certain U.S.-origin electronic design automation ("**EDA**") software in chip design activities. The use of U.S.-origin EDA software does not, by itself, render our products subject to the EAR. However, depending on, among other things, the export control classification and functionality of such software and the circumstances of the relevant transaction, a foreign-produced product designed using such software may become subject to the EAR under applicable Foreign-Direct Product Rules if both the relevant product scope and the applicable end-user or destination scope are satisfied. We confirm that, during the Track Record Period and up to the Latest Practicable Date, we do not, and have no intention to, engage in such restricted transactions. Moreover, we are committed to proactively seeking alternative domestic EDA tools that are not subject to the EAR. We will continue to evaluate and, where feasible, procure substitute software on commercially reasonable terms, taking into account their availability in the market.

With respect to the impacts of international sanctions, we terminated our business relationships with Supplier Y and Customer/Supplier Z following the completion of all contracts that were entered into prior to their respective designations on the SDN List in May 2024. Purchases from the above suppliers (sensor products) accounted for 8.61%, 17.33% (including 0.69% of post-designation purchases during the wind-down period) and 0.94% of the Group's total procurement in 2023, 2024 and 2025, respectively. During the transition, the Group ensured continuous production via existing inventory and onboarding of alternative suppliers offering products of comparable quality at commercially reasonable prices, and no material supply disruption occurred. Revenue from Customer Z accounted for 2.12%, 0.85% and 0.02% of the Group's total revenue in 2023, 2024 and 2025, respectively. The termination of the relevant relationship has not resulted in any material adverse effect on the Group's financial performance. To mitigate future sanction-related risks, the Group is actively diversifying its supplier and customer base, and promoting the adoption of domestic alternatives to reduce sole reliance on any single counterparty.

Throughout the Track Record Period and up to the Latest Practicable Date, the U.S. export control and international sanctions regimes have undergone multiple rounds of changes, which have had certain impacts on the Group's business operations. In particular, changes to U.S. export control regulations led us to switch OSAT providers for the packaging and testing of certain chips, resulting in a temporary disruption in the supply of such chips from July 2025 to December 2025. As a result, delivery of a limited number of orders was delayed, involving two customers and five orders originally scheduled for delivery between July and September 2025. The Group promptly adjusted its supply chain arrangements and successfully secured alternative supply arrangements, and all such orders were subsequently fulfilled between September and December 2025, as chips from the new supplier's engineering and small-batch lots became available for shipment from September 2025. No penalties were paid by the Group in connection with such delivery delays. Accordingly, although changes in the U.S. export control and

international sanctions regimes have had certain impacts on the Group's supply chain and delivery schedules, such impacts were temporary and limited in scope, and were effectively addressed through the Group's timely adjustments to its supply chain arrangements. Such changes have not resulted in any material adverse impact on the Group's business operations or financial performance.

In summary, during the Track Record Period and up to the Latest Practicable Date, the Group has not experienced any material adverse impact on its business operations or financial performance arising from U.S. export controls or international sanctions, nor any material business interruption caused by the relevant regimes. The Group's historical operating track record demonstrates its resilience to changes in the relevant regulatory regimes, and the Directors expect that the relevant regimes will not have a material adverse impact on the Group going forward.

IMPACT OF THE U.S. TARIFFS

Our operations and financial performance have not been materially adversely affected by U.S. tariff policies, as well as the reciprocal tariffs imposed by China in 2025, during the Track Record Period and up to the Latest Practicable Date. We believe that the impact of such policies on our Group will remain limited in the foreseeable future.

With respect to the direct impact of U.S. tariff policies, we do not engage in, and have no plans to engage in, any export activities to the U.S. market, and accordingly our products are not subject to U.S. tariffs. With respect to the reciprocal tariffs imposed by China in 2025, we do not engage in any direct import of raw materials or components from the U.S. market during that period, and accordingly our procurement is not subject to such reciprocal tariffs. U.S.-China trade frictions may have indirect knock-on effects on downstream industries, including the semiconductor sector, such as reduced demand for end products incorporating the Group's products, which could in turn adversely affect customers' procurement needs, order volumes and demand for the Group's products. In this regard, our downstream customers may incorporate our products into their own end products, which may subsequently be exported to the U.S. In such circumstances, any tariffs arising from the export of such end products to the U.S. would be borne by the relevant downstream customers or exporters, rather than us. Nevertheless, as an upstream supplier of chips and modules, we generally sell our products to customers for further integration into their own products or solutions, and do not have complete visibility into the subsequent manufacturing, onward sales or ultimate destinations of such end products. In particular, our sales records primarily reflect transactions with our direct customers and do not enable us to comprehensively trace our products through the downstream supply chain or determine (i) the quantities and values of end products incorporating our products that were ultimately exported to the U.S.; or (ii) the corresponding portion of our revenue attributable to such end products. While we may be aware of certain overseas markets served by our downstream customers, such information does not enable us to reliably link their ultimate U.S. sales to the specific chips or modules supplied by us. Accordingly, we are unable to reliably estimate the percentage of our revenue attributable to end products incorporating our products that were exported to the U.S. during the Track Record Period. Any estimate based solely on the geographic locations of our direct customers or limited information regarding their downstream markets would not provide a reliable measure of such exposure.

Notwithstanding the above, during the Track Record Period and up to the Latest Practicable Date, we did not identify any material adverse impact arising from changes in U.S. tariff policies on our downstream customers' purchasing behaviour or our business operations or financial performance. In particular, we did not observe any instances where our downstream customers reduced, suspended, cancelled or delayed their purchases from us, requested price adjustments, or otherwise changed their procurement, supply, delivery or other transaction arrangements as a result of such tariff changes. Accordingly, we did not experience any material order cancellations, supply disruptions, significant revenue shortfalls or other material operational disruptions arising from changes in U.S. tariff policies. Therefore, as advised by our Sanctions Legal Advisor, our Directors believe the overall impact of the aforementioned U.S. tariff policies and China's reciprocal tariffs on our business operations and financial performance remains limited and controllable during the Track Record Period and up to the Latest Practicable Date.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse

We have two warehouses in Shanghai, and Hefei, Anhui Province primarily for the storage of raw materials and finished products including packaged SoCs and modules. Wafers are delivered to the outsourced packaging and testing providers from foundries directly by third-party logistics service providers to ensure minimal contamination in transportation. Final SoC products are delivered to our warehouses from the outsourced assembly and testing providers by third-party logistics providers then to locations specified by our customers. These logistics service providers shall adhere to our strict transportation standards, and we conduct periodic evaluations of their compliance and performance to ensure seamless product delivery. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Inventory Management

We attach great importance to our inventory health, assigning dedicated staff to provide management with regular reports on the status of inventory. We take inventory level into consideration when formulating procurement plans.

Our inventories mainly include raw materials, semi-finished products and WIP, and finished goods. To maintain our competitiveness, adapt our products to evolving demand trends and to avoid our inventories becoming obsolete, we have taken measures to optimize our inventory level, including minimizing inventory backlog in the process of inventory management. In addition, we have established internal submission and approval procedures to optimize the logistics of our inventory management and standard of purchase orders. We maintain sufficient level of inventory as a result of our effective inventory management.

QUALITY CONTROL

We have established a rigorous and well-structured quality management system. Our overall quality framework is built upon ISO 9001. We hold regular seminars for our employees on quality control. We also adopt the use of quality control tools such as FMEA, Control Plan, and QCC.

From product design to production, quality is embedded throughout our entire product lifecycle. We employ rigorous validation and verification processes to ensure reliability and compliance with industry standards, with all R&D workflows and project documentation managed through an IT-backed system for consistency and traceability. We actively promote quality awareness through comprehensive training programs on quality systems and tools, and KPI-driven assessments. Our continuous improvement initiatives encourage proactive participation, rewarding teams for contributions to process optimization and innovation.

For the quality control of our SoCs, we primarily conduct quality monitoring across three stages: first, during the wafer testing stage, we use specialized probe cards in collaboration with testing facilities to screen the chip units on the wafer, selecting qualified dies to proceed to the packaging stage. In the packaging testing stage, we partner with leading packaging manufacturers to conduct reliability validation, including assessments of solder ball strength, delamination risks, aging tests, and other evaluations. We proceed with mass production after ensuring the packaging process meets our standards. Finally, in the final testing stage, we perform large-scale screening to eliminate defective products. This is an iterative process-initial test pattern coverage may not reach 100%, so we continuously optimize the test program based on customer feedback. If defective products are found to have reached the client side, we promptly add corresponding test items to improve coverage, thereby systematically ensuring chip quality.

In addition, we work closely with customers to ensure compliance with their specific product development, manufacturing, and shipping requirements while conducting thorough contract reviews to align expectations. Our customer feedback mechanisms allow us to promptly address concerns and drive continuous improvement.

Warranty and After-Sales Services

We generally provide a one-year warranty period for our products. For products used in specialized application areas, we provide extended warranties tailored to align with industry standards and bespoke customer needs.

Information Technology and Data Privacy

We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See "Risk Factors – Risks Relating to Our Business and Industry – Our information technology networks and systems may be subject to failures, interruptions or security breaches".

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not collect or process end-user data generated through our customers' products. During the Track Record Period and up to the Latest Practicable Date, we collected basic contact information of the personnel of our customers, suppliers and business partners. This information is limited to names, company affiliations, job titles, and business phone numbers, which are to the extent necessary for our ordinary course of business. We maintain a financial system, a human resource management system and a business management system.

We pay close attention to risk management relating to our IT system, as storage and protection of corporate data and related information is critical to us. To ensure data security, we have adopted an advanced fire wall to ensure the confidentiality of our data by shield our data from external networks. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing. We have established a set of internal protocols on data security, which set forth detailed, strict requirements in relation to the use, disclosure and protection of confidential information. Among other things, such internal protocols provide limited authorization to our employees holding specific positions in specific departments to access and process corporate data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment.

In light of the specialized nature of our chip and related R&D activities and their reliance on data integrity and continuity, we have established multiple non-standard, high-efficiency backup and recovery systems for our server clusters. Through data replication and snapshot creation across multiple data storage systems with different performance profiles and throughput capacities, we implement differentiated backup strategies based on data criticality, including daily backups, weekly backups selectable within a one-week period, and monthly backups covering any month since data creation. These measures enable us to restore data to a specified state within 24 hours in the event of data loss, system failure or other disruptions, thereby safeguarding the continuity of our R&D operations and the security of critical data.

During the Track Record Period and up to the Latest Practicable Date, our data is stored on self-maintained local servers located in the PRC, and does not involve cross-border data transfer.

Our PRC Legal Advisor is of the view that we have been in compliance with the relevant PRC laws, rules and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date on the basis that (i) we do not collect or process personal data in the course of our operations as we do not conduct business directly with individuals, (ii) we have implemented appropriate cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data, prevent unauthorized access or use of data and respond to network security incidents, (iii) we have not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities for violation of cybersecurity and data protection laws, rules and regulations, (iv) there have been no material cybersecurity and data protection incidents or infringement upon the rights of any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of our Directors, threatened against or relating to us, and (v) we have not experienced any material leakage of data, any breach of confidential business data or violation of cybersecurity and data protection and privacy laws, rules and regulations which will have a material adverse impact on our business operations.

COMPETITION

The China visual processing AI SoC products and solution market remains broad-based and application-diversified, with demand distributed across a wide range of end scenarios. As a result, the overall competitive landscape is relatively fragmented, and vendors tend to demonstrate differentiated strengths and positioning in specific application segments and customer groups. According to Frost and Sullivan, the top five companies accounted for an aggregate market share of 28.3% in terms of revenue in 2025. In China, the visual processing AI SoC product and solution market grew from RMB12.7 billion in 2021 to RMB40.8 billion in 2025, representing a CAGR of 34.0%. We ranked 8th in the market with revenue of RMB0.5 billion and a market share of 1.1%.

The China UAV visual processing AI SoC product and solution market is characterized by relatively high concentration, with leading participants capturing major market share. China's market expanded from RMB2.0 billion in 2021 to RMB4.0 billion in 2025, representing a CAGR of 19.1%, We ranked 3rd in the market, with a market share of 6.9%.

We believe the visual processing AI SoC product and solution market presents high entry barriers for competitors, including first-mover advantages, strong customer recognition, comprehensive system-level capabilities, technological expertise, established collaboration with foundries, and substantial upfront investment. In practice, competition in this market is shaped by vendors' ability to engage customers over long product cycles, support joint defining and iterative refinement at the architecture and algorithm level, and deliver integrated system-level solutions that balance performance, power efficiency and reliability. In addition, the ability to execute stable mass production and delivery across diversified application scenarios, supported by mature supply chain coordination and sustained R&D efforts, further differentiates vendors' competitive positioning.

We remain focused on leveraging our first-mover position, R&D capability, and deep market insight to maintain and enhance our position in the market. See "Industry Overview" in this Document for details.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. We rely on a combination of patents, copyrights, trademarks, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights.

We have also adopted a comprehensive set of internal rules for intellectual property management and require our employees to sign non-disclosure agreements. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property, the key measures of which are set out below. In addition, any commissioned research, commissioned development, cooperative research, or cooperative development undertaken with an external entity shall be governed by a written agreement. Such agreement must contain explicit provisions for the protection of intellectual property rights.

Employment Contracts

Our employment contracts contain confidentiality and intellectual property provisions, the salient terms of which are as follows:

- *Scope of confidential information:* confidential information covers technical information (including production methods, manufacturing processes, software, databases, drawings, prototypes and technical documents), proprietary know-how (including processes, methods and experience not publicly disclosed) and business information (including marketing strategies, pricing policies, non-public financial data, contracts, and customer and supplier lists),

- *IP ownership:* all intellectual property created during employment in the performance of duties or through the use of our resources — including inventions, works, software and technical secrets — vests exclusively in us. This assignment extends to any intellectual property created within two years after an employee's termination of employment to the extent it relates to their work during their tenure with us,
- *Cooperation obligation:* employees are required to promptly notify us upon creation of any such intellectual property and to cooperate in all filings, registrations and other actions to enable us to obtain and exercise the relevant rights,
- *Post-termination obligations:* confidentiality obligations survive termination of employment. Upon termination, employees must return all documents, materials, storage media and other carriers of confidential information and complete our internal handover process,
- *Non-compete undertakings:* where appropriate, key employees are also required to enter into non-compete agreements prohibiting them from engaging, directly or indirectly, in any competing business during their employment and for a prescribed period thereafter.

Employee Handbook

All employees are also subject to our employee handbook, which reinforces the confidentiality and IP ownership obligations in their employment contracts. The handbook sets out procedures for classifying intellectual property created during employment as either job-related or non-job-related — where an employee does not submit a written declaration asserting non-job-related status, the relevant intellectual property vests in us.

Intangible Assets Management Policy

We have also adopted an intangible assets management policy governing the creation, protection, use and oversight of our intellectual property. Under the policy: (i) the general manager's office is tasked to maintain our intellectual property register, oversee trademark registration and renewal, and ensure timely payment of patent annuities and software maintenance fees to preserve the validity of our registered rights. and (ii) the research and development department has the responsibility to oversee intellectual property development projects and periodically evaluate the competitive value of our existing patents and proprietary technologies, retiring any that no longer contribute to our technological competitiveness. Our policy also provides that technical documentation relating to our self-developed intellectual property must be kept under the custody of designated personnel, with access limited to authorized individuals. Any access to such materials requires prior approval from the relevant business unit, the general manager's office and the research and development department, and all instances of access must be recorded for accountability purposes.

Contractual Protections with Customers and Suppliers

We incorporate confidentiality obligations in our contracts with customers and key suppliers. Each counterparty is required to keep confidential all information — including technical materials, trade secrets and other proprietary information — obtained from us in the relevant transaction, and is prohibited from disclosing such information to third parties or using it beyond the scope of the relevant contract without our prior consent. Such obligations subsist indefinitely until the relevant information lawfully enters the public domain.

As of the Latest Practicable Date, we had 25 patents, 14 integrated circuit layout design registrations, 14 software copyrights, 11 registered trademarks, and six registered domain names in China. For detailed information about our material intellectual property as of the Latest Practicable Date, see "Appendix IV – Statutory and General Information – Further Information about our Group – Intellectual Property Rights of Our Group" in this Document.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial condition and results of operations. See "Risk

Factors – Risks Relating to Our Business and Industry – Failure to protect, maintain or enforce our intellectual property rights may adversely affect our competitiveness and business performance'' in this Document.

AWARDS AND RECOGNITION

We received a number of awards and recognitions in connection with our business and set forth below are some of the material awards and recognitions we had received during the Track Record Period and up to the Latest Practicable Date:

Year	Award/Recognition	Awarding Institution/Authority
2026	"China Chip'' Excellent Market Performance Product ("中國芯"優秀市場表現產品)	China Center for Information Industry Development (中國電子信息產業發展研究院)
2024	National-level "Little Giant'' Enterprises (國家級專精特新"小巨人")	Anhui Provincial Department of Economy and Information Technology (安徽省經濟和信息化廳)
2024	Excellent Chip China 2024 Innovation Award (強芯中國2024新銳產品獎)	Integrated Circuit Design Innovation Conference and IC Application Ecosystem Exhibition, and China Integrated Circuit Design Innovation Alliance (中國集成電路設計創新聯盟、ICDIA-IC Show組委會)
2024	2024 Innovative and Fast-Growing Domestic IC Design Brands in the Electronic Components Industry (2024年度電子元器件行業IC設計創新成長國產品牌企業)	Hqew.com (華強電子網)
2023	China's Top 30 Pioneering AI Chip Companies of 2023 (2023年度中國AI芯片企業先鋒企業TOP30)	Semiconductor & AI Intelligence Open Lecture Series (芯東西&智東西公開課)
2023	"Little Giant'' Award for Unmanned Systems (無人系統小巨人獎)	The 7th Drone World Congress 2023 (2023第七屆世界無人機大會)
2023	"Star 20'' 2023: China's Innovative AI Computing Infrastructure Companies ("星辰20"2023中國AI算力層創新企業)	Jazzyear (甲子光年)

PROPERTIES

As of the Latest Practicable Date, we do not own any land use rights.

Leased Properties

As of the Latest Practicable Date, we had leased six properties, from Independent Third Parties, with a total gross floor area of approximately 6,269.4 square meters for our business operations. The properties we lease are mainly used for office and research and development purposes.

As of the Latest Practicable Date, only two of our six leased properties in China had not completed lease registration procedures with the relevant PRC government authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, the lack

of registration does not affect the validity of the lease agreements, but we may be imposed with a penalty ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration of any of our lease agreements after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not been subject to any material administrative penalties by the relevant competent authorities.

See "Risk Factors – Risks Relating to Our Business and Industry – Certain of our leased properties are subject to risks relating to unregistered leases" in this Document.

As of the Latest Practicable Date, two lease agreements had not been registered with applicable PRC authorities. Given that if the lessor fails to cooperate with the registration of lease agreements, we may face practical difficulties in completing the registration, our administrative department has made, and will continue to make, efforts to proactively coordinate with property owners to complete the registration for all of our lease agreements. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

Given that (i) failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements; (ii) as of the Latest Practicable Date, we were not aware of any dispute, regulatory penalty or eviction notice regarding these properties, the likelihood of us being evicted and/or ordered to cease occupation and/or usage of the concerned properties is low. In the event of lease termination, we believe we are able to secure alternative premises, and such contingency would not materially adversely affect our production and operational activities.

In order to prevent similar incidents from recurring, we have adopted the following enhanced internal control measures:

(i) **Formation of a compliance working group.** We established a dedicated compliance working group led by the human resources and administration department, with joint participation from the finance department and the legal department, to conduct a comprehensive review of all unregistered leased properties and to complete outstanding registration procedures.

(ii) **Engagement of an independent internal control consultant.** In December 2025, we engaged an independent internal control consultant to conduct an internal control review and to carry out remediation of identified internal control deficiencies, including matters relating to lease property registration.

(iii) **Enhancement of internal control policies.** We have revised our asset management policy to incorporate a governing measures on leased property management, which expressly requires that all property lease agreements be registered and filed in accordance with applicable PRC laws and regulations.

EMPLOYEES

As of May 31, 2026, we had 187 full-time employees, and all of them were based in the PRC. The following table sets forth the number of our employees categorized by function and percentage of our total number of employees as of May 31, 2026.

	As of May 31, 2026	
Function/department	**Number of Employees**	**% of Total**
Research and development	133	71.1%
Management	46	24.6%
Sales	8	4.3%
Total	187	100.0

We believe that our employees are valuable assets that contribute to the success of our Group. We recruit our employees based on a number of factors such as their industry experience and educational background, as well as our vacancy needs. We offer employees fair and competitive compensation and benefits and incentivize employees to improve their performance with a performance-based compensation system. Our compensation system includes base pay, performance-based salary, bonuses, project bonuses, and allowances and subsidies, while our benefits system includes statutory benefits, supplementary commercial insurance, leaves, health check-ups, and holiday benefits. We also entered into individual employment contracts with our employees covering matters such as wages, employee benefits, employment scope and grounds for termination. We provide mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance, medical insurance and maternity insurance.

Our employees would undergo training to enhance their technical skills, knowledge of industry quality standards, occupational health and safety standards and applicable laws and regulations. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes that led to disruptions in our Group's operations.

We are dedicated to continuous research into the talent needs of the industry, focusing on key areas to support talent cultivation and technological innovation. We have established a robust team of experts and technical personnel to achieve these goals. For the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, our research and development team made up 71.7%, 75.0%, 71.9%, and 71.1% of our total employees, ensuring technical vitality and an understanding of the sector. During the Track Record Period and up to the Latest Practicable Date, we have fully paid social insurance and housing provident funds for all employees in accordance with applicable PRC laws and regulations.

Labor Dispatch

We employ some of our workforce through labor dispatch arrangements, wherein workers are hired by third-party human resources service company for us. Pursuant to the Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》) which has become effective since March 1, 2014, an employer shall strictly control the number of dispatched workers engaged, which shall not exceed 10% of the total number of its workers (the "**Limit**"). During the Track Record Period, the number of dispatched workers engaged by us exceeded the Limit at certain points in time, primarily because with the customers' order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. The dispatched workers were primarily engaged in auxiliary and temporary work such as IC testing and data recording. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if the number of dispatched workers exceeds the Limit, the employer may be ordered to make corrections within a time limit by labor administrative authorities, and failure to make such corrections may lead to a fine ranging from RMB5,000 to RMB10,000 per dispatched worker imposed by labor administrative authorities. During the Track Record Period, the maximum number of the dispatched contract workers hired by us that exceed the Limit was 19, which may result in us being subject to a maximum penalty of RMB0.19 million if we are ordered but fail to make corrections within a time limit by labor administrative authorities. We have terminated the labor dispatch agreement with the third-party human resources service company and replaced it with a service outsourcing agreement to meet our occasional temporary business needs in January 2026. During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries had not been subject to any administrative penalties or other disciplinary actions relating to labor dispatch by relevant government authorities. We have not made any provision in respect of the potential penalty, as the maximum potential amount of RMB0.19 million is not considered material to our financial position, which our auditors have concurred with. See also "Risk Factors — Risks Relating To Our Business And Industry — We face risks to our employee dispatch arrangements".

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by the relevant laws and regulations and in accordance with the commercial practices in our industry. We take out social insurance for our employees including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, and medical insurance. In addition, we take out commercial medical insurance for our employees. We take out property insurance and vehicle insurance. However, in line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damage to our network infrastructures or information technology systems, or any insurance policies for our properties. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business. See "Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be adequate to cover all risks associated with our business and operations" in this Document.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors – Risks Relating to Our Business and Industry – We may from time to time be involved in litigation, regulatory proceedings or other disputes, which may adversely 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 had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against our Group or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could have a material adverse effect on our business, financial condition or results of operations. As confirmed by our PRC Legal Advisor, except as disclosed in the sections headed "— Employees" and "— Properties" in this Document, we have complied with all applicable laws and regulations in all material respects 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 would, individually or in aggregate, have a material adverse effect on our business, financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations such as financial reporting and internal control. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the **[REDACTED]**, we have adopted and will continue to take risk management measures as follows:

- Our Board is responsible for the establishment, improvement, and supervision of the implementation of our internal control system.
- Our senior management is responsible for the development and effective implementation of our internal control system.

- Our employees are responsible for following the systems, processes and standards of internal control.
- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risks. We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our information technology, human resources, finance and operations departments are collectively responsible for ensuring the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

In addition, we have implemented an investment policy to manage operational risk relating to investments in financial products. We invest in unlisted financial assets, which primarily consist of fix-rate short-term bank deposits. To ensure appropriate oversight and risk mitigation, we have put in place comprehensive internal investment policies, such as only idle funds can be used to make unlisted investments and we primarily invest in principal-protected wealth management products. We also continuously monitor the performance and risks of the investments, and provide regular reports to senior management and the Board. In addition, our financial department periodically reviews the investment process to confirm adherence to regulatory requirements and our internal policies. Our Board also plays an active role in supervising and governing our investment activities. It approves our overarching investment policy to ensure it is consistent with our strategic objectives and oversees significant decisions relating to investments in wealth management products. This approval mechanism ensures that all investment decisions are carefully reviewed and are aligned with our financial risk management objectives.

Legal and Compliance

To effectively manage our compliance and legal risk exposures, we have adopted internal procedures to ensure the compliance of our business operations with the applicable rules and regulations.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing the form of contracts we enter with our customers and suppliers. We continuously improve our internal policies according to changes in laws, regulations and industry standards and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient. We have an employee code of conduct in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We continually review, collect suggestions for improvement from our employees and update the employee code of conduct.

Financial Reporting

We have in place a set of policies in connection with our financial reporting risk management, such as financial reporting management, internal audit, investment management and budget management. We also have procedures in place to implement an internal audit, and our financial department reviews our management accounts, and our internal control department reviews our internal control procedures.

We have in place a robust risk management and internal control system. We adopted and continually improved our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the

accuracy and completeness of financial reports and related information. Our commitment extends to enhancing operational efficiency and effectiveness, thereby fostering the achievement of the company's strategic development goals.

We established an internal audit department tasked with independent audit supervision of the business operations and internal control of the company and its subsidiaries in accordance with laws, rules and regulations and the articles of association of the company, and in accordance with the principles of objectivity, impartiality and prevention.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Intellectual Property Risk Management

To ensure proper management of our intellectual property and avoid litigation concerning intellectual property infringement, we have implemented internal policies and established an internal intellectual property management system. For further details, please refer to the section headed "Intellectual Property" in this document. Focusing on R&D activities, we have been and may continue to be subject to claims from companies holding patents or other intellectual property rights, alleging infringement of such rights or otherwise asserting their rights and urging us to obtain incenses in the course of our operations. See "Risk Factors – Risks Relating to Our Business and Industry – Failure to protect, maintain or enforce our intellectual property rights may adversely affect our competitiveness and business performance."

Investment Risk Management

Our investment department has primarily been responsible for our investment project sourcing, screening, execution and post-investment monitoring. The investment department searches for investment projects based on our business strategy, and conducts thorough due diligence with the finance and legal departments to assess the risks and potential of the investment projects.

We invest in or acquire businesses that are complementary to our business and aligned with our overall growth strategies, such as businesses that can expand our service offerings and strengthen our technological capabilities. In general, we intend to hold our investments for the long term in forms of preferred shares or ordinary shares with preference rights. In order to manage potential risks associated with investments, we generally obtain minority protection rights from our investment portfolio companies.

Information Security and Data Privacy Risk Management

See "— Information Technology and Data Privacy."

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and Senior Management – Board of Directors."

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board on a timely basis.

ENVIRONMENTAL SOCIAL AND CORPORATE ("ESG") GOVERNANCE

We are strongly committed to advancing environmental and social priorities by embedding ESG principles throughout our operations. We incorporate these considerations into all aspects of our business to deliver lasting value to stakeholders while adhering to industry standards and regulatory requirements. Our approach is guided by a strong sense of corporate responsibility, enabling us to achieve sustainable growth.

ESG Governance

We have established a social responsibility organizational structure to continuously improve the company's sustainable development management capabilities. By refining management levels and division of responsibilities, we have formed an ESG governance system consisting of three tiers: the governance layer, the management layer, and the execution layer. The Company proposes to establish a Strategy and ESG Committee with full responsibility for overseeing ESG matters. The Committee will comprise three members: Yao Haiping, Chairman and CEO; Zhu Baifei, Independent Director; and Zhang Zhibin, External Non-Executive Director, with Yao Haiping chairing ESG-related work.

The specific responsibilities of the Committee include, but are not limited to:

- Providing guidance on and reviewing the development of strategies and policies related to ESG matters, and reporting to the Board of Directors.
- Supporting the establishment and implementation of the Strategy and ESG Committee.
- Reviewing the Company's ESG-related disclosures to ensure their completeness and accuracy.

We have established a Company-level ESG Working Group and Climate-Related Financial Disclosures Working Group, whose members include Xu Wei, CFO; Zhang Yuhua, Head of Human Resources; Xu Ting, Head of Finance; and Huang Haihua, Head of Supply Chain, among others. Xu Wei is responsible for chairing the Working Group.

The responsibilities of the Company-level Working Group include:

- Keeping abreast of the latest ESG-related laws and regulations, including applicable provisions of listing rules, and notifying the Strategy and ESG Committee of any changes.
- Identifying key stakeholders based on our business operations, understanding and responding to stakeholders' concerns regarding ESG matters, and updating ESG policies in accordance with the latest regulatory provisions.
- Ensuring that heads of all ESG-related departments assess and manage risks within their functions and report regularly to the leader of the ESG Working Group.

Environmental

Resource utilization and waste management

We are dedicated to enhancing energy efficiency and fostering green and low-carbon development. The primary energy source for the Group is purchased electricity, and Hefei Kuxin has successfully achieved ISO14001 certification. To conserve energy resources, we have implemented the following measures:

- We always set appropriate print parameters before printing any document. Non-recyclable waste paper should be uniformly collected and sorted by the Administrative Department for potential reuse.
- The last employee to leave each day must ensure all doors and windows are closed and electrical equipment is powered off. This helps mitigate safety risks and prevent energy waste.

The annual comprehensive energy consumption intensity target of 2028 is at least decrease by 2% based that of 2025 (baseline year). We will reduce the power consumption per unit area in office premises, phase out high-energy-consuming equipment, achieve efficient use of office electricity, support greenhouse gas emission reduction, foster a green office culture with all employees participating in electricity conservation, and meet relevant requirements for energy use efficiency.

Our energy usage during the Track Record Period is listed below:

		Year ended December 31,			Five months ended May 31	
Metrics	**Unit**	**2023**	**2024**	**2025**	**2025**	**2026**
Purchased electricity	Megawatt hour	1,078.21	1,037.00	1,000.35	374.89	414.08
Total energy consumption	Megawatt hour	1,078.21	1,037.00	1,000.35	374.89	414.08
Total energy consumption intensity	Megawatt hour/RMB1 million in revenue	10.27	2.31	1.99	1.87	1.80

In terms of water resource management, we use municipal water sources, and we do not encounter any challenges in securing suitable supplies. To conserve water, we have implemented a range of water-saving initiatives, including promoting mindful water usage and fostering efficient practices across the Group.

The annual water usage intensity target of 2028 is at least decrease by 2% based on that of 2025 (baseline year). water waste (e.g., running taps, leaks) shall be eliminated to meet relevant requirements for water resource management.

Our water usage during the Track Record Period is listed below:

		Year ended December 31,			Five months ended May 31	
Metrics	**Unit**	**2023**	**2024**	**2025**	**2025**	**2026**
Total water consumption	Ton	362.76	211.00	278.30	99.00	133.75
Total water consumption intensity	Ton/RMB1 million in revenue	3.46	0.47	0.55	0.49	0.58

In terms of waste management, the Group does not generate hazardous waste due to the nature of its operations. The only waste produced is general waste from office and dining areas. We adhere to local regulations regarding waste classification, provide designated garbage cans in office areas, and deliver guidance to employees on proper waste classification and disposal. All waste is cleared and transported daily by the property service provider, ensuring full compliance with relevant regulations.

The annual non-hazardous waste intensity target of 2028 is at least decrease by 2% based that of 2025 (baseline year). We will realize standardized classification and disposal of non-hazardous waste in office premises, with a recyclable waste recovery rate of no less than 80%.

		Year ended December 31,			Five months ended May 31	
Metrics	**Unit**	**2023**	**2024**	**2025**	**2025**	**2026**
Total amount of non-hazardous waste	Ton	52.30	47.80	44.47	17.30	18.02
Non-hazardous waste intensity	Ton/RMB1 million in revenue	0.50	0.11	0.09	0.09	0.08

Note: Total amount of non-hazardous waste = average annual headcount * working days * amount of waste produced per day.

Addressing climate change

We attach great importance to the impact of climate change on the operations of the Group and refer to the framework and recommendations of the Climate Related Financial Disclosures Working Group (TCFD) to identify climate-related risks and opportunities that the Group may be affected, assess their actual and potential impacts on our operations, strategy and financial performance, and take effective measures to promote sustainable development of the Group. Climate change governance has been identified as a 'significant component' of the overall ESG system to enhance overall climate risk management capabilities.

Governance

The Group is actively examining the potential impact of climate change on our operations and adopting effective strategy to strengthen our response to extreme climate events. In response to climate change's impact on business operations, our Board has gained a deep understanding of identifying potential impacts and advancing the implementation of specific work.

Strategy

Climate-related risk can be divided into transition risk arising from the transition to a low-carbon economy and physical risks arising from climate change. Transition risk can be divided into policy and regulatory risks, market and technological risks, and reputational risks. Physical risks include acute physical risks (such as extreme weather events such as earthquakes, heavy rain, floods, sandstorms, etc.) and chronic physical risks (long-term changes in climate patterns such as sea level rise and sustained high temperatures).

Climate risk Types	**Risk category**	**Climate related risk analysis**	**Strategy and Countermeasures**
Physical Risk	Chronic	Long term high temperatures will increase water consumption, leading to increased energy consumption and equipment maintenance costs. May cause power supply shortages or power interruptions.	By innovating energy management technology, we aim to reduce equipment damage and downtime risks caused by unstable energy supply.
		Long term rainfall may disrupt the supply of key raw materials for production and the operation of manufacturing facilities and may also cause instability or delayed delivery of goods.	Pay attention to the typhoon, flood and other warning information and defense guidelines issued by the local government.
		Typhoon may affect logistics system, leading to supply chain interruption, inability to replenish goods in a timely manner, affecting inventory and sales.	Establish stable cooperation with supplier to ensure timely replenishment of goods in case of supply chain interruption.
	Acute	Coastal floods may cause inventory to deteriorate or be damaged due to water immersion, resulting in economic losses. It may also damage power and communication facilities, affecting the normal operation of the Group.	When selecting a location for the Group, avoid low-lying areas and prepare sandbags, waterproof barriers, and other materials before extreme weather to quickly deploy in case of floods.

Climate risk Types	Risk category	Climate related risk analysis	Strategy and Countermeasures
Transition Risk	Policies and Laws	National and local governments may implement stricter climate related policies (more stringent carbon emissions compliance and disclosure requirements), which will increase the investment and cost.	Continuously monitor the introduction and update of relevant policies and regulations, timely study and implement requirements, and develop response measures.
	Technology	The development and application of new low-carbon technologies are transitioning towards lower carbon and more environmentally friendly environments, which may lead to the elimination of existing technologies and equipment.	Fully consider the development trend of low-carbon technology when purchasing equipment; Pay close attention to the upgrading of technology and equipment in daily operations to maintain competitiveness and compliance.
	Reputation	Society's expectations for sustainability of enterprises have increased, and if enterprises perform poorly in terms of environment and social responsibility, they may suffer reputation damage, which in turn affects their market image and customer loyalty.	Regularly conduct reputation risk investigations, identify potential risk points, determine risk levels and potential impacts.

Risk Management

In the face of the challenge of climate change, we focus on identifying and assessing the potential risks of its climate impact, actively exploring new opportunities in the green economy.

Metrics and Targets

To more efficiently regulate and govern these indicators, we regularly collect and conduct in-depth analysis of relevant data to provide scientific decision-making basis for our environmental protection work. During the Track Record Period, we regularly tracked key indicators linked to climate risk, such as direct greenhouse gas (GHG) emissions (Scope 1) and indirect GHG emissions (Scope 2).

Our greenhouse gas emissions during the Track Record Period are listed below:

		Year ended December 31,			Five months ended May 31	
Metrics	**Unit**	**2023**	**2024**	**2025**	**2025**	**2026**
Scope 1 GHG emissions	tCO_2e	0.00	0.00	0.00	0.00	0.00
Scope 2 GHG emissions	tCO_2e	614.90	591.40	530.79	198.91	219.71
Total GHG emissions	tCO_2e	614.90	591.40	530.79	198.91	219.71
GHG emissions intensity	tCO_2e/RMB1 million in revenue	5.86	1.32	1.06	0.99	0.96

Note: Scope 2 GHG emissions = purchased electricity * corresponding emission factors.

The annual greenhouse gas (GHG) emissions intensity target of 2028 is at least decrease by 2% based on that of 2025 (baseline year). We will control GHG emissions in office premises (primarily from electricity consumption), establish GHG emission accounting records to enable measurable and manageable emissions, and meet relevant requirements for GHG emission management.

Social

Employment management

In terms of employment, we adhere to high standards and are dedicated to providing holistic career development opportunities for all employees. To attract top talent, the Group has established a diverse recruitment system, including campus recruitment, internal referrals, online recruitment platforms, and partnerships with headhunters. Throughout the hiring process, we ensure a fair and inclusive approach, and discrimination against candidates is prohibited. Additionally, we have implemented a multi-dimensional communication and feedback system, comprising one-on-one HR sessions, semi-annual/annual supervisor reviews, employee representative meetings, suggestion boxes, and performance feedback mechanisms. These channels enable us to efficiently gather and address employee needs and suggestions, fostering a positive work environment.

Furthermore, the Group has formally published an Employee Handbook that explicitly prohibits discrimination, harassment, bullying, and other improper conduct, and we implement stringent measures to enforce these policies. Additionally, we strictly prohibit child labor and forced labor, and take effective steps to safeguard the legal rights and interests of children and minors. Throughout the Track Record Period, the Group consistently upheld the principles of fairness, justice, and transparency in employment practices, and we did not encounter any adverse incidents related to discrimination or harassment.

Care for employees

In compliance with national regulations, we provide comprehensive social insurance coverage for our employees, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund.

To align with our people-oriented management philosophy and demonstrate our commitment to employee well-being, we have initiated several care programs. These include providing talent with apartments and rental subsidies, and assisting with household registration processes such as relocation, fresh graduate registration, and accumulating points for residence permits.

Training and development

To enhance employees' skills and capabilities and foster the development of their full potential and overall competencies, we have implemented a robust training program. This program encompasses a variety of training methods, including internal training (which is also provided to external personnel), external training, and online training, all underpinned by a comprehensive training framework. At the end of each year, the Human Resources Department conducts an annual training needs assessment to gather and analyze relevant data. Based on the Group's strategic objectives, we then establish our annual training priorities.

Wellness and safety of employees

Safety is paramount for our Group. To safeguard our employees' well-being, we offer comprehensive annual health examinations and commercial medical insurance. Additionally, we enhance their understanding of safety-related issues through promotional campaigns, training sessions, and guidance, thereby boosting their safety awareness and skills. All employees are expected to adhere strictly to safety protocols and integrate safety practices into their daily routines.

Product Liability

Currently, our production process adopts an outsourcing model, with quality inspection tasks entrusted to the outsourcing team. Simultaneously, the Group places great emphasis on fostering a quality-conscious culture among all employees. We have systematically implemented specialized

training on the ISO9001 quality management system, deeply ingrained the concept of continuous improvement for everyone, and leveraged the PDCA cycle management method to iteratively enhance quality management. Through these efforts, we have steadily elevated our quality standards from consumer-level expectations to industry-level benchmarks.

We have established a robust management review mechanism to ensure the normalization and effectiveness of quality management. Graded quality objectives have been set to align with both system certification requirements and customer expectations. In terms of after-sales responsibility, our sales contracts clearly stipulate a 12-month warranty period. If any quality issues arise, customers have the right to return or exchange the products in accordance with the agreed terms. After-sales service is independently managed by the Group, and we conduct professional chip failure analysis and other diagnostic processes for problematic products to identify the root causes and implement effective solutions. Regarding customer feedback channels, customers can directly provide product feedback to our sales personnel; and sales teams act as the primary coordinators, leveraging internal resources to efficiently address and resolve customer concerns.

Supply Chain Management

We have implemented a comprehensive Supplier Admission Process System and Supplier Evaluation and Assessment Management System to ensure the efficiency and transparency of our supply chain. For all collaborating suppliers, we maintain a structured supervision and assessment framework, including annual multi-dimensional evaluations for suppliers in critical product categories such as packaging, testing, and PCB. These evaluations enable us to identify areas for improvement and establish clear corrective action plans for suppliers that require optimization or support in their production processes.

In managing our supply chain, we incorporate environmental protection standards into both our outsourcing production and material procurement processes. Specifically, packaging and testing service providers are required to use ROHS-certified materials, while in the testing phase, we prefer to work with enterprises that have green environmental certifications. Furthermore, suppliers providing PCBs for module production must submit factory inspection reports that confirm compliance with ROHS and other applicable environmental regulations.

Integrity and anti-corruption

To foster a culture of integrity and prevent corruption, we have implemented the Integrity Management System, which mandates that all employees adhere to legal standards, uphold integrity and honesty, and demonstrate an unwavering commitment to the Group. This system is designed to eliminate illegal and unethical behaviors, such as corruption. We have established specific codes of integrity tailored for different roles within the Group, including business personnel, procurement personnel, financial personnel, and general employees. In terms of anti-corruption reporting channels, we have created multiple avenues for employees and external partners to voice concerns or report misconduct. A dedicated reporting email (kxrx@artosyn.cn) and a reporting hotline (Hefei Kuxin Hotline: (021) 61420730) have been set up to receive complaints. Additionally, we have introduced a specialized Ding Talk account for reporting purposes, further enhancing our ability to monitor and manage integrity-related issues effectively.

Corporate social responsibility

We are committed to fulfilling our social responsibility, with a strong emphasis on fostering social livelihoods and actively participating in social welfare initiatives. Through diverse and innovative forms of engagement, including self-organized public welfare projects, we strive to enhance community well-being, environmental sustainability, and public health. During the Track Record Period, we were honored to participate in the community-led ''Sustainable Partner Participation Program (Phase I)'', taking tangible actions to support the development of a sustainable ecosystem in the community.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, approvals, consents, registrations and permits that were required for our business operations in jurisdictions where we operate, and such licenses, approvals, consents, registrations and permits remained in full effect.

The following table sets forth details of our material licenses and permits:

License/Permit	Date of grant/filing	Date of expiry	Issuing authority
Registration Certificate for Customs Declaration	August 28, 2026	N/A	Yangpu Customs, PRC
Registration Form for Foreign Trade Manager (對外貿易經營者備案登記表)	January 14, 2021	N/A	Shanghai Municipal Commission of Commerce
Registration Certificate for Customs Declaration (報關單位註冊登記證書)	September 11, 2015	N/A	Luzhou Customs, PRC
Registration for Import and Export Consignees and Consignors in Chinese (海關進出口貨物收發貨人報關註冊登記證書)	June 19, 2013	N/A	Luzhou Customs, PRC

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Historical Performances

Our business has grown substantially during the Track Record Period with our revenue increasing from RMB105.1 million in 2023 to RMB498.5 million in 2025, and from RMB200.1 million in the five months ended May 31, 2025 to RMB229.5 million in the five months ended May 31, 2026. However, we incurred net losses of RMB308.3 million and RMB216.3 million and RMB18.6 million for the years ended December 31, 2023 and 2024 and the five months ended May 31, 2026, respectively, primarily due to (i) investments in research and development, (ii) initial commercialization of some of our products, (iii) customer onboarding costs, and (iv) the cyclical downturn in the semiconductor industry. In addition, our net losses also reflected non-cash fair value changes in the carrying amount of redemption liabilities in connection with redemption rights granted to our pre-**[REDACTED]** investors, which redemption liabilities will be derecognized upon **[REDACTED]**. In terms of adjusted net profit/loss (a non-HKFRS measure which excludes, amongst others, the effect of changes in the carrying amount of redemption liabilities), our Company turned around from adjusted net loss (non-HKFRS measure) of RMB184.8 million in 2023 and RMB9.2 million in 2024 to an adjusted net profit (non-HKFRS measure) of RMB70.4 million in 2025, and recorded an adjusted net profit (non-HKFRS measure) of RMB28.4 million and RMB28.5 million in the five months ended May 31, 2025 and 2026, respectively. For more details, please see "Financial Information — Results of Operations — Non-HKFRS measure".

Set forth below is a summary of the operational factors affecting our historical performances in the Track Record Period:

- ***Investments in research and development***

  During the Track Record Period, we incurred R&D expenses of RMB136.5 million, RMB139.9 million, RMB85.3 million and RMB39.6 million for the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, respectively, representing 129.9%, 31.2%, 17.1% and 17.3% of our total revenue for the respective periods. Our R&D activities during the Track Record Period centered on visual processing AI SoCs and wireless video transmission SoCs targeting the UAV, AIoT and smart wearables application markets. We focused

on the development of the SoC design underpinning iterative products with better power efficiency and AI computing performance — two capabilities we identified as most critical to our customers' product competitiveness in their respective end markets.

Our product development cycle typically spans two to three years, with the major R&D cost components being employee expenses and depreciation and amortization. As such costs are relatively fixed and accrue during the development cycle, we incur substantial R&D costs before relevant products generate revenue. In turn, contributing to our net losses in 2023 and 2024. In particular, in 2023, when products under development had not yet reached commercialization, our R&D expense-to-revenue ratio was 129.9%. As the relevant products entered commercialization and revenue scaled during 2024 and 2025, R&D expenses in proportion to our revenue declined materially to 31.2%, 17.1%, and remained at a comparable level of 17.3% in the five months ended May 31, 2026, respectively, which eased the negative pressure on our financial results.

Our R&D investments contributed to our products' competitive advantages in their target markets. In the UAV market, some of our products deliver a combination of low power consumption, compact form and simultaneous support for both visible light and infrared thermal imaging, enabling our customers to develop smaller and lighter UAV products without compromising imaging capability, at competitive prices. In the smart wearables market, some of our products meet the key requirements of AR glasses applications by achieving low power consumption while supporting the full feature set required for viewing-class AR applications, including hardware-accelerated low-latency display processing and large AI model deployment. We believe the aforementioned product characteristics made our products more marketable, contributed to our revenue growth during the Track Record Period and improvement in gross profit margins through 2023 to 2025.

- ***Initial commercialization of our products***

The commercialization of our new products is closely tied to the product development cycles of our customers. When a customer adopts a new chip, their end product must go through the relevant development and qualification process — typically requiring six months to one year and a half to progress from prototype to mass production readiness. During such stage, we provide substantial engineering and technical development support to the relevant customers. Such support primarily comprises: (i) hardware support, including reviews of customers' printed circuit board ("**PCB**") layout designs, hardware troubleshooting, and verification of hardware compatibility, stability and consistency; (ii) software support, including consultation, maintenance, training and testing services to facilitate customers' productization of our software development kit ("**SDK**"); and (iii) pre-mass-production technical guidance, including assistance in resolving issues relating to system performance, stability and thermal management before the commencement of mass production. The costs incurred in providing such support primarily comprise employee expenses, allocated based on the proportion of working hours spent on the relevant customer projects, as well as related travel, hospitality and material expenses. These costs are recognized as selling and marketing expenses as incurred. Such costs amounted to RMB12.2 million, RMB11.8 million, RMB14.6 million and RMB6.1 million for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, representing approximately 11.6%, 2.6%, 2.9% and 2.7% of our revenue for the respective years/period. These costs form part of the customer onboarding costs described below.

Revenue we derive during this pre-mass-production phase is limited to sample quantities and therefore does not reflect the level of investment we make in supporting customer adoption. This mismatch between the costs incurred in supporting customer adoption and the limited revenue generated prior to mass production was one of the factors that led us to incur net losses during 2023 and 2024. Such mismatch was particularly evident in 2023, when our new-generation products were at an early stage of customer integration, resulting in limited revenue across product lines despite the resources we committed to their commercialization.

During the Track Record Period, we introduced new generation of chips and module products. Revenue attributable to these new generation products amounted to RMB64.6 million, RMB387.3 million, RMB396.6 million, and RMB204.8 million representing approximately 61.5%, 86.3%, 79.6% and 89.2% of our total revenue for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. As customers' end products progressively reached mass production during 2024 and 2025, revenue scaled accordingly, which reduced the revenue shortfall against the cost incurred that had been a key driver of net losses in 2023 and 2024. The concurrent improvement in gross profit margins, from approximately 11.2% in 2023 to 32.2% in 2024 and 44.2% in 2025 and 41.4% in the five months ended May 31, 2026, reflects the more favorable product positioning of our new generation products relative to prior-generation products. We also launched our new-generation AIoT-Modules towards the end of the Track Record Period, which are expected to contribute to future revenue growth.

- ***Customer onboarding costs***

Our customer onboarding costs primarily comprise of salaries and compensation for sales personnel and pre-sales technical support staff, as well as marketing expenses. During the Track Record Period, our selling and marketing expenses amounted to RMB29.2 million, RMB29.7 million, RMB30.4 million and RMB10.2 million for the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, respectively, representing 27.8%, 6.6%, 6.1% and 4.5% of our total revenue for the respective periods. Salaries and compensation of sales personnel and pre-sales technical support staff amounted to RMB19.8 million, RMB18.5 million, RMB28.1 million, and RMB7.7 million, and marketing expenses amounted to RMB2.2 million, RMB0.9 million, RMB0.1 million and RMB1.4 million for the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, respectively. These costs are largely fixed in nature and are incurred upfront in the process of acquiring and onboarding new customers. As the realization of revenue that could be generated from the relevant customers is delayed, there is a timing mismatch between the costs incurred and the benefit to be derived contributing to the net losses recorded in 2023 and 2024. In particular, the high ratio of selling and marketing expenses to total revenue of 27.8% in 2023 reflects the significant onboarding investment made ahead of the revenue ramp-up from new customers, and was a contributing factor to the net losses recorded in that year. The decline in selling and marketing expenses as a percentage of revenue over the Track Record Period is primarily attributable to the growth in our revenue as our sales to newly onboarded customers begin to materialize. For the years ended December 31, 2023, 2024, 2025, and for the five months ended May 31, 2026, we onboarded 40, 39, 33 and 10 new customers respectively.

- ***Cyclical downturn in the semiconductor industry***

According to Frost & Sullivan, the semiconductor industry exhibits certain cyclical characteristics, with a complete industry cycle generally spanning four to five years. For example, the industry maintained positive growth overall from 2020 to 2022. In 2023, the market size declined by 5.5% year-on-year and the industry entered a downward adjustment phase, before gradually recovering in 2024. The global semiconductor market subsequently rebounded from 2023 to 2025, at a CAGR of approximately 22.9%.

Against this backdrop, according to Frost & Sullivan, although the visual processing AI SoC product and solution sector in which we operate maintained strong growth with a CAGR of approximately 30.8% from 2021 to 2025, the broader semiconductor industry downturn in 2023 nonetheless created a more cautious procurement environment among end customers generally. Specifically, industry-wide IC inventory increased materially in the second half of 2022, with inventory levels in the third quarter of 2022 rising by approximately 25% year on year. Inventory remained elevated throughout 2023 before declining in 2024 as the industry's inventory-digestion process progressed. During this period, end customers generally prioritized the utilization of their existing inventory and deferred near-term procurement. As a result, the conversion of underlying market demand into customer orders and revenue was slower, notwithstanding continued growth in

the Group's end markets. This, together with our substantial R&D investments, amongst other aforementioned factors during the same period, contributed to the net losses recorded during the Track Record Period.

The net losses recorded during 2023 and 2024 reflected costs that were structural and time-bound in nature — investments made ahead of commercialization, in support of customers during their pre-mass-production phase, and in building the customer base that underpins our current revenue scale. As we begin to realize the benefits from our investments, the financial impact of the costs we incurred has progressively diminished. We achieved a net profit of RMB16.5 million in 2025, compared to net losses of RMB308.3 million in 2023 and RMB216.3 million in 2024, marking the materialization of the investments made during the Track Record Period. For further details our financial results for the five months ended May 31, 2026, please see "Financial Information — Period-to-Period Comparison of Results of Operations."

Going forward, we intend to maintain sustainability and growth of our business and achieve profitability through (i) revenue growth and (ii) operation improvements.

Path to Profitability

Revenue Growth

We expect to grow our business and increase our revenue due to the following factors:

- **We operate in a fast-growing industry with vast market potential.** According to Frost & Sullivan, the visual processing AI SoC product and solution market expanded rapidly from 2021 to 2025, recording CAGRs of over 34.0% in China and 30.8% globally, and is projected to continue growing at a CAGR of over 20% through 2030, driven by expanding application scenarios and broader adoption of AI-enabled visual computing. See "Industry Overview" for further details. We seized the growth potential in the industry's upward cycle during the Track Record Period through our product offering capabilities in visual processing and transmission field. Driven by the rapid development of AI technology, the visual AI chip market has entered into a high-speed expansion phase. Benefited from industry growth and our core technical advantages, we are able to grow rapidly as evidenced by our revenue increasing from RMB105.1 million in 2023 to RMB448.7 million in 2024 and RMB498.5 million in 2025, and from RMB200.1 million in the five months ended May 31, 2025 to RMB229.5 million in the five months ended May 31, 2026.

  In order to continue to capture this market growth potential, we intend to expand our presence across our existing and new application verticals. In the UAV market, we plan to build on our position in the consumer UAV segment and grow our presence in the industrial and enterprise UAV market. In the AIoT market, we are extending our product coverage into emerging categories such as ultra-portable cameras and educational robotics. In the smart wearables market, building on our commercial traction in the AR/AI glasses segment, we plan to expand our product portfolio to adjacent categories including smart audio, smart watches and other connected wearable devices. We also plan to selectively explore advanced intelligent application scenarios, including embodied intelligence and on-device AI inference.

  In terms of competitive differentiation, we believe our ability to compete with both existing participants and new entrants is underpinned by three factors: (i) proprietary core IP across the three key functional domains of intelligent image processing (ISP), intelligent computing (NPU) and intelligent transmission, developed in-house and integrated into our SoC products; (ii) a scenario-driven product definition approach, engaging with customers at an early stage of emerging application categories ahead of broad market adoption to identify evolving technical requirements and incorporate them into our product designs; and (iii) established engineering capabilities with strong tape-out success rates, production stability and yield control, supported by strategic partnerships with our foundry and manufacturing partners.

- **We adopted a diversified portfolio of products and applications to build a sustainable growth model.** Building on our core strengths in visual processing AI SoCs, we have expanded our product portfolio and application coverage through product launches. Leveraging our diversified product matrix, we are able to explore new application scenarios and revenue growth opportunities, enhancing our resilience to market fluctuations and laying a solid foundation for sustained revenue growth. According to Frost & Sullivan, the UAV and AIoT visual processing AI SoC markets in China recorded CAGRs of 19.1% and 41.2% respectively from 2021 to 2025, and are projected to grow at CAGRs of 18.6% and 20.1% respectively through 2030. Our established market positions across these segments well positions us to continue to capture growth opportunities as these markets expand.

  Our results of operations during the Track Record Period reflects our ability to capture this growth, with (i) revenue from UAVs, AIoT and smart wearables growing from RMB65.8 million, RMB34.5 million and RMB0.04 million in 2023 to RMB277.6 million, RMB164.6 million and RMB15.0 million in 2025, respectively, and from RMB115.0 million, RMB73.2 million and RMB6.0 million in the five months ended May 31, 2025 to RMB130.7 million, RMB77.2 million and RMB17.3 million in the five months ended May 31, 2026, respectively; and (ii) revenue from technology services increasing from RMB4.7 million in 2023 to RMB41.3 million in 2025. In particular, the significant growth in technology services revenue through 2023 to 2025 reflects the deepening of our customer relationships and our customers' increasing reliance on our proprietary IP and proprietary algorithms, which we expect to continue to support our revenue growth going forward. In terms of our upcoming product pipeline, we are developing the following new SoC products:

  - A low-power smart wearables SoC targeting the AR/AI glasses market as well as new categories including action cameras, panoramic cameras, handheld gimbal cameras and high-end smart watches, with tape-out and mass production targeted for 2027.
  - A next-generation wireless video transmission SoC developed on a process node integrating RF, baseband, ISP and codec functions in a single chip, targeting the UAV, robotics and AIoT transmission markets, with mass production targeted for 2027.
  - An embodied intelligence SoC integrating an eight-core CPU and hundreds of TOPS of AI computing capability targeting embodied intelligence applications, with tape-out planned for 2030.

  To enhance customer stickiness and loyalty, we focus on two areas. First, we continuously advance our chip performance in AI computing capability, power efficiency and image quality, which we believe is fundamental to retaining customers and maintaining our pricing position. Second, we provide integrated solutions that go beyond the chip and basic SDK to include complete reference designs and proprietary algorithm solutions, reducing our customers' development complexity, shortening their time-to-market and deepening our integration into their product development processes. The effectiveness of these efforts is reflected in our customer retention rate. Our customer retention rate[Note] improved from 55.6% in 2023 to 73.4% in 2024 and 78.2% in 2025 and was 71.0% and 74.0% in the five months ended May 31, 2025 and 2026, respectively, reflecting the increasing stickiness and loyalty of our customer base over the Track Record Period.

- **We have solidified and expanded our customer base, establishing long-term and stable strategic partnerships.** Our close collaboration with downstream customers enables us to stay abreast of evolving industry trends and frontline application requirements. Our thorough

Note: Customer retention rate is calculated as the number of customers at the end of the year/period minus new customers acquired during the year/period, divided by the number of customers at the beginning of the year/period, multiplied by 100%. For the five months ended May 31, 2025 and 2026, the number of customers at the beginning of the period refers to the number of customers as of January 1, 2025 and January 1, 2026, respectively.

understanding of customers' needs and ability to provide customized solutions have enhanced customer stickiness and loyalty during the Track Record Period. Leveraging the insights, experience and reference cases accumulated from our cooperation with customers, we are also better positioned to extend our solutions to a broader range of customers across diversified application scenarios, thereby expanding the breadth and depth of our customer base and further supporting revenue growth. During the Track Record Period, we onboarded 40, 39, 33 and 10 new customers for the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, respectively, demonstrating our ability to build our customer base. As these customers' end products enter into mass production, our sales to them grow correspondingly. Building on this track record, we strive to expand in the smart wearables and robotics markets where we see significant growth opportunities going forward. In particular:

- In the smart wearables market, we are pursuing customer acquisition through two complementary channels: our business development and sales team, which focuses on engaging leading brand customers with a view to deepening our understanding of evolving market requirements and laying the foundation for direct product collaboration; and an expanding network of partners along industry value chain, which broadens our reach across a wider range of customers. According to Frost & Sullivan, the smart wearables visual processing AI SoC market in China expanded from RMB0.6 billion in 2021 to RMB2.7 billion in 2025, representing a CAGR of 47.8%, and is projected to reach RMB14.7 billion by 2030, representing a CAGR of 40.8% driven by accelerating adoption of AR/AI glasses and broader penetration of visual processing AI SoCs in wearable devices.
- In the robotics market, we seek to supply to both consumer and industrial applications, and we are engaging with customers across sub-segments including cameras and robotics. Our visual processing AI SoCs and wireless video transmission SoCs provide the core capabilities required in robotics applications — including wireless image and data transmission, visual perception with on-device AI computing, and SLAM-based positioning and navigation — enabling us to address the needs of customers across these sub-segments with our existing product portfolio.

Enhancing Operational Efficiency

We strive to further enhance our cost structure, R&D and sales and administrative functions to improve operational efficiency:

- **We have taken a series of targeted measures to enhance our cost structure and resource utilization.** In terms of R&D expenses, we are committed to improving R&D efficiency, building a unified core technology platform, and realizing the sharing and reuse of existing technology bases among different product lines. Such effort shortens the R&D cycle of new products and reduces repeated R&D investment, strengthening the scale effect on R&D investment. At the same time, we strive to enhance our team structure to improve individual productivity through a streamlined organizational structure and improved cross-functional collaboration to minimize redundancy and improve coordination across teams.
- **We implemented measures to better control management expenses.** We have reduced expenditure and realized better allocation of management resources. Specifically, we regularly assess and streamline our organizational layers to maintain a lean management structure as our business scales, and apply systematic approval processes to manage travel and other administrative expenses. In addition, we have established internal cost control reporting mechanisms, under which cost performance reports are prepared on a regular basis and circulated to senior management and responsible departments, with timely follow-up on material budget variances or cost anomalies. These efforts have yielded tangible results, with our administrative expenses decreasing from RMB73.6 million in 2023 to RMB45.8 million

in 2025, while our administrative expenses amounted to RMB15.1 million and RMB25.2 million in the five months ended May 31, 2025 and 2026, respectively. For more details, please see "Financial Information — Period-to-Period Comparison of Results of Operations."

- **We focus on efficiency and cost-effectiveness for sales expenses.** While ensuring the effect of market expansion and sales promotion, we have effectively controlled the growth rate of sales expenses, further improving the operating leverage effect and overall profitability. This is reflected in the decline of selling and marketing expenses as a percentage of revenue from 27.8% in 2023 to 6.6% in 2024, 6.1% in 2025 and 4.5% in the five months ended May 31, 2026. Our selling and marketing expenses are principally driven by customer development and onboarding costs, which are typically incurred upfront and over an extended period before the relevant customers' end products enter mass production. We have enhanced the efficiency of our sales function through the following measures: (i) focusing our business-development efforts on selected application markets, namely AIoT and smart wearables, and prioritizing engagement with leading customers in each market, rather than pursuing broad-based customer acquisition; (ii) engaging with customers from the product-definition stage of their end-product development, enabling our products to be designed into their products at an earlier stage and facilitating continued cooperation through mass production; and (iii) maintaining a lean sales team comprising eight sales personnel as of May 31, 2026, whose industry experience and network within our target markets enable them to identify the leading customers in each market and reach them directly, rather than relying on a larger sales force to cover the market broadly. Customers onboarded through this approach have tended to remain with us, as reflected in our customer retention rate, which increased from 55.6% in 2023 to 78.2% in 2025. As the upfront costs of onboarding such customers are not incurred again as their purchases continue, our revenue growth has not required a corresponding increase in selling and marketing expenses, which remained substantially stable at RMB29.2 million, RMB29.7 million and RMB30.4 million in 2023, 2024 and 2025, respectively, while our revenue increased from RMB105.1 million to RMB498.5 million over the same period.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the "**Concert Parties**"), all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alias, the Company's operation and management, and exercising the Shareholders' rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Acting in Concert Arrangement" in this Document.

As of the Latest Practicable Date, by virtue of the Concert Party Agreement, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan were collectively entitled to exercise voting rights attached to 10,144,419 Shares, representing approximately 32.84% of our total issued share capital, among which:

(a) Mr. Yao held 2,130,882 Shares, representing approximately 6.90% of the voting rights in our Company;

(b) Dr. Shen held 2,356,287 Shares, representing approximately 7.63% of the voting rights in our Company;

(c) Mr. Zhong held 1,955,154 Shares, representing approximately 6.33% of the voting rights in our Company;

(d) Shanghai Lingmou held 1,437,066 Shares, representing approximately 4.65% of the voting rights in our Company;

(e) Shanghai Huimou held 1,365,030 Shares, representing approximately 4.42% of the voting rights in our Company; and

(f) Shanghai Jixuan held 900,000 Shares, representing approximately 2.91% of the voting rights in our Company.

Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan is a Pre-**[REDACTED]** Employee Incentive Platform. For further details of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, please refer to "History, Development and Corporate Structure — Employee Incentive Platforms" in this Document. The general partner of Shanghai Lingmou is Dr. Shen holding 1% of its partnership interests. The general partner of Shanghai Huimou is Dr. Shen holding 1% of its partnership interests. The general partner of Shanghai Jixuan is Mr. Yao holding 1% of its partnership interests.

As such, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan were collectively entitled to exercise voting rights attached to 10,144,419 Shares, representing approximately 32.84% of our total issued shares as of the Latest Practicable Date, and are considered as a group of controlling shareholders before the **[REDACTED]** pursuant to the Listing Rules and Chapter 1.1C under the Guide for New Listing Applicants. Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan will be collectively entitled to exercise voting rights attached to **[REDACTED]** H Shares, representing approximately **[REDACTED]**% of our total issued shares, and hence none of Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan will be our controlling shareholder as defined under the Listing Rules, but they will be our single largest group of Shareholders upon the **[REDACTED]**. As such, our Company will not have any controlling shareholder as defined under the Listing Rules upon the **[REDACTED]**.

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Our Single Largest Group of Shareholders confirms that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules. Please see "Directors and Senior Management — Confirmation from Our Directors — Rule 8.10 of the Listing Rules" in this Document for further details.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Single Largest Group of Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of three executive Directors, three non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" in this Document for more details of our Directors.

Although Mr. Yao, Dr. Shen, Mr. Zhong, being members of our Single Largest Group of Shareholders, also will serve or will keep serving as our executive Directors and/or senior management upon **[REDACTED]**, we believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Single Largest Group of Shareholders and their respective close associates for the following reasons:

- our executive Directors devote substantially all their time to discharge their duties of their positions at our Group;

- each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow his or her personal interests to interfere with our Company's best interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director or his or her respective close associates, he or she shall abstain from voting on any Board resolutions approving any contract, arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting;

- we have appointed three independent non-executive Directors, comprising at least one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to

provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and

- we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would support our independent management. See "— Corporate Governance Measures" in this Document for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Single Largest Group of Shareholders and their respective close associates.

Operational Independence

Our Group is operationally independent of our Single Largest Group of Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibility. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Single Largest Group of Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

Based on the above, our Directors are of the view that we are able to operate independently of our Single Largest Group of Shareholders.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Single Largest Group of Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards.

As of the Latest Practicable Date, there were no outstanding loans, advances or balances due to our Single Largest Group of Shareholders or their respective close associates, and there were no outstanding pledges or guarantees provided for our benefit by our Single Largest Group of Shareholders or their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates (excluding our Group).

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

- our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Single Largest Group of Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

- our Single Largest Group of Shareholders will undertake to provide all necessary information, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- 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 as set out in Appendix C1 to the Listing Rules;

- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;

- in the event of any potential conflict of interests at the shareholders' level, our Single Largest Group of Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions; and

- we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to 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 between our Group and our Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.

BOARD OF DIRECTORS

Upon **[REDACTED]**, our Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board is responsible for, and has general powers of, the management and conduct of our business.

The following table sets forth certain information regarding our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Position(s)	Responsibilities	Relationship with other Directors or senior management
Executive Directors						
Mr. Yao Haiping (姚海平)	53	July 2011	September 2019	Chairman of the Board, executive Director and chief executive officer	Responsible for the overall operation and management of our Group	None
Mr. Zhong Qi (鍾琪)	52	July 2011	September 2019	Executive Director and chief operating officer	Responsible for project implementation and daily operations of our Group	None
Dr. Shen Sha (沈沙)	48	July 2013	January 2021	Executive Director and R&D director of vision and NPU department	Responsible for R&D of video, ISP and AI-related algorithms and chip design	Brother of Dr. Shen
Non-Executive Directors						
Mr. Zhang Zhibin (張志斌)	58	January 2026	January 2026	Non-executive Director	Responsible for providing strategic advice and recommendations to the Board on the Group's business development and management	None
Mr. Ren Li (任立)	31	August 2026	August 2026	Non-executive Director	Responsible for providing strategic advice and recommendations to the Board on the Group's business development and management	None

Name	Age	Date of joining our Group	Date of appointment as Director	Position(s)	Responsibilities	Relationship with other Directors or senior management
Dr. Robert Yung (容志誠) (alias Yung, Chi Shing Robert)	64	January 2021	January 2021	Non-executive Director	Responsible for providing strategic advice and recommendations to the Board on the Group's business development and management	None
Independent Non-Executive Directors						
Ms. Chu, Pak Fei Tiffany (朱柏霏)	47	**[REDACTED]**	**[REDACTED]** *(Note)*	Independent non-executive Director	Responsible for supervising and providing independent judgment to the Board	None
Mr. Liu, Sai Keung Thomas (廖世強)	54	**[REDACTED]**	**[REDACTED]** *(Note)*	Independent non-executive Director	Responsible for supervising and providing independent judgment to the Board	None
Dr. Zeng Xiaoyang (曾曉洋)	54	**[REDACTED]**	**[REDACTED]** *(Note)*	Independent non-executive Director	Responsible for supervising and providing independent judgment to the Board	None

Note: As of the Latest Practicable Date, Mr. Liu Hongming (劉洪明), Mr. Li Wenkui (李文魁), Mr. Xu Wei (許維), Mr. Yang Yunfeng (楊運峰) and Ms. Wei Yiman (魏伊曼) were our Directors. Each of them will resign from directorship, effective upon **[REDACTED]**.

The appointment of Ms. Chu, Pak Fei Tiffany, Mr. Liu, Sai Keung Thomas and Dr. Zeng Xiaoyang as proposed independent non-executive Directors have already been approved by way of a general meeting of the Company on January 13, 2026 and will become effective upon **[REDACTED]**.

Executive Directors

Mr. Yao Haiping (姚海平), aged 53, is a co-founder of our Group, an executive Director, the chairman of our Board, and our chief executive officer. Mr. Yao has been our chief executive officer since July 2011. He has served as a Director since September 2019 and was re-designated as our executive Director in January 2026. He is primarily responsible for the overall operation and management of our Group.

From April 1998 to August 2009, he co-founded Shengjing Technology Development (Shanghai) Ltd. (上海聖景科技發展有限公司) ("**Shengjing Technology**"), a company specializing in chip analysis EDA software and services, where he served as an executive director.

Mr. Yao obtained his bachelor's degree in microelectronics from Fudan University (復旦大學) in July 1996. He also obtained his master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in July 1999.

Mr. Zhong Qi (鍾琪), aged 52, is a co-founder of the Group, an executive Director and our chief operating officer. Mr. Zhong has been our chief operating officer since July 2011. He has served as a Director since September 2019 and was re-designated as our executive Director in January 2026. He is primarily responsible for project implementation and daily operations of our Group. He is also a director of Shanghai Kuxin Intelligent and Kuxin HK.

In 1998, Mr. Zhong co-founded Shengjing Technology, a company specializing in chip analysis EDA software and services, where he served as the chief operating officer and was responsible for project execution and management of software and chip analysis processing technologies until 2009.

Mr. Zhong obtained his bachelor's degree in microelectronics from Fudan University (復旦大學) in July 1997. He also obtained his master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in July 2000.

Dr. Shen Sha (沈沙), aged 48, is an executive Director and our R&D director of vision and NPU department. Dr. Shen Sha joined our Group in July 2013 as the R&D director of vision and NPU department and was appointed as a Director in January 2021. He was re-designated as our executive Director in August 2026. He is primarily responsible for R&D of video, ISP and AI-related algorithms and chip design.

From July 2004 to June 2010, Dr. Shen Sha worked as a senior chip design engineer at Trident Multimedia Technology (Shanghai) Co., Ltd.* (泰鼎多媒體技術(上海)有限公司) (a company principally engaged in research, development, production and sales of integrated circuits and related systems and software), where he was primarily responsible for the digital front-end design and verification of digital TV chips.

Dr. Shen Sha obtained his bachelor's degree in electronics and information systems from Fudan University (復旦大學) in the PRC in July 2001, and obtained his master's degree in circuits and systems from Fudan University in June 2004. He further obtained his doctoral degree in microelectronics and solid-state electronics from Fudan University in June 2013.

Non-executive Directors

Mr. Zhang Zhibin (張志斌), aged 58, is a non-executive Director. Mr. Zhang joined our Group in January 2026. He is primarily responsible for providing strategic advice and recommendations to the Board on the Group's business development and management.

From June 2001 to May 2023, he served in management roles across multiple business divisions at Intel China Ltd., where he was primarily responsible for technology, marketing, sales and strategic cooperation. Since February 2024, he has been serving as a strategic director at GigaDevice Semiconductor Inc. (stock codes: 3986.HK and 603986.SH), a fabless semiconductor company and one of our Pre-**[REDACTED]** Investors, where he was primarily responsible for strategic planning and strategic cooperation.

Mr. Zhang obtained his bachelor's degree in communication engineering from Beijing University of Posts and Telecommunications (北京郵電大學) in June 1990. He also obtained his master's degree in circuits and systems from Beijing University of Posts and Telecommunications (北京郵電大學) in April 1993.

Mr. Ren Li (任立), aged 31, is a non-executive Director. Mr. Ren joined our Group in August 2026. He is primarily responsible for providing strategic advice and recommendations to the Board on the Group's business development and management.

From April 2021 to March 2023, he worked as an investment manager at Oceanpine Capital (海松資本), a private equity investment firm. From March 2023 to June 2025, he served as an investment manager at Beijing Gao Hua Securities Company Limited (北京高華證券有限責任公司), a company principally engaged in securities market services. Since July 2025, Mr. Ren has been serving as an investment manager at GigaDevice Semiconductor Inc. (stock codes: 3986.HK and 603986.SH), a fabless semiconductor company and one of our Pre-**[REDACTED]** Investors.

Mr. Ren obtained his bachelor's degree in finance from University of International Business and Economics (對外經濟貿易大學) in September 2017. He further obtained his master's degree in economics from Peking University (北京大學) in June 2020.

Dr. Robert Yung (容志誠), (alias Yung, Chi Shing Robert), aged 64, is a non-executive Director. Dr. Yung joined our Group in January 2021 and was re-designated as a non-executive Director in January 2026. He is primarily responsible for providing strategic advice and recommendations to the Board on the Group's business development and management.

Dr. Yung served as the chief strategy officer and vice president of Analog Devices from December 2011. From 2016 to 2019, he served as the partner of Walden International Investment Consulting (Beijing) Co., Ltd. Shanghai Branch (華登投資諮詢(北京)有限公司上海分公司) and has been the founding partner and chairman of the investment committee at Guangdong Huaxu Private Equity Fund Management Co., Ltd. (廣東華胥私募基金管理有限公司) since 2018.

Dr. Yung obtained his bachelor's degree in electrical engineering and computer sciences from the University of California, Berkeley in May 1985. He also obtained his master's degree in electrical engineering and computer sciences at the same institution in May 1988 and a doctoral degree in electrical engineering and computer sciences at the same institution in May 1998. In 2000, Dr. Yung was named to the World Economic Forum's ''Top 100 Global Leaders for Tomorrow'' in Davos, Switzerland. Dr. Yung was named to the National Committee on United States — China Relations as a Fellow during the inaugural Young Leader Forum in 2002.

Independent Non-executive Directors

Ms. Chu, Pak Fei Tiffany (朱柏霏), aged 47, was appointed as an independent non-executive Director in January 2026 with effect from the **[REDACTED]**. She is primarily responsible for supervising and providing independent judgment to the Board.

From December 2003 to April 2013, she worked in the assurance department and the advisory department of PricewaterhouseCoopers and her last position was associate director. From May 2013 to August 2017, she worked at CITIC International Assets Management Limited and her last position was deputy general manager, investment. From August 2017 to May 2024, Ms. Chu served as the chief financial officer in ZWC Management Limited.

Ms. Chu obtained her bachelor's degree in accounting from City University of Hong Kong in November 2001. She has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since July 2005.

Mr. Liu, Sai Keung Thomas (廖世強), aged 54, was appointed as an independent non-executive Director in January 2026 with effect from the **[REDACTED]**. He is primarily responsible for supervising and providing independent judgment to the Board.

He has been the chief operating officer and executive director of Vcredit Holdings Limited (stock code: 2003.HK) since November 2017, and he is responsible for overseeing the day-to-day operations of the company. Mr. Liu worked as the managing director in the strategic investment division at GroupM, which is a division of J. Walter Thompson-Bridge Advertising Co., Ltd., from August 2007 to May 2009. He was also a vice president in the business development department at Star (China) Company Limited, a then subsidiary of 21st Century Fox (Asia) Ltd. (formerly known as the News Corporation) from February 2006 to July 2007. From April 2003 to February 2006, Mr. Liu held various positions in the group of TOM Group Limited (stock code: 2383.HK), including as director of the corporate development department at TOM Online Inc. Mr. Liu was an associate in Lehman Brothers Inc. in New York from 2001 to 2002. He has served as the chief operating officer at Vision Credit Financial Technology Co., Ltd. (上海維信薈智金融科技有限公司) since November 2011. Mr. Liu has been an independent non-executive director of NetDragon Websoft Holdings Limited (stock code: 777.HK) (previously known as NetDragon Websoft Inc.) since October 2007.

Mr. Liu obtained his bachelor's degree in business administration in May 1995 and a master's degree in finance (evening program) in December 1999, both from The Chinese University of Hong Kong. He also received a master's degree in business administration, majoring in finance and strategy, from The Anderson School at University of California, Los Angeles, in June 2001.

Dr. Zeng Xiaoyang (曾曉洋), aged 54, was appointed as an independent non-executive Director in January 2026 with effect from the **[REDACTED]**. He is primarily responsible for supervising and providing independent judgment to the Board.

Dr. Zeng has been serving at Fudan University (復旦大學) since April 2001, and he is currently a professor and PhD supervisor, associate dean of the Institute of Science and Technology, associate director of the National Key Laboratory of Integrated Chips and Systems (集成芯片與系統全國重點實驗室) at Fudan University. Dr. Zeng has been an independent director of Southchip Semiconductor Technology (Shanghai) Co., Ltd. (上海南芯半導體科技股份有限公司) (stock code: 688484.SH) since October 2021, a company principally engaged in the production of power management chips. He has also been an independent director of GalaxyCore Inc. (格科微有限公司) (stock code: 688728.SH) since March 2026.

Dr. Zeng obtained his bachelor's degree in mechanical engineering from Xiangtan University (湘潭大學) in June 1996 and a doctoral degree in optical engineering from Changchun Institute of Optics, Fine Mechanics and Physics, Chinese Academy of Sciences (中國科學院長春光學精密機械與物理研究所) in July 2001.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management.

Name	Age	Date of joining our Group	Date of appointment as senior management	Position(s)	Responsibilities	Relationship with other Directors or senior management
Mr. Yao Haiping (姚海平)	53	July 2011	July 2011	Chairman of the Board, executive Director and chief executive officer	Responsible for the overall operation and management of our Group	None
Dr. Shen Bo (沈泊)	51	July 2011	July 2011	Chief technology officer	Responsible for the research and development of chips and product application innovation of our Group	Brother of Dr. Shen Sha (沈沙)
Mr. Zhong Qi (鍾琪)	52	July 2011	July 2011	Executive Director and chief operating officer	Responsible for project implementation and daily operations of our Group	None
Mr. Xu Wei (許維)	45	December 2020	December 2020	Chief financial officer, secretary of the Board and joint company secretary	Responsible for overseeing the financial management, accounting, investor relationship and corporate governance of our Group	None

Mr. Yao Haiping (姚海平), aged 53, is a co-founder of our Group, an executive Director, the chairman of our Board, and chief executive officer. For biography details of Mr. Yao, see "— Executive Directors" above.

Dr. Shen Bo (沈泊), aged 51, is a co-founder of the Group and our chief technology officer. Dr. Shen has been our chief technology officer since July 2011. He served as a Director from September 2019 to November 2022. Dr. Shen is primarily responsible for the research and development of chips and product application innovation of our Group.

In 2000, Dr. Shen established Shanghai Microelectronics Integrated Circuit Co., Ltd.* (上海微科集成電路有限公司), a company specializing in provision of technical services in relation to integrated circuits and the design and sales of related products, where he served as a general manager and was

responsible for overseeing the development and market promotion of digital TV chips until June 2008. In 2008, he established Shanghai Shifeng Microelectronics Co., Ltd. (上海視豐微電子有限公司) ("**Shanghai Shifeng**"), a company specializing in design and sale of mobile TV chips, where he served as the executive director and chief technology officer, and was responsible for research and development of mobile TV chips until July 2011. He also served as an associate professor and master's supervisor in chip design in the department of electronic engineering at Fudan University (復旦大學) from July 2002 to July 2005.

As Shanghai Shifeng failed to complete the required administrative registration to reflect Dr. Shen's departure in July 2011, registration information of Shanghai Shifeng records Dr. Shen's directorship until its business license was revoked in June 2022. Such revocation was due to its cessation of operations for more than six consecutive months pursuant to the PRC Law. Dr. Shen ceased all involvement in the management and daily operations of Shanghai Shifeng after July 2011. Dr. Shen confirmed that, to the best of his knowledge, (i) Shanghai Shifeng was not subject to any material non-compliance or was involved in any pending or threatened litigation, arbitration, or administrative proceedings immediately prior to the revocation, (ii) there is no wrongful act on his part leading to the revocation and he was not personally responsible for the revocation; and (iii) he is not aware of any outstanding or potential claim that has been or will be made against him as a result of the revocation. The Board is of the view that such revocation does not affect Dr. Shen's eligibility to act as a member of senior management of the Company.

Dr. Shen obtained his bachelor's degree in electronics and information systems from Fudan University (復旦大學) in July 1996. He also obtained his master's degree in circuits and systems from Fudan University (復旦大學) in July 1999. He also obtained his doctoral degree in circuits and systems from Fudan University (復旦大學) in July 2002.

Mr. Zhong Qi (鍾琪), aged 52, is a co-founder of the Group, an executive Director and our chief operating officer. For biography details of Mr. Zhong, see "— Executive Directors" above.

Mr. Xu Wei (許維), aged 45, is our chief financial officer, the secretary of the Board and joint company secretary. Mr. Xu joined our Group in December 2020 and has been serving as a Director since November 2022 and will resign as our Director, effective upon **[REDACTED]**. He was appointed as a joint company secretary of our Company in January 2026. He is primarily responsible for overseeing the financial management, accounting, investor relationship and corporate governance of our Group.

From July 2007 to June 2016, Mr. Xu served as an audit manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所). From October 2016 to October 2018, he worked as an investment director at Jupiter Investment Management Co., Ltd. (巨擎投資管理有限責任公司). From November 2018 to April 2020, he worked at Blue Sail Medical Co., Ltd. (藍帆醫療股份有限公司) and his last position was an investor relations director.

Mr. Xu obtained his master's degree in management from Dongbei University of Finance and Economics (東北財經大學) in March 2007. He was qualified as a certificated public accountant by The Certified Public Accountant Examination Committee of The Ministry of Finance, PRC in January 2012.

JOINT COMPANY SECRETARIES

Mr. Xu Wei (許維), aged 45, is our joint company secretary. See "— Senior Management" above for details of biography for Mr. Xu.

Ms. Au Ching (歐正), is our joint company secretary. She was appointed as a joint company secretary of our Company in January 2026. She is an assistant manager of the listing services division at TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance

services to listed company clients. She has over 9 years of experience in company secretarial profession. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Au obtained her bachelor's degree in business administration from the Hong Kong Shue Yan University in July 2015 and a master degree in English language studies in September 2016.

BOARD COMMITTEES

Audit Committee

Our Company has established an Audit Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Ms. Chu, Pak Fei Tiffany, Dr. Zeng Xiaoyang and Mr. Liu, Sai Keung Thomas. Ms. Chu, Pak Fei Tiffany has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group, and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a Remuneration Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee has three members, namely Dr. Zeng Xiaoyang, Ms. Chu, Pak Fei Tiffany and Mr. Liu, Sai Keung Thomas. Dr. Zeng Xiaoyang has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Our Company has established a Nomination Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Yao, Dr. Zeng Xiaoyang and Ms. Chu, Pak Fei Tiffany. Mr. Yao is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

Strategy and ESG Committee

Our Company has established a Strategy and ESG Committee (with effect from the **[REDACTED]**) with written terms of reference in compliance with the requirements under the Listing Rules. The Strategy and ESG Committee consists of three members, namely Mr. Yao, Ms. Chu, Pak Fei Tiffany and Mr. Zhang Zhibin. Mr. Yao is the chairman of the Strategy and ESG Committee. The primary duties of the Strategy and ESG Committee are to make recommendations to our Board on the strategic development and ESG management of our Group.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. The Board Diversity Policy sets out the criteria for selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting, investment and technology. The Board is of the view that our Board satisfies the Board Diversity Policy. One of our Directors is female. While we recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male, we will continue to apply the appointment criteria based on competence and with reference to the overall diversity policy. Our Board will also ensure that an appropriate balance of gender diversity is achieved with reference to investors' expectations, and international and local recommended best practices.

To further ensure gender diversity on our Board in the long run, our Group will also identify and select several female individuals with a diverse range of skills, experience, and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board. In addition to the Board level, we are also committed to promoting gender diversity at the senior management and all other levels of our Group by providing career development opportunities for female staff, making available to them knowledge and skills training in support of succession planning and ensuring future gender diversity can be achieved on the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. After **[REDACTED]**, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

None of our Directors had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with our business and would require disclosure under Rule 8.10 of the Listing Rules.

As of the Latest Practicable Date, Mr. Yao acted as a non-executive director at Shanghai X Chip Microelectronics Technology Co., Ltd. (上海興芯微電子科技有限公司), a company principally engaged in R&D and sales of chips for the automotive industry. Mr. Yao was not involved in the daily management and operation of the aforementioned company. As such, the directorship held by Mr. Yao would not give rise to any material competition issue under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, Mr. Yao, Dr. Shen and Mr. Zhong collectively owned approximately 18.14% equity interests in LYNMAX (Beijing) Technology Co., Ltd. (凌美芯(北京)科技有限責任公司), a company principally engaged in large-scale data center operation and maintenance. Mr. Yao owned approximately 41.06% partnership interests in Shanghai Ganhong Enterprise Management Consulting

partnership (Limited Partnership) (上海感弘企業管理諮詢合夥企業(有限合夥)) as its limited partner. Shanghai Ganhong Enterprise Management Consulting partnership (Limited Partnership) owned approximately 18.60% equity interests in Sensethink Technology (Shenzhen) Co., Ltd. (感悟科技(深圳)有限公司), which in turn wholly owned Shanghai Sensethink Communication Technology Co., Ltd. (上海感悟通信科技有限公司), two companies principally engaged in relay networking technologies. However, as the aforementioned businesses are clearly delineated from the business of our Group in respect of, among others, sectors and industries of applications, customers, products and focus of business development, they do not and are not likely to compete, directly or indirectly, with the business of the Group.

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 January 19, 2026, and (ii) understands his or her obligations as a director of a **[REDACTED]** company under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he/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 of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

Interests of Directors and members of senior management

Except as disclosed in this Document, as of the Latest Practicable Date, each of the Directors and members of senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any of the Directors and members of senior management as of the Latest Practicable Date; (iii) did not hold any other directorship and supervisor's position in listed companies in the three years prior to the Latest Practicable Date. To the best of the knowledge, information and belief of our Directors and senior management, having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and senior management that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors and senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. For the Directors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix IV — Statutory and General Information" in this Document.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the **[REDACTED]**.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the **[REDACTED]** except for Code Provision

C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and chief executive officer of the Company are currently performed by Mr. Yao. In view of Mr. Yao's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Yao acting as both our chairman and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it is appropriate and beneficial to our business development and prospects that Mr. Yao continues to act as both our chairman and chief executive officer after the **[REDACTED]**, and therefore currently do not propose to separate the functions of chairman and chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Yao and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The compensation and remuneration of the Directors and members of the senior management of the Company are determined by the Shareholders' meetings and the Board as appropriate in the form of salaries and bonuses. The Company also reimburses them for expenses that are necessary and reasonably incurred in providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of the Company, the Shareholders' meetings, and the Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration.

Our Company offers executive Directors and members of senior management, who are also employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans, and other benefits. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid or payable to the Directors for the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2026, were RMB39,402,000, RMB41,660,000, RMB9,185,000 and RMB4,459,000, respectively.

The aggregate amounts of remuneration paid or payable to the five highest-paid individuals for the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2026, were RMB38,556,000, RMB44,164,000, RMB8,357,000 and RMB5,135,000, respectively.

It is estimated that remuneration equivalent to approximately RMB10.09 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2026.

No remuneration was paid by the Company to the Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances:

- Before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be notifiable or connected, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the **[REDACTED]** of the **[REDACTED]** in a manner that is different from that detailed in this Document or where our business activities, developments, or results deviate from any forecasts, estimates, or other information in this Document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or **[REDACTED]** of the Shares, the possible development of a false market in the Shares, or any other matters.

The terms of the appointment of the compliance advisor will commence on the **[REDACTED]** and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the **[REDACTED]**.

Substantial Shareholders

So far as our Directors are aware, immediately following completion of the **[REDACTED]** and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and **[REDACTED]**, the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

		As of the date of the Latest Practicable Date			Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
Name of Shareholder	**Nature of interest**	**Class of Shares**	**Number of Shares interested in**	**Approximate percentage of shareholding in our total share capital[2]**	**Class of Shares**	**Number**	**Approximate percentage of shareholding in the relevant class of the Shares[2]**	**Approximate percentage of relevant class of shareholding in the total issued share capital of our Company[2]**
Mr. Yao[3]	Beneficial owner	Unlisted Shares	2,130,882	6.90%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interests in controlled corporation	Unlisted Shares	900,000	2.91%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest of person acting in concert	Unlisted Shares	7,113,537	23.03%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Dr. Shen[3]	Beneficial owner	Unlisted Shares	2,356,287	7.63%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interests in controlled corporation	Unlisted Shares	2,802,096	9.07%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest of person acting in concert	Unlisted Shares	4,986,036	16.14%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Zhong[3]	Beneficial owner	Unlisted Shares	1,955,154	6.33%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest of person acting in concert	Unlisted Shares	8,189,265	26.51%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanghai Lingmou[3][4]	Beneficial owner	Unlisted Shares	1,437,066	4.65%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest of person acting in concert	Unlisted Shares	8,707,353	28.19%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanghai Huimou[3][5]	Beneficial owner	Unlisted Shares	1,365,030	4.42%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest of person acting in concert	Unlisted Shares	8,779,389	28.42%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanghai Jixuan[3][6]	Beneficial owner	Unlisted Shares	900,000	2.91%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest of person acting in concert	Unlisted Shares	9,244,419	29.93%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司)[7]	Beneficial owner	Unlisted Shares	3,199,155	10.36%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Beneficial owner	Unlisted Shares	747,187	2.42%	[Unlisted Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Ko, Ping Keung (高秉強)	Beneficial owner	Unlisted Shares	1,827,853	5.92%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	Interest in controlled corporation[8]	Unlisted Shares	96,815	0.31%	[H Shares]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Unlisted Shares and **[REDACTED]** H Shares in issue immediately upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised).

(3) As of the Latest Practicable Date, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan directly held 2,130,882 Shares, 2,356,287 Shares, 1,955,154 Shares, 1,437,066 Shares, 1,365,030 Shares and 900,000 Shares, respectively.

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the "**Concert Parties**") (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alia, the Company's operation and management, and exercising the Shareholders' rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Acting in Concert Arrangement" in this Document. As such, each of the Concert Parties is deemed to be interested in the Shares the other is interested under the SFO.

(4) Shanghai Lingmou is a Pre-**[REDACTED]** Employee Incentive Platform. As of the date of this Document, the general partner of Shanghai Lingmou is Dr. Shen, and none of its limited partners owned 30% or more of the partnership interests in Shanghai Lingmou. Therefore, Dr. Shen is deemed to be interested in the Shares held by Shanghai Lingmou under the SFO.

(5) Shanghai Huimou is a Pre-**[REDACTED]** Employee Incentive Platform. As of the date of this Document, the general partner of Shanghai Huimou is Dr. Shen, and none of its limited partners owned 30% or more of the partnership interests in Shanghai Huimou. Therefore, Dr. Shen is deemed to be interested in the Shares held by Shanghai Huimou under the SFO.

(6) Shanghai Jixuan is a Pre-**[REDACTED]** Employee Incentive Platform. As of the date of this Document, the general partner of Shanghai Jixuan is Mr. Yao, and none of its limited partners owned 30% or more of the partnership interests in Shanghai Jixuan. Therefore, Mr. Yao is deemed to be interested in the Shares held by Shanghai Jixuan under the SFO.

(7) GigaDevice Semiconductor Inc. is listed on the Shanghai Stock Exchange (stock code: 603986) and the Stock Exchange (stock code: 3986).

(8) As of the Latest Practicable Date, Brizan Ventures LP held 96,815 Shares. The general partner of Brizan Ventures LP is Brizan Ventures GP Limited, which is owned as to 50% by Mr. Ko. Therefore, although Mr. Ko does not control Brizan Ventures GP Limited or Brizan Ventures LP, Mr. Ko is deemed to be interested in the Shares held by Brizan Ventures LP under the SFO.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the **[REDACTED]** and the Conversion of our Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB30,886,218, comprising 30,886,218 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

*Assuming the **[REDACTED]** is not exercised:*

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares to be converted from Unlisted Shares[(1)]	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**

*Assuming the **[REDACTED]** is exercised in full:*

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares to be converted from Unlisted Shares[(1)]	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**

Note:

(1) Following the completion of the **[REDACTED]**, **[REDACTED]** Unlisted Shares held by our existing Shareholders will be converted into H Shares on a one-for-one basis and listed on the Stock Exchange for **[REDACTED]**.

SHARES OF OUR COMPANY

Upon completion of the **[REDACTED]**, depending on whether Shares are **[REDACTED]** on the Stock Exchange, our Company will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association. However, the H Shares generally may not be subscribed for by, or **[REDACTED]** between, legal or natural persons of the PRC, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

Unlisted Shares and H Shares carry the same rights and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB, whereas all dividends for Unlisted Shares will be paid in RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares. After the conversion of Unlisted Shares, such converted Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The **[REDACTED]** of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange. In addition, such conversion, **[REDACTED]** and **[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.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the **[REDACTED]** of all or any portion of our 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 H Share register. 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 will not require such prior application for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong.

No class Shareholder voting is required for the **[REDACTED]** and **[REDACTED]** of the converted Shares on the 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.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Unlisted Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the **[REDACTED]** to credit such converted Shares via the **[REDACTED]**. Registration on our H Share register will be conditional on (a) our **[REDACTED]** lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of holders and the due credit of such converted Shares via the **[REDACTED]**; and (b) the admission of the H Shares to **[REDACTED]** on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be **[REDACTED]** as H Shares.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the **[REDACTED]** shall be subject to this statutory restriction and shall not be transferred for a period of one year from the **[REDACTED]**.

Pursuant to the Company Law, the numbers of shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are **[REDACTED]** and **[REDACTED]**, nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management, a summary of which is set out in "Summary of the Articles of Association of the Company" in Appendix III to this Document.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting is required, see "Summary of the Articles of Association of the Company" in Appendix III to this Document.

GENERAL MANDATES TO ISSUE H SHARES

Subject to the completion of the **[REDACTED]**, the Board has been granted with a general mandate to issue our H Shares. For details, see "Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders in Relation to the **[REDACTED]**" in Appendix IV to this Document. Any reference to an allotment, issue, grant, offer or disposal of Shares therein shall include the sale or transfer of treasury Shares in the capital of the Company (including to satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for Shares) to the extent permitted by, and subject to the provisions of the Listing Rules and applicable laws and regulations.

You should read the following discussion and analysis in conjunction with our consolidated financial information included in "Appendix I — Accountants' Report" to this Document, together with the accompanying notes. Our consolidated financial information have been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report, and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. 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, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this Document, including "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a visual processing AI SoC supplier in China with solid solutions capabilities. Leveraging deep industry knowledge that we integrate with our innovative technology, we offer a diverse product portfolio applicable to consumer and industrial AI scenarios. Seamlessly integrated into UAVs, AIoT and smart wearables applications, our products continuously expand the application landscape and enhance the utility of smart devices.

Our business is underpinned by solid end-to-end in-house R&D strengths. Through solid IC architecture design expertise, we built a strong technical foundation surrounding intelligent image processing, computing and transmission, which enable us to deliver advanced visual processing AI SoC and wireless video transmission SoC products and solutions. Our deep vertical integration of high performance SoC architectures, proprietary technology IPs and dedicated algorithms and software empower smart devices without compromising performance, power consumption, or costs. Building on our robust, anti-interference wireless video transmission modules, we have built solid advantages in the UAVs, AIoT and smart wearables markets.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

See note 1 to the Accountants' Report in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

The growth and future success of our business depend on general factors such as (a) overall economic growth and conditions; (b) development of the global SoC industry; (c) conditions of the downstream markets and demand fluctuations; (d) technology development and competition in the SoC industry; (e) cyclical fluctuations in the SoC industry; and (f) relevant laws and regulations, government policies and initiatives.

Company-specific Factors

Our ability to strengthen customer relationships and expand sales networks

Strong customer relationships and expanding sales networks directly drive our revenue growth and market position. We have established a diversified customer base comprising customers with both customized and standardized product requirements. We have maintained strong collaboration with our large customers, who are well-established companies in their respective industries. Our collaboration has involved joint development of tailored, high-value products, which effectively contributed to high customer stickiness and recurring demand. In addition, while maintaining deep partnerships with large customers, we also serve smaller customers with standardized solutions, further expanding our market reach. We aim to further strengthen our customer relationships by offering competitive products and services while continuing to expand our sales network through sales and marketing efforts. These efforts include participation in industry exhibitions, provision of proactive pre-sales support and expansion of our overseas sales networks. In the long run, a stable and expanding customer base remains critical to reinforcing our market position within the industry, which we expect to lead to higher revenue and profit growth.

Product development cycle

Our financial results during the Track Record Period were closely tied to our product development cycles and the maturity stages of our key products. At the earlier stages of a product development cycle, R&D costs typically constitute a significant portion of our overall cost structure, while revenue contribution from products under development remains limited. This front-loaded investment profile is particularly evident in our industry due to the complexity of chip design, lengthy development timelines, and the need for extensive testing and validation before commercialization.

As products progress from the R&D stage into commercialization and mass production, the financial dynamics shifts accordingly. Revenue increases as products gain market traction, and the impact of upfront development costs is distributed across higher sales volumes, resulting in improved cost efficiency and expanding gross profit margins. For the year ended December 31, 2023, certain core products in the UAVs, AIoT and smart wearables application fields were still in the R&D or early commercialization stage, which required substantial upfront R&D investment, while revenue contribution from such products remained relatively limited. For the year ended December 31, 2024, 2025 and the five months ended May 31, 2026, as these products subsequently entered the commercialization and mass production stage, shipment volumes and revenue increased, and the impact of upfront development costs on our overall cost structure was diluted, contributing to improved cost efficiency and gross profit margins.

Accordingly, fluctuations in our revenue, cost of sales and gross profit margin during the Track Record Period reflect the different stages of our product development cycle. We anticipate maintaining substantial and sustained investment in R&D to preserve and enhance our market position. As we scale our operations and as our products progress further along their lifecycle curves, we expect to benefit from operational leverage while simultaneously investing in next-generation technologies that will drive future growth.

Our ability to enhance product mix and offer advanced products

Our ability to enhance our product mix and deliver advanced products significantly influences our results of operations. We have long focused on developing visual processing AI SoCs, wireless video transmission SoCs and providing differentiated products to customers across various industry verticals. Our products are applied to UAVs, AIoT and smart wearables devices, and within each product category, we provide multiple products with varying specifications to address specific performance requirements across different end markets. Products carry varying gross profit profiles based on their technical specifications and application requirements to customers. In particular, products equipped with new-generation chips generally carry higher gross profit margins, reflecting their advanced capabilities, the substantial upfront R&D investment required for their development, and their ability to address more sophisticated customer requirements.

Our product mix is dynamic and continuously evolves in response to technological advancements, market conditions, and changing customer demands. Significant changes in product mix can directly impact our profitability, as shifts toward higher-margin products enhance overall performance while increased reliance on lower-margin offerings may have the opposite effect. To navigate these dynamics, we continuously refine our product portfolio, conduct R&D investment in high-margin and high-growth products, and align our offerings with market trends and customer needs. Through continued product diversification and strategic focus on high-margin offerings, we are committed to sustaining our financial performance, expanding our margin profile, and driving long-term revenue growth while benefiting from operational leverage and economies of scale.

Sustaining investment in R&D, technology and innovation

Our investment in R&D, technology and innovation is fundamental to our long-term success. We have independently developed core technologies across ISP, NPU and communication domains, which form the innovation foundation of our product mix. During the Track Record Period, leveraging our proprietary technologies and the expertise of our R&D team, we were able to closely collaborate with customers during their product development cycle, from initial design to final production. Our involvement in the early stages of product development helps us build close customer relationships. This early collaboration ensures our products address validated market needs and remain aligned with customer roadmaps, resulting in longer commercial life cycles and sustained revenue generation. We will continue to invest in R&D and advance our technology capabilities to help ensure that our products and services remain current in a rapidly developing industry.

Supply chain stability and deepening supplier relationships

We operate in a fabless model that focuses on product design and outsources the production process to suppliers for wafers, and packaging and testing services. As a result, our ability to satisfy customer orders is dependent on the resilience of the supply chain, including the supply of raw materials and the production capacity of foundries and packaging and testing partners. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, the aggregate of our cost of raw materials and processing costs as a percentage of the total cost of sales was 68.9%, 85.1%, 85.8%, 83.9% and 89.1%, respectively. As raw material and packaging costs are expected to remain a material portion of our cost of sales, changes to such costs and fees are likely to impact our results of operations.

We have implemented measures to mitigate potential supply chain disruptions and have established long-term partnerships with leading foundries and packaging and testing facilities. These relationships help secure stable capacity, enable close collaboration, and minimize delays or bottlenecks, particularly during periods of high industry demand. Coordination with partners allows us to optimize production, shorten cycle times, and accelerate time-to-market. By managing procurement lead times for critical materials and services, we reduce inventory costs while maintaining continuous production. To further strengthen supply chain resilience and maintain cost competitiveness, we plan to expand cooperation with top-tier suppliers and diversify our supplier base to ensure stable supply and improved efficiency.

MATERIAL ACCOUNTING POLICY INFORMATION

We have identified certain accounting policies and estimate that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgement based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

See Notes 2 and 3 to the Accountants' Report in Appendix I to this Document.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statement.

Revenue from contracts with customers

We principally generate revenue from sales of SoC products. We mainly recognize revenue on a gross basis for our revenue transactions. In determining whether we act as a principal or as an agent, we consider whether we obtain control of the products before they are transferred to the customers. Control refers to our ability to direct the use of and obtain substantially all of the remaining benefits from the products. Revenue from sales of our products is recognized when the customer takes possession of and accepts the products. Revenue of services is recognized when the customer accepts the service results.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment Assessment for Non-financial Assets

As at each reporting date of the Track Record Period, our Directors had made the assessment including assessing the impairment indicators of the non-financial assets (e.g. property, plant and equipment and right-of-use assets) of our Group by reviewing internal and external sources of information in accordance with IAS36, with the non-financial assets (e.g. property, plant and equipment, right-of-use and assets) of the Company and its subsidiaries as one cash-generating unit ("**CGU**").

Assessment of impairment on CGU

We recorded adjusted net loss (non-HKFRS measure) for the years ended December 31, 2023 and 2024, which is mainly attributable to significant investments made in R&D and administrative expenses with only a limited amount of revenue achieved in the early stage of market/clients' expansion of our Group. Although we incurred net adjusted loss for the years ended December 31, 2023 and 2024, the results of the Group met the budget each period and the adjusted net loss was slowing down as expected. Along with our business expansion and the enhanced net profit generation capacity, we turned into profitability and recorded adjusted net profit (non-HKFRS measure) for the year ended December 31, 2025 and the five months ended May 31, 2026.

In addition, the overall value of our Group is continuously increasing, along with the several series of financing completed by the end of 2025. The global market size for industrial AI SoC products and solutions is increasing and the investors optimism about our business and market during the Track Record Period.

Based on the analysis above, the Directors considered that there is no impairment indicator of the non-financial assets. Accordingly, our Group not required to perform impairment test on the non-financial assets at the end of each reporting period in accordance with IAS36.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components). Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

— Equipment and machinery	3–4 years
— Office equipment and furniture	3–5 years
— Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses. Capitalization of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

Redemption liabilities

A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if our obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) that we could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liabilities is reclassified to equity upon a termination of the counterparty's redemption right.

RESULTS OF OPERATIONS

The following table sets forth our selected consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as a percentage of our revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	105,081	100.0	448,697	100.0	498,499	100.00	200,066	100.0	229,477	100.0
Cost of sales	(93,363)	(88.8)	(304,266)	(67.8)	(277,963)	(55.8)	(114,970)	(57.5)	(134,523)	(58.6)
Gross profit	11,718	11.2	144,431	32.2	220,536	44.2	85,096	42.5	94,954	41.4
Other net income	5,234	5.0	5,180	1.2	5,861	1.2	2,216	1.1	2,386	1.0
Selling and marketing costs	(29,172)	(27.8)	(29,662)	(6.6)	(30,411)	(6.1)	(10,526)	(5.3)	(10,235)	(4.5)
Administrative expenses	(73,613)	(70.1)	(67,551)	(15.1)	(45,798)	(9.2)	(15,148)	(7.6)	(25,181)	(11.0)
Research and development costs	(136,546)	(129.9)	(139,884)	(31.2)	(85,301)	(17.1)	(30,143)	(15.1)	(39,637)	(17.3)
(Loss)/profit from operations	(222,379)	(211.6)	(87,486)	(19.5)	64,887	13.0	31,495	15.7	22,287	9.7
Changes in the carrying amount of redemption liabilities	(85,553)	(81.4)	(127,634)	(28.4)	(45,907)	(9.2)	(29,848)	(14.9)	(40,497)	(17.6)
Other finance costs	(341)	(0.3)	(1,129)	(0.3)	(2,411)	(0.5)	(1,201)	(0.6)	(342)	(0.1)
Finance costs	(85,894)	(81.7)	(128,763)	(28.7)	(48,318)	(9.7)	(31,049)	(15.5)	(40,839)	(17.8)
(Loss)/profit before taxation	(308,273)	(293.4)	(216,249)	(48.2)	16,569	3.3	446	0.2	(18,552)	(8.1)
Income tax	—	0.0	(32)	0.0	(68)	(0.1)	(85)	0.0	(20)	0.0
(Loss)/profit for the year/period	(308,273)	(293.4)	(216,281)	(48.2)	16,501	3.3	361	0.2	(18,572)	(8.1)
(Loss)/earnings per share										
Basic and Diluted *(RMB)*	(11.40)		(7.96)		0.61		0.01		(0.60)	
(Loss)/profit for the year/period	(308,273)	(293.4)	(216,281)	(48.2)	16,501	3.3	361	0.2	(18,572)	(8.1)
Other comprehensive income for the year/period										
Item that is or may be reclassified subsequently to profit or loss:										
Exchange differences on translation of:										
— financial statements of an overseas subsidiary	7		29		(167)		(28)		(1)	
Total comprehensive income for the year/period	(308,266)	(293.4)	(216,252)	(48.2)	16,334	3.3	333	0.2	(18,573)	(8.1)

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted net profit/loss (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that such measure provides 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 the adjusted net profit/loss (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit/loss (non-HKFRS measure) as profit/loss for the years/periods adjusted by adding back changes in the carrying amount of redemption liabilities and equity-settled share-based transactions, which are non-cash items, and our **[REDACTED]** expenses which relate to the **[REDACTED]** of the Company. We exclude changes in the carrying amount of redemption liabilities, which primarily relate to our ordinary shares with redemption rights issued to investors, which will be converted into equity of the Company upon **[REDACTED]**, and equity-settled share-based transactions, as such changes are non-cash in nature. Therefore, these items are added back to the adjusted net profit/loss (non-HKFRS measure) with a view to eliminating the potential impacts of such items. The Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential **[REDACTED]** and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit/loss (non-HKFRS measure) is not a measure required by, or presented in accordance with, HKFRS. The use of adjusted net profit/loss (non-HKFRS measure) has limitations as an analytical tool, which should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

The following table presents our non-HKFRS measures for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit for the year/period	(308,273)	(216,281)	16,501	361	(18,572)
Add:					
Changes in the carrying amount of redemption liabilities	85,553	127,634	45,907	29,848	40,497
Equity-settled share-based payment expenses	37,954	79,495	(1,757)	(1,847)	447
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net profit/(loss) (non-HKFRS measure)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

For 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our total revenue amounted to RMB105.1 million, RMB448.7 million, RMB498.5 million, RMB200.1 million and RMB229.5 million, respectively.

Revenue by products

We derived our revenues mainly from (i) sales of SoC products, including chips and modules, and (ii) provision of technology services. Our revenue from the sales of SoC products consists of sales of products applied to three core end-products: UAVs, AIoT and smart wearables. Our revenue from the sales of SoC products increased significantly in 2024, due to several reasons: (i) general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, see "Industry Overview — Visual Processing AI SoC Product and Solution Market Overview — Market Size of Global and China Visual Processing AI SoC Product and Solution" in this Document, together with the increased sales following the commercialization of our new SoCs, including AR8032S (primarily for UAV and AIoT) and ARS31 (primarily for UAV and AIoT), and related modular products. In particular, (a) we launched our AR8032S chips in October 2023. As sales volumes ramped up in 2024, these chips contributed a larger share of our revenue. Revenue from sales of AR8032S chips for UAV and AIoT applications increased from RMB0.04 million in 2023 to RMB3.1 million in 2024. In 2024, we also launched UAV and AIoT modules incorporating AR8032S chips and commenced their mass production. These modules generated revenue of RMB6.0 million in 2024; (b) although we launched our ARS31 chips in September 2022, revenue from sales of these chips increased significantly from RMB5.4 million in 2023 to RMB18.1 million in 2024. This growth reflected our continued commercialization of these chips and the expansion of their downstream applications with our customers. In 2024, we also commenced mass production of new UAV and AIoT modules incorporating ARS31 chips. These modules generated revenue of RMB308.3 million in 2024; and (c) in 2024, we commenced mass production of new UAV modules incorporating AR9201, a previous-generation chip we launched in 2018. These modules generated revenue of RMB36.5 million in 2024; (ii) growth in sales in all product segments. In turn, such increase was tied to our relevant product development stage whereby we commenced mass production and volume deliveries for certain new generation products commencing in 2024; and (iii) we commenced sales of products applied to smart wearables in the AR market with the sales volume of our Smart Wearables — Chips increasing from 770 units in 2023 to 63,173 units in 2024, which expanded our products' end application scenarios and our customer base, contributing further to revenue growth. Our revenue from the sales of SoC products remained relatively stable at RMB434.9 million and RMB457.2 million for the years ended December 31, 2024 and 2025, respectively. Our revenue from the sales of SoC products increased from RMB194.2 million for the five months ended May 31, 2025 to RMB225.2 million for the five months ended May 31, 2026 due to (i) the increase in sales volume of UAV — Chips following the releases of new-generation UAVs which generally require more UAV — Chips for improved performance, amidst the development of low-altitude economy; (ii) the increase in sales volume of AIoT — Chips, driven by the robust demand from AIoT downstream scenarios, especially industrial camera and robotics; and (iii) the increase in sales volume of Smart Wearables — Chips from 68,016 units to 165,080 units, driven by the continued commercialization of ARS4X Series chips. For details of the sales volume and ASP of our products, see "Business — Our Products and Solutions" in this Document.

Our revenue from provision of technology services consists of both product design services and IP incomes. Our revenue from technology services increased significantly from RMB4.7 million in 2023 to RMB13.8 million in 2024 mainly because of the recognition of income from IP licensing, amounting to RMB8.3 million. While we streamlined our R&D efforts in 2025 by shifting our focus towards general-purpose platforms and standardized module solutions in the provision of application solution services, we continued to generate revenue growth from project-specific technology services in particular from our chip customization services. Our revenue from technology services further increased from RMB13.8 million in 2024 to RMB41.3 million in 2025, mainly due to a stronger demand for our chip customization services, and the recognition of product design services for smart wearables upon final acceptance by relevant customer. In addition, we provided ancillary technical services to support customers' product development based on our general-purpose platforms, which also contributed to our technology services revenue. Historically, for application solution services, we placed greater emphasis on customised module product projects to facilitate customer adoption of our product offerings and establish business relationships with relevant customers. As our business expanded, we streamlined our research and development efforts in 2025 by focusing more on general-purpose platforms and

standardized module solutions that support customers' product development, while reducing our emphasis on customized module development projects designed to meet specific customer requirements. We recorded revenue from technology services of RMB5.9 million and RMB4.3 million for the five months ended May 31, 2025 and 2026, respectively.

During the Track Record Period, we launched several world-first SoC products possessing better technical capabilities with greater adaptability to different applications scenarios, which enabled our products to enter into a broader market, set us apart from our competitors and drove the improvement in our revenue and gross profit margin in 2024, 2025. For details of our featured SoC products, see "Business — Our Products and Solutions — Featured Products" in this Document.

The following table sets forth a breakdown of our revenue by products and a percentage of our total revenue for the years presented.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
SoC products										
UAVs	65,835	62.7	276,636	61.7	277,556	55.7	115,028	57.5	130,661	56.9
UAV — Chips	4,078	3.9	4,794	1.1	90,010	18.1	11,833	5.9	99,278	43.2
UAV — Modules	61,757	58.8	271,842	60.6	187,546	37.6	103,195	51.6	31,383	13.7
AIoT	34,530	32.9	153,879	34.3	164,610	33.0	73,175	36.6	77,221	33.7
AIoT — Chips	12,884	12.3	46,398	10.3	70,563	14.2	31,388	15.7	46,463	20.3
AIoT — Modules	21,646	20.6	107,481	24.0	94,047	18.9	41,787	20.9	30,758	13.4
Smart Wearables — Chips	43	0.0	4,383	1.0	15,009	3.0	6,002	3.0	17,322	7.5
Subtotal	100,408	95.6	434,898	97.0	457,175	91.7	194,205	97.1	225,204	98.1
Technology Services(1)	4,673	4.4	13,799	3.0	41,324	8.3	5,861	2.9	4,273	1.9
Total	105,081	100.0	448,697	100.0	498,499	100.0	200,066	100	229,477	100

Note:

(1) Technology services primarily consist of non-recurring engineering ("**NRE**") such as product design services and IP incomes. NRE refers to one-time pre-production engineering investments made by customers prior to mass production of their end products, which is a standard industry term in the semiconductor industry. Such fees are project-specific and are not expected to recur once the customer's product enters mass production. Product design services refer to the application solution services and chip customization services. For details, please see "Business — Our Products and Solutions" in this Document.

Revenue by sales channel

We primarily promote and sell our SoCs and technology services through direct sales, but also conduct a smaller portion of our sales through distributors. For further details of our sales network, please see "Business – Our Customers – Distribution" in this Document.

Our revenue mix by sales channel fluctuated during the Track Record Period, primarily due to (i) the evolution of our product development and commercialization cycle and (ii) our strategic decision to prioritize the supply of products to key direct-sales customers amid supply constraints arising from (A) changes in our packaging arrangements and (B) an industry-wide supply shortage of packaging substrates. The following table sets forth our revenue breakdown by sales channel in absolute amount and as a percentage of our total revenue for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct sales	101,717	96.8	277,545	61.9	438,461	88.0	164,611	82.3	192,208	83.8
Distribution sales	3,364	3.2	171,152	38.1	60,038	12.0	35,455	17.7	37,269	16.2
Total	105,081	100.0	448,697	100.0	498,499	100.0	200,066	100.0	229,477	100.0

UAV-Modules

The decrease in our distribution sales from RMB171.2 million in 2024 to RMB60.0 million in 2025 was attributable to the supply constraint of our UAV-Module products during the period. In January 2025, we commenced the transition of the packaging of chips fabricated using the 12nm process node for our UAV-Module products to a new supplier, in response to the DD IFR issued by BIS on January 15, 2025 and effective on January 16, 2025. Under the DD IFR, advanced logic integrated circuits that are subject to the EAR and fabricated using a 16/14nm process node or below are presumed to require a license for export to China, unless such presumption is rebutted, including through an attestation by a BIS-approved OSAT company. According to Supplement No. 7 to Part 740 of the EAR, BIS has identified 24 companies as Approved "OSAT" Companies. As our previous OSAT service provider was not included in this list, we subsequently transitioned to a BIS-approved OSAT company. For details, see "Regulatory Overview — Regulations Relating to U.S. Export Control". Specifically, we identified the new supplier in January 2025 and entered into the relevant packaging service agreement at the end of February 2025. The transition thereafter involved package design, procurement of packaging tooling, wafer bumping, and the processing and verification of engineering lots, followed by small-batch and mass production. Following the implementation of the DD IFR, as our original packaging supplier was not a BIS-approved OSAT company, the relevant front-end fabricator ceased providing wafers. Our original packaging supplier continued processing its existing wafer inventory and ceased providing packaging and testing services to us in July 2025 after completing such processing. The first chips from the new supplier's engineering and small-batch lots were delivered to us in early September 2025 and, following testing, became available for shipment in September 2025. The new supplier commenced mass production in December 2025, resulting in a temporary disruption of approximately six months in the supply of UAV-Modules.

We continued to obtain semiconductor assembly and testing services from our previous OSAT provider until July 2025. The additional due diligence requirements and related presumption introduced by the DD IFR apply to front-end fabricators and OSAT companies. In particular, Note 1 to ECCN 3A090.a in Supplement No. 1 to Part 774 of the EAR expressly limits the presumption to such entities and does not extend it to us in our capacity as their customer. DD IFR requires "front-end fabricators" and "OSAT" companies to apply a presumption that applicable advanced logic integrated circuits are subject to the licensing requirements applicable to ECCN 3A090.a when exported to China. This requirement applies to front-end fabricators and OSAT companies regardless of whether they are U.S. or non-U.S. companies. However, the DD IFR does not necessarily mean that all applicable advanced logic integrated circuits exported to China require a license, as the licensing requirements are imposed under the EAR and therefore require the relevant chips to be subject to the EAR and fall within the jurisdiction of the EAR. The previous OSAT provider was responsible for complying with any licensing requirements applicable to our supply of the relevant chips. Our obligations as a purchaser and recipient of those chips include compliance with General Prohibition Ten ("**GP10**") under Section 736.2(b)(10) of the EAR, which prohibits purchasing, using or otherwise dealing with items subject to the EAR with knowledge that a violation has occurred, is about to occur or is intended to occur in connection with those items. Pursuant to Section 734.3 of the EAR, an item is subject to the EAR if it falls within at least one of the following categories: (i) it is of U.S. origin; (ii) it is in the United States, including in a U.S. Foreign Trade Zone or moving intransit through the United States from one foreign country to another; (iii) it contains U.S.-origin content exceeding the applicable de minimis threshold under Section 734.4 of the EAR; or (iv) it is subject to the Foreign-Direct Product Rules ("**FDP Rules**") under Section 734.9 of the EAR. We conducted due diligence concerning the EAR status of the relevant chips, including obtaining confirmation from our previous OSAT provider that the U.S.-origin content incorporated into those chips did not exceed 25%, which means that the percentage of U.S.-origin content in the relevant chips is below the de minimis threshold applicable to China, and assessing the applicability of the de minimis provisions and FDP Rules. Based on our due diligence and the confirmation provided by our supplier, we assess that neither the de minimis rule nor the FDP Rules apply to the relevant chips. In addition, considering that the relevant chips are manufactured in China and the relevant transfers take place within China, we assess that the relevant chips are not subject to the EAR. We did not purchase or receive the relevant chips with "knowledge," as defined under the EAR,

of an EAR violation in connection with those chips. Based on the foregoing facts and circumstances, our International Sanctions Advisor is of the view that our continued procurement of semiconductor assembly and testing services and receipt of the relevant chips from our previous OSAT provider following the introduction of the DD IFR and until July 2025 did not constitute a violation of the EAR by us. Although following the implementation of the DD IFR, we assessed that our continued engagement of our previous OSAT provider for the relevant chips did not constitute a violation of the EAR, the requirements under the DD IFR and GP10 nevertheless introduced additional due diligence requirements and compliance burdens for us. By comparison, engaging a BIS-approved OSAT company to provide packaging and testing services would allow us to rely on the attestation of such OSAT company regarding the technical parameters of the final packaged chips for purposes of overcoming the relevant presumption under Note 1 to ECCN 3A090.a, thereby reducing the additional due diligence procedures and compliance resources required from us. Accordingly, we decided to change our OSAT provider to a BIS-approved OSAT company as a prudent risk management measure in response to the introduction of the DD IFR, with a view to streamlining our compliance review procedures, reducing the associated compliance resource commitments and further mitigating potential compliance risks under applicable U.S. export control requirements.

In addition, from August 2025 to January 2026, the semiconductor industry experienced a general supply shortage of packaging substrates, which extended the packaging lead times for certain chips used in our UAV-Module products and further constrained the supply of our UAV-Module products during that period. As a result of the foregoing, the volume of UAV-Module products available for sale was limited during 2025. Accordingly, the aggregate sales volume of our UAV-Modules incorporating the chips affected by the foregoing supply constraints decreased from 137,973 units in the six months ended December 31, 2024 to 4,395 units in the six months ended December 31, 2025, and the corresponding revenue and gross profit decreased from RMB51.7 million and RMB29.2 million to RMB8.9 million and RMB3.0 million, respectively. Under such circumstances, we elected to prioritize supply to our strategic customers, which resulted in reduced product availability for our distributors and a corresponding decline in distribution sales. During the period of supply constraints, the delivery of five orders placed by two customers, with an aggregate order value of RMB10.6 million, was deferred from the originally scheduled delivery period of July to September 2025 to September to December 2025, as chips from the new supplier's engineering and small-batch lots became available for shipment from September 2025. All such orders were subsequently fulfilled in full, and no penalties were paid to either customer in connection with the delays. Such prioritization was a commercial decision made to maintain the relationships with our long-standing direct sales customers. Correspondingly, our direct sales increased from RMB277.5 million in 2024 to RMB438.5 million in 2025, representing 88.0% of our total revenue in 2025. Our revenue from direct sales, which represented 83.8% of our total revenue for the five months ended May 31, 2026, was comparable to the share of direct sales to total revenue of 82.3% for the corresponding period in 2025.

Image Processing SoCs

Our distribution sales increased from RMB3.4 million in 2023 to RMB171.2 million in 2024, attributable to strong market demand for our image processing SoC products. Device manufacturers have increasingly demanded image processing solutions with lower power consumption, higher recognition accuracy and integrated AI algorithm capabilities. Our newly launched image processing SoC products offered competitive advantages in AI algorithm performance over comparable products in the market, which led to a significant increase in sales of such products through our distributor network in 2024.

The following table sets forth a breakdown of our revenue from the newly launched image processing SoC products by sales channel in absolute amount and as a percentage of revenue from such products for the years/periods indicated.

	For the year ended December 31						For the five months ended May 31			
	2023		2024		2025		2025		2026	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct sales	5,424.2	100.0	92,274.8	36.1	226,337.8	82.6	96,950.3	76.7	110,877.0	75.8
Distribution sales	—	0.0	163,297.2	63.9	47,633.9	17.4	29,627.8	23.3	35,442.3	24.2
Total	5,424.2	100.0	255,571.0	100.0	273,971.7	100.0	126,578.1	100.0	146,319.3	100.0

Sales of the relevant image processing SoC products were primarily reflected in our distribution channel in 2024 because we were still completing the relevant product certification and verification procedures with our key direct sales customers in 2024. As such process generally requires three-months to one and a half years, revenue from direct sales of such products accounted for a smaller portion of our revenue when compared against the sales through distribution channels in 2024.

The majority of our distributors purchased our image processing SoC products on a prepayment basis. The remaining distributors had fully settled the purchase amounts for the image processing SoC products procured in 2024 and 2025 as of December 31, 2025 and May 31, 2026, respectively. During the Track Record Period, there were no product returns from our distributors.

As to our direct sales, following the completion of the relevant certification and verification procedures, such sales of image processing SoC products further increased to RMB226.3 million in 2025, accounting for 82.6% of the revenue generated from such products. In contrast, distribution sales decreased to RMB47.6 million, representing 17.4% of the revenue from such products. The decrease in distribution sales was also attributable to supply constraints arising from an industry-wide shortage of packaging substrates and our changes in packaging arrangement due to regulatory and compliance requirements, during which we prioritised our available supply for our key direct-sales customers.

As a result of supply constraints arising from (i) changes in our packaging arrangements and (ii) an industry-wide shortage of packaging substrates, we prioritised the supply of our products to key direct-sales customers. These included Customer A, a UAV manufacturer and solution provider and our largest customer during the Track Record Period, to whom our sales increased from RMB148.4 million in 2024 to RMB187.7 million in 2025. We also prioritized the supply of image-processing SoCs to Customer C, an AR-glass manufacturer, and Customer/Supplier F, a provider of thermal-imaging and micro-electro-mechanical-system solutions. We prioritized supply to these customers having regard to their strategic importance to our business in our respective principal application fields, as detailed as follows: (i) Customer A has been our largest customer throughout the Track Record Period, and our business relationship with Customer A commenced in 2021. Maintaining a stable supply to Customer A was important to sustaining our market position in the UAV market; (ii) Customer C has been our customer since 2022 and was one of our first customers in the smart wearables segment. It was also one of our five largest customers in 2025 and the five months ended May 31, 2026. We developed a dedicated SoC for Customer C under a chip customization agreement pursuant to which we undertook to ensure a stable supply of the dedicated SoC following the commencement of its mass production; and (iii) Customer/Supplier F, a company listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, has been our customer since 2020 and was one of our five largest customers in each of 2023, 2024 and 2025. Such long-term cooperation has established a foundation of mutual commercial trust between us. For details of our business relationships with Customer A, Customer C and Customer/Supplier F, see "Business — Our Customers — Top Five Customers."

For the five months ended May 31, 2026, the sales-channel mix of such image processing SoC products remained broadly stable as compared with the corresponding period in 2025. Direct sales revenue increased from RMB97.0 million to RMB110.9 million, representing 76.7% and 75.8% of revenue from such products, respectively. Revenue from distribution sales increased from RMB29.6 million to RMB35.4 million, representing 23.3% and 24.2% of revenue from such products, respectively.

Cost of Sales

Our cost of sales primarily consisted of costs for raw materials, processing costs, depreciation and amortization, direct labor costs and inventory write-down costs. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our cost of sales amounted to RMB93.4 million, RMB304.3 million, RMB278.0 million, RMB115.0 million and RMB134.5 million, respectively. The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of total cost of sales, for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Raw materials	49,015	52.5	155,192	51.0	160,344	57.7	51,311	44.6	97,157	72.3
Processing costs	15,272	16.4	103,797	34.1	78,225	28.1	45,194	39.3	22,650	16.8
Depreciation and amortization	7,560	8.1	12,079	4.0	18,202	6.5	7,184	6.2	7,849	5.8
Direct labor costs	6,839	7.3	14,254	4.7	9,888	3.6	7,779	6.8	5,890	4.4
Inventory write-down costs	14,342	15.4	16,996	5.6	9,591	3.5	3,206	2.8	193	0.1
Others	335	0.3	1,948	0.6	1,713	0.6	296	0.3	784	0.6
Total	93,363	100.0	304,266	100.0	277,963	100.0	114,970	100.0	134,523	100.0

During the Track Record Period, raw material costs and processing costs were the principal components of our cost of sales. In aggregate, the two items accounted for 68.9%, 85.1%, 85.8%, 83.9% and 89.1% of our total cost of sales for the respective periods. As raw materials costs, processing costs are directly tied to our products mass production, fluctuations in our cost of sales primarily reflected changes in our sales volume. Compared with the five months ended May 31, 2025, the cost of raw materials increased during the five months ended May 31, 2026, primarily due to (i) higher sales volume of UAV-Chips, driven by the release of new-generation UAVs — which typically require a greater number of UAV-Chips to support enhanced performance — amid the development of the low-altitude economy, together with robust demand from AIoT downstream applications, particularly industrial cameras and robotics; and (ii) higher prices of memory components used in such chip products due to the demand for such memory components outstripping its supply temporarily. Processing costs decreased during the five months ended May 31, 2026 compared with the corresponding period in 2025, primarily due to lower module sales, as processing costs are principally incurred in connection with module products. For details of the reduction in sales of module products, please see "— Period-to-Period Comparison of Results of Operations — Five Months Ended May 31, 2025 to Five Months Ended May 31, 2026 — Revenue." Our inventory write-down costs represent provisions recognized for inventories whose net realizable value is lower than their carrying amount, which increased from RMB14.3 million in 2023 to RMB17.0 million in 2024, primarily due to slow moving old generation products with lower sales potential in light of our introduction of new generation products. Our inventory write-downs in 2023 and 2024 mainly comprised of aged inventories of over two years accumulated during the outbreak of the pandemic and the disruption caused by the outbreak to our production schedules then. Following the ease of such disruption in 2023, we resumed our usual inventory management, including minimizing inventory backlog and optimizing the logistics of our inventory management. Our inventory write-down costs decreased from RMB17.0 million in 2024 to RMB9.6 million in 2025, and from RMB3.2 million for the five months ended May 31, 2025 to RMB0.2 million for the five months ended May 31, 2026, due to improved inventory management, resulting in significantly lower write-down requirements in 2025 and the five months ended May 31, 2026.

Gross Profit and Gross Profit Margin

In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our gross profit was RMB11.7 million, RMB144.4 million, RMB220.5 million, RMB85.1 million and RMB95.0 million, respectively, and our gross profit margin was 11.2%, 32.2%, 44.2%, 42.5% and 41.4%, respectively. The following table sets forth our gross profit and gross margin for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	105,081	448,697	498,499	200,066	229,477
Cost of sales	(93,363)	(304,266)	(277,963)	(114,970)	(134,523)
Gross profit	11,718	144,431	220,536	85,096	94,954
Gross profit margin	11.2%	32.2%	44.2%	42.5%	41.4%

Gross profit and gross profit margin by products

During the Track Record Period, our gross profit and gross profit margin increased materially. Such increase in turn was primarily due to: (i) change in product mix as we provided higher-margin SoC products applied to UAVs and AIoT, and (ii) our provision of customized product design services for smart wearable products.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
SoC products										
UAVs	9,012	13.7	90,875	32.9	121,515	43.8	51,876	45.1	61,404	47.0
UAV — Chips	1,233	30.2	2,700	56.3	50,673	56.3	7,926	67.0	46,044	46.4
UAV — Modules	7,779	12.6	88,175	32.4	70,842	37.8	43,950	42.6	15,360	48.9
AIoT	4,773	13.8	53,390	34.7	61,769	37.5	28,002	38.3	28,191	36.5
AIoT — Chips	1,811	14.1	10,340	22.3	25,649	36.3	10,965	34.9	12,894	27.8
AIoT — Modules	2,962	13.7	43,050	40.1	36,120	38.4	17,037	40.8	15,297	49.7
Smart Wearables — Chips	(11)	(25.6)	231	5.3	3,777	25.2	1,463	24.4	2,950	17.0
Technology Services[(1)]	(2,056)	(44.0)	(65)	(0.5)	33,475	81.0	3,755	64.1	2,409	56.4
Total	11,718	11.2	144,431	32.2	220,536	44.2	85,096	42.5	94,954	41.4

Note:

(1) Technology services primarily consist of non-recurring engineering ("**NRE**") such as product design services and IP incomes. NRE refers to one-time pre-production engineering investments made by customers prior to mass production of their end products, which is a standard term in the semiconductor industry. Such fees are project-specific and are not expected to recur once the customer's product enters mass production. Product design services refer to the application solution services and chip customization services. For details, please see "Business — Our Products and Solutions" in this Document.

Comparison of gross profit and gross profit margin in 2023, 2024 and 2025

In 2023, 2024 and 2025, the gross profit and gross profit margin of our UAV-Chips, AIoT SoC products, Smart Wearables — Chips increased materially. The increase was largely attributable to our product development cycle, whereby we commenced to introduce new generation SoC products that contributed positively to our gross profit and gross profit margin.

Material changes in our gross profit and gross profit margin for our technology services segment were due to the type of services we provided. In 2023 and 2024, our technology services were mainly to aid our customers' product development, which were often offered as auxiliary services to our product sales. In 2024, we also recognized RMB8.3 million from IP licensing arrangements. Our overall technology services generated gross losses of RMB2.1 million and RMB0.1 million in 2023 and 2024 respectively. Such loss was mainly due to certain application solution services we charged at below cost offered to our strategic customers in an effort to accelerate acceptance of our product offerings by them and to establish business relationships.

The material increase in our gross profit and gross profit margin in 2025 was attributable to us providing product design services for smart wearable products. Such design services involved higher-margin services including IP and chip customization. As the demand for our technology services increased along with the demand for our products, we began to deliver standardized solutions and managed to allocate fixed overheads over more engagements. Given the above, our technology services reported a turnaround with a gross profit of RMB33.5 million. As a result of the foregoing, our gross profit margin increased steadily in 2023, 2024 and 2025.

On the other hand, while the gross profit margin for our UAV-Modules increased during 2023, 2024 and 2025, the gross profit for such product segment decreased in 2025 as compared to 2024. Such result was mainly due to the limited supply of our UAV-Module products in 2025, which was attributable to two factors. First, in response to the DD IFR, in January 2025, we commenced the transition of the packaging of chips fabricated using the 12nm process node for our UAV-Module products to a new supplier, an independent third-party semiconductor packaging and testing company listed on New York Stock Exchange. For details of the DD IFR, see "Regulatory Overview — Regulations Relating to U.S. Export Control". In selecting this new supplier, we primarily considered: (i) its scale, technical capabilities and available capacity, (ii) its ability to accommodate the relevant project transfer within the required timeframe, and (iii) its established packaging technology platform, which facilitated efficient onboarding and supported a timely production ramp-up for the relevant product. In the course of the transition, there was a temporary disruption in the supply continuity of UAV-Modules, which began in July 2025 and was resolved in December 2025 upon the commencement of mass production by the new supplier. For details, see "— Revenue by sales channel — UAV-Modules" above. Second, from August 2025 to January 2026, the semiconductor industry experienced a general shortage of packaging substrates, which extended the packaging lead times for certain chips used in our UAV-Module products and further constrained the supply of our UAV-Modules during that period.

Comparison of gross profit and gross profit margin for the five months ended May 31, 2025 and five months ended May 31, 2026

For UAV-Chips, AIoT-Chips and Smart Wearable-Chips, gross profit increased during the five months ended May 31, 2026, compared with the corresponding period in 2025, primarily due to higher sales volumes of the relevant chip products. Gross profit margins of AIoT-Chips and Smart Wearable-Chips, however, decreased over the same period, attributable to rising prices of memory components used in such chip products due to the demand for such memory components outstripping its supply temporarily.

For UAV-Chips, the gross profit margin decreased from 67.0% in the five months ended May 31, 2025 to 46.4% in the five months ended May 31, 2026, primarily due to the following factors:

- **Rising prices of memory components:** The rising prices of memory components increased the costs of UAV-Chips incorporating such components. Although the revenue contribution of such UAV-Chips decreased from 13.0% of the revenue from our UAV-Chips in the five months ended May 31, 2025 to 8.5% of the revenue from our UAV-Chips in the five months ended May 31, 2026, their gross profit margin decreased by 11.7 percentage points from 31.9% to 20.2%, primarily due to a material increase in DRAM and other memory-component

costs, which was not matched by corresponding increases in selling prices, thereby placing further downward pressure on the overall gross profit margin of our UAV-Chips products; and

- **Changes in product mix:** Among our UAV-Chips, the revenue contribution of communication-only single-function chips, which carried a relatively higher gross profit margin, decreased from 80.0% of the revenue from our UAV-Chips in the five months ended May 31, 2025 to 31.6% of the revenue from our UAV-Chips in the five months ended May 31, 2026. By contrast, the revenue from our AI and image-transmission dual-function chips, which carried a relatively lower gross profit margin, increased from 7.1% of the revenue from our UAV-Chips to 59.9% of the revenue from our UAV-Chips over the same periods, primarily because certain customers shifted from purchasing UAV-Modules to purchasing the relevant chips directly. For the five months ended May 31, 2026, communication-only single-function chips and AI and image-transmission dual-function chips recorded gross profit margins of approximately 59.2% and 43.3%, respectively. The significant shift in revenue contribution from the former to the latter, which carried a lower gross profit margin, therefore placed material downward pressure on the overall gross profit margin of our UAV-Chips. This effect was further compounded by the decline in the gross profit margin of communication-only single-function chips from approximately 72.5% for the five months ended May 31, 2025 to approximately 59.2% for the corresponding period in 2026, primarily because increased customer procurement volumes resulted in lower unit selling prices under our volume-based tiered pricing arrangements.

The gross profit from UAV-Modules decreased during the five months ended May 31, 2026, compared with the corresponding period in 2025, primarily due to lower sales volumes attributable to certain customers shifting their procurement focus from module products to chip products as it is generally more cost-efficient for such customers to manufacture the module product as such products mature. Meanwhile, gross profit margin increased, primarily because the sales portion of upgraded UAV-Modules increased in 2026, such products were embedded with lower-cost chips, which resulted in a higher gross profit margin. The relevant upgraded UAV-Module products accounted for approximately 39.5% of revenue from our UAV-Modules during the five months ended May 31, 2026, and achieved a higher gross profit margin of 53.4%, thereby improving the overall gross profit margin of our UAV-Modules product line. In addition, memory components were used in only a limited portion of our UAV-Module products and represented a relatively low proportion of their raw material costs, primarily because (i) UAV-Module products incorporate a broader range of components and have a higher overall raw material cost base, such that memory components generally account for a relatively small proportion of total raw material costs; and (ii) most of our UAV-Module products are designed for image-transmission applications, which generally require relatively limited memory capacity and, consequently, involve relatively limited use of memory components. Accordingly, increases in memory-component prices had a less significant impact on the overall gross profit margin of our UAV-Modules products than on that of our UAV-Chips products.

For AIoT-Modules, gross profit decreased during the five months ended May 31, 2026 compared with the corresponding period in 2025, primarily due to lower sales volume during the transition from earlier-generation to new-generation products. Gross profit margin, however, increased over the same period, primarily because the launch of new-generation products with enhanced performance, which supported higher overall prices of relevant module products.

Comparison between the gross profit margins of chip products and module products

During the Track Record Period, reason for the differences between the gross profit margins of our chip products and module products varied by application scenario.

For UAV products, the gross profit margin of UAV-Chips was generally higher than that of UAV-Modules in 2023, 2024 and 2025, respectively. Such difference was primarily due to the cost structure of the relevant products, whereby, in general, the UAV-Modules had a higher cost base due to the need to procure additional components from third-party suppliers. By contrast, UAV-Chips typically only

involved chip sales without the aforementioned added cost of module component procurement, and therefore generally had higher gross profit margins. However, for the five months ended May 31, 2026, the gross profit margin of UAV-Chips was lower than that of UAV-Modules, primarily attributable to: (i) higher prices of memory components used in such chip products due to the demand for memory components outstripping its supply temporarily; (ii) changes in the product mix of our UAV-Chips, with a lower revenue contribution from higher-margin communication-only single-function chips and a higher revenue contribution from lower-margin AI and image-transmission dual-function chips.

For AIoT products, the difference in gross profit margin between AIoT-Chips and AIoT-Modules during the Track Record Period was primarily attributable to differences in downstream application mix. As AIoT products were applied to a wide range of downstream scenarios, and the market landscape and product margin varied across different market segments, the profitability of AIoT-Chips and AIoT-Modules differed depending on the specific downstream segments we supplied to in the relevant year. Our AIoT-Modules, which were mainly used in outdoor electronics and industrial and professional imaging applications, generally commanded higher pricing due to their higher level of integration and value-added features. By comparison, certain AIoT-Chips were sold into more price-sensitive applications, including robotic vacuum cleaners and access control terminals, sales of which recorded gross profit margin of 17.3% in 2025, and weighed on the overall gross profit margin of our AIoT-Chips. While AIoT-Modules generally involve additional component costs compared to AIoT-Chips, such cost differences were not the primary driver of margin differences, as pricing and product positioning varied significantly across different market segments and application scenarios. The difference between the gross profit margin of AIoT-Chips and the gross profit margin of AIoT-Modules further widened during the five months ended May 31, 2026. The gross profit margin of our AIoT-Modules increased from 40.8% for the five months ended May 31, 2025, to 49.7% for the five months ended May 31, 2026, primarily due to the increased average selling price of AIoT module products following the launch of new-generation wireless modules with improved power efficiency and performance; while that of our AIoT-Chips decreased from 34.9% for the five months ended May 31, 2025, to 27.8% for the five months ended May 31, 2026, partly due to higher procurement costs of memory components used in certain AIoT chip products.

Other Net Income

Our other net income primarily consisted of (i) interest income; (ii) government grants and (iii) net gain from financial assets measured at FVPL. Our interest income declined from RMB2.4 million in 2023 to RMB0.4 million in 2024 because we reduced bank deposit and redeployed cash to support increasing operating needs. On the other hand, changes in our income from government grants primarily reflect (i) financial subsidies awarded by local government in recognition of the national-level certification and our industry leadership and (ii) the tax benefits granted to IC design companies in Chinese Mainland. Our net gain from financial assets measured at FVPL primarily represented the gain from investments on financial products, which decreased during the Track Record Period as we reduced the amount of these investments.

The following table sets forth a breakdown of our other net income in absolute amount for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Interest income	2,431	46.4	446	8.6	459	7.8	268	12.1	324	13.6
Net gain/(loss) on disposal of property, plant and equipment	7	0.1	—	0.0	(2)	(0.1)	—	0.0	—	0.0
Government grants	285	5.4	4,351	84.0	5,492	93.7	1,794	81.0	2,413	101.1
Net foreign exchange (loss)/gain	(33)	(0.6)	191	3.7	(46)	(0.7)	153	6.9	(336)	(14.1)
Net gain from financial assets measured at FVPL	2,714	51.9	38	0.7	—	0.0	—	0.0	—	0.0
Others	(170)	(3.2)	154	3.0	(42)	(0.7)	1	0.0	(15)	(0.6)
Total	5,234	100.0	5,180	100.0	5,861	100.0	2,216	100.0	2,386	100.0

Selling and Marketing Expenses

Our selling and marketing expenses mainly consisted of (i) employee expenses, (ii) equity-settled share-based transactions, (iii) travelling and hospitality expenses, (iv) marketing expenses, and (v) depreciation and amortization expenses. During the Track Record Period, our employee expenses are primarily employee salaries paid to sales and marketing staff and customer technical support personnel. Changes in our employee expenses correlate with the number of sales and marketing staff we hired as well as the needs for customer technical support. We also incurred equity-settled share-based transactions in relation to incentive payments given to employees who have contributed to our business advancement. In 2025, we recorded a reversal of equity-settled share-based transactions whereby such reversal was mainly due to the forfeiture of the restricted shares that were granted in prior years, for details, please see Note 23 to the Accountants' Report in Appendix I to this document.

Travelling and hospitality expenses, as well as marketing expenses are primarily related to costs we incurred in relation to activities for product promotion and market expansion. Reduced travelling and hospitality expenses and marketing expenses were due to the fact that we incurred more marketing expenses in relation to launch of new products in 2023. As sales for such products entered more mature marketing phases in 2024, the relating costs declined accordingly. Depreciation and amortization mainly represented the depreciation of office decoration in relation to the office area occupied by the employees of our sales function, costs of which declined over time as the relevant assets depreciate and we allocated greater portion of our office building for R&D activities.

The following table sets forth a breakdown of our selling and marketing expenses both in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee expenses	19,806	67.9	18,517	62.4	28,105	92.4	9,874	93.7	7,697	75.3
Equity-settled share-based transactions	1,048	3.6	7,083	23.9	(403)	(1.3)	(403)	(3.8)	—	0.0
Travelling and hospitality expenses	880	3.0	703	2.4	890	2.9	248	2.4	123	1.2
Marketing expenses	2,183	7.5	900	3.0	86	0.3	50	0.5	1,406	13.7
Office expenses	817	2.8	136	0.5	103	0.3	36	0.3	55	0.5
Depreciation and amortization	3,545	12.2	1,759	5.9	880	2.9	430	4.1	533	5.2
Others	893	3.0	564	1.9	750	2.5	291	2.8	421	4.1
Total	29,172	100.0	29,662	100.0	30,411	100.0	10,526	100.0	10,235	100.0

Administrative Expenses

Our administrative expenses mainly consisted of (i) employee expenses, (ii) equity-settled share-based transactions, (iii) depreciation and amortization, (iv) professional services, and (v) equipment, office and property management expenses. During the Track Record Period, our employee expenses mainly include the employee salaries paid to administrative staff, which decreased from RMB30.1 million in 2023 to RMB21.3 million in 2024, primarily due to a reduction in the number of administrative staff in 2024, as part of our efforts to streamline our workforce. Our employee expenses remained relatively stable at RMB21.8 million in 2025. We also incurred equity-settled share-based transactions in relation to incentive payments given to employees who have contributed to our business advancement. Most of those restricted shares vested in 2024 and costs were reflected during the Track Record Period accordingly. We recorded a reversal of credit impairment loss in 2023 and 2024 primarily because of better-than-expected settlement of certain trade receivables for which credit impairment loss had been previously made. As the recovery ratio from these customers exceeded our earlier expected credit loss assumptions based on the downstream market fluctuations, we reversed the corresponding credit impairment loss in accordance with our accounting policies. We incurred higher professional services expenses in 2025 for the professional services obtained in preparation of the Pre-**[REDACTED]** Investments received in 2025. For the five months ended May 31, 2026, we incurred higher **[REDACTED]** expenses in connection with our proposed **[REDACTED]** as compared with the corresponding period in 2025.

The following table sets forth a breakdown of our administrative expenses both in absolute amount and as a percentage of our total administrative expenses for the years indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee expenses	30,095	40.9	21,343	31.6	21,789	47.6	11,359	75.0	11,882	47.2
Equity-settled share-based transactions	31,593	42.9	38,013	56.3	—	0.0	—	0.0	—	0.0
Depreciation and amortization	3,334	4.5	4,293	6.4	3,466	7.6	1,471	9.7	628	2.5
Professional services	2,888	3.9	1,072	1.6	7,403	16.2	548	3.6	3,638	14.4
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equipment, office and property management expenses	1,899	2.6	842	1.2	1,492	3.3	710	4.7	649	2.6
(Reversal of) Credit impairment loss	(1,713)	(2.3)	(431)	(0.6)	841	1.8	231	1.5	1,555	6.2
Others[(1)]	5,517	7.5	2,419	3.5	1,045	2.3	829	5.5	654	2.6
Total	73,613	100.0	67,551	100.0	45,798	100.0	15,148	100.0	25,181	100.0

Note:

(1) Others mainly include IT-related fees, travelling expenses and entertainment fees.

R&D Expenses

Our R&D expenses mainly consisted of (i) expenses relating to employee, (ii) equity-settled share-based compensation, (iii) depreciation and amortization of servers, equipment, IP and software designated for R&D use and (iv) outsourced development and testing, representing costs incurred for outsourcing chip back-end design and testing to external parties. During the Track Record Period, our employee expenses primarily consist of employee salaries, which generally decreased due to adjustment of our R&D focus. We recorded a reduction in employee expenses under R&D in 2024 when compared to 2023 partially due to our decision to focus on AR/AI glasses and other smart wearable application scenarios and had less R&D input in certain highly competitive AIoT application areas. While in 2025, as our business scaled up, we continued to streamline our R&D efforts in the provision of application solution services under technology services by focusing on general application platforms with standardized module solutions. These general application platforms and standardized modules enable customers to partly undertake their own product development, thereby reducing our R&D effort required to fully tailor customer-specific requirements. This, in turn, allowed us to streamline our R&D headcount and contributed to a decrease in employee expenses in 2025. The decrease in our outsourced development and testing expenses primarily reflected the R&D cycle of our new generation SoC products. We had outsourced part of our product development in 2023 leading to higher expenses in 2023. In 2025, we recorded a reversal of equity-settled share-based transactions whereby such reversal was mainly due to the forfeiture of the restricted shares that were granted in prior years, for details, please see Note 23 to the Accountants' Report in Appendix I to this document. In the five months ended May 31, 2026, we recorded equipment rental expenses of RMB2.0 million, which was attributable to the rental of AI servers for algorithm development to enhance computing capabilities of our products.

In 2023, in preparation for the introduction of a visual processing AI SoC, we engaged several external parties to perform specialized development and testing services in accordance with market practice for product development. We incurred approximately RMB14.8 million for such R&D activities. We usually require external parties to provide preliminary design and specifications within eight weeks from entering into the service contract, and based on our feedback, the final design within twenty weeks from entering into the service contract. The external parties were also responsible for assisting us to optimize the final design, as necessary.

Our R&D-related depreciation and amortization increased in 2024 as (i) we allocated a greater portion of our office building for our R&D activities and (ii) there was higher depreciation and amortization of servers and equipment designated for R&D use. Our R&D-related depreciation and amortization decreased in 2025 as (i) certain equipment designated for R&D use was fully depreciated

by 2024; and (ii) as our products entered into commercialization stage, the underlying intangible assets applied to produce such products were not solely utilized for research and development purposes, and the depreciation and amortization costs related to such products were recorded under cost of goods sold.

The following table sets forth a breakdown of our R&D expenses both in absolute amount and as a percentage of our total R&D expenses for the years indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee expenses	96,862	70.9	81,566	58.3	67,468	79.1	24,591	81.6	29,599	74.7
Equity-settled share-based transactions	5,276	3.9	34,300	24.5	(1,270)	(1.5)	(1,360)	(4.5)	447	1.1
Outsourced development and testing expenses	14,772	10.8	1,089	0.8	5,713	6.7	420	1.4	1,764	4.5
Service expenses	1,191	0.9	1,218	0.9	—	0.0	—	0.0	67	0.2
Depreciation and amortization	14,945	10.9	17,709	12.7	10,266	12.0	4,199	13.9	3,975	10.0
Equipment rental expenses	—	0.0	—	0.0	—	0.0	—	0.0	2,023	5.1
Others	3,500	2.6	4,002	2.8	3,124	3.7	2,293	7.6	1,762	4.4
Total	136,546	100.0	139,884	100.0	85,301	100.0	30,143	100.0	39,637	100.0

Finance Costs

Our finance costs primarily consisted of (i) changes in the carrying amount of redemption liabilities, mainly consisted of the ordinary shares with redemption rights issued to investors, (ii) interest on loans and borrowings, representing expenses we incurred in relation to our borrowings, and (iii) interest on lease liabilities, representing expenses we incurred in relation to right-of-use assets. During the Track Record Period, changes in the carrying amount of redemption liabilities were RMB85.6 million, RMB127.6 million, RMB45.9 million, RMB29.8 million and RMB40.5 million, for the years/periods indicated. Changes in our finance costs primarily reflect the increase in the fair value of the ordinary shares with redemption rights issued to investors and the recognition of interest accrued for the year. The following table sets forth a breakdown of our finance costs in absolute amount for the years indicated.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Changes in the carrying amount of redemption liabilities	85,553	127,634	45,907	29,848	40,497
Interest on					
— loans and borrowings	—	917	1,943	993	79
— lease liabilities	341	212	468	208	263
Total finance costs	85,894	128,763	48,318	31,049	40,839

Income Tax Expense

Our income tax expense represents current tax expenses and deferred tax expenses. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, we recorded income tax expense of nil, RMB0.03 million, RMB0.07 million, RMB0.09 million and RMB0.02 million, respectively.

Chinese Mainland

Pursuant to the PRC Enterprise Income Tax Law (the "**EIT Law**") and the respective regulations, our subsidiaries operating in the PRC are subject to enterprise income tax at a rate of 25% on the taxable income, except for those that enjoyed preferential income tax treatments.

According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise on December 14, 2022, which was renewed on December 8, 2025, and was subject to income tax rate at 15% during the Track Record Period. The Company's subsidiary, Shanghai Kuxin Semiconductor Co., Ltd. obtained the certificate of high-technology enterprise on 26 December 2024 and is subject to income tax rate at 15% from January 1, 2024 to December 31, 2026.

Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified R&D costs during the Track Record Period.

Hong Kong SAR

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of our qualifying subsidiaries are taxed at a rate of 8.25%, and profits above HK$2 million are taxed at a rate of 16.5%. The profits of our subsidiaries that are not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of our qualifying subsidiaries is accrued at a rate of 8.25% on the first HK$2 million of the estimated assessable profits and at a rate of 16.5% on the estimated assessable profits above HK$2 million.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased materially from RMB105.1 million in 2023 to RMB448.7 million in 2024. Such growth was primarily driven by an increase in the sales of our SoC products, which in turn was mainly due to the following reasons: (i) the general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, see "Industry Overview — Visual Processing AI SoC Product and Solution Market Overview — Market Size of Global and China Visual Processing AI SoC Product and Solution" in this Document, together with the commercialization of our new SoCs, including AR8032S (primarily for UAV and AIoT) and ARS31 (primarily for UAV and AIoT), and related modular products, (ii) growth in sales in all product segments, in particular in SoC products applied to UAVs and AIoT. In turn, such increase was tied to our relevant product development stage whereby we commenced mass production and volume deliveries for certain UAVs and AIoT products in 2024, and (iii) we commenced sales of products applied to smart wearables in the AR market, which expanded our products' end application scenarios and our customer base.

Cost of sales

Our cost of sales increased materially from RMB93.4 million in 2023 to RMB304.3 million in 2024. The increase in costs of sales was primarily driven by the increase of the cost of raw materials and processing costs.

Gross profit and gross profit margin

Our total gross profit increased materially from RMB11.7 million in 2023 to RMB144.4 million in 2024, while our total gross profit margin increased from 11.2% in 2023 to 32.2% in 2024. Such increase was primarily due to a substantial increase in revenue derived from the sales of applications across UAVs, AIoT and smart wearables, in particular, the modules sold in our UAVs and AIoT. The significant increase in sales volume of our chip and module products, from approximately 387,000 units in 2023 to approximately 1,530,000 units in 2024, substantially diluted the fixed cost components of our cost of sales, in particular depreciation and amortization costs which primarily comprise mask set depreciation and IP amortization. Such costs remained relatively stable in absolute terms at RMB7.6 million and RMB12.1 million in 2023 and 2024 respectively, but decreased as a percentage of cost of sales from 8.1% to 4.0% over the same period.

Other net income

Our other net income remained relatively stable at RMB5.2 million in 2023 and 2024.

Selling and marketing expenses

Our selling and marketing expenses increased slightly from RMB29.2 million in 2023 to RMB29.7 million in 2024, primarily due to increases in equity-settled share-based transactions in relation to incentive payments given to employees who have contributed to our business advancement, which was partially offset by decreases in marketing expenses as we incurred more marketing expenses in 2023 for the launch of relevant products and lowered depreciation and amortization expenses as the relevant assets depreciated.

Administrative expenses

Our administrative expenses decreased by 8.2% from RMB73.6 million in 2023 to RMB67.6 million in 2024. This decline was mainly a result of lowered employee expenses as we reduced number of administrative staff. Such decrease was partially offset by an increase in equity-settled share-based compensation given to employees who have contributed to our business advancement.

R&D expenses

Our R&D expenses increased slightly from RMB136.5 million in 2023 to RMB139.9 million in 2024, primarily attributable to (i) an increase in equity-settled share-based compensation as those restricted shares were vested in 2024 and (ii) higher depreciation and amortization of servers and equipment designated for R&D use, partially offset by (i) decreased employee expenses as a result of our strategic realignment of R&D resources, where we decided to focus on certain AIoT application scenarios and had less R&D input in other application areas, leading to a streamlining of the relevant personnel, and (ii) reduced outsourced development and testing expenses as we completed outsourced development and testing for new generation SoC products in 2023.

Finance costs

Our finance costs increased by 49.9% from RMB85.9 million in 2023 to RMB128.8 million in 2024, primarily due to increase in changes in the carrying amount of redemption liabilities. The growth primarily reflected the increase in the fair value of the ordinary shares with redemption rights issued to investors and the recognition of interest accrued for the year.

Income tax expense

Our income tax expense increased slightly from nil in 2023 to RMB0.03 million in 2024, mainly because our Hong Kong subsidiary recorded a taxable profit in 2024.

Profit and total comprehensive income for the year

As a result of the foregoing, we recorded a loss of RMB308.3 million and RMB216.3 million in 2023 and 2024, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2025

Revenue

Our revenue increased from RMB448.7 million in 2024 to RMB498.5 million in 2025. The increase was primarily a result of growth in (i) sales of products for smart wearables — Chips, as the sales volume of our Smart Wearables — Chips increased from 63,173 units in 2024 to 170,379 units in 2025 and their ASP increased from RMB69.4 to RMB88.1 over the same period; and (ii) revenue derived from product design services for relevant products applied to smart wearable products.

Cost of sales

Our cost of sales decreased by 8.6% from RMB304.3 million in 2024 to RMB278.0 million in 2025. The decrease in our cost of sales was primarily driven by the decrease in raw materials and processing costs, which was a direct result of a shift in our revenue mix with an increase in sales of our chip products.

Gross profit and gross profit margin

Our total gross profit increased by 52.7% from RMB144.4 million in 2024 to RMB220.5 million in 2025, while our gross profit margin increased from 32.2% in 2024 to 44.2% in 2025. Such changes were primarily due to (i) the improved profitability of our SoC products applied to UAVs, as we reduced sales portion of module products and shifted toward higher-margin SoC products and (ii) our provision of technology services, including design services for smart wearable products which generally carry higher gross profit margins.

Our gross profit margin increased from 32.2% for the year ended December 31, 2024 to 44.2% for the year ended December 31, 2025, primarily because of a shift in our revenue mix. First, our technology services revenue increased from RMB13.8 million in 2024 to RMB41.3 million in 2025, generating a gross profit margin of 81.0%, which contributed positively to our overall gross profit margin. Second, within our SoC products, revenue from an image transmission series commenced volume sales in 2025 and accounted for approximately 11.4% of our total revenue for the year ended December 31, 2025, achieving a gross profit margin of approximately 69.3%, compared to a lower-margin series which represented a larger proportion of UAV revenue in 2024. The combination of these two factors drove the overall improvement in gross profit margin during the period.

Other net income

Our other net income increased from RMB5.2 million in 2024 to RMB5.9 million in 2025. The increase in our other net income was primarily driven by the increase in the subsidies from government to support the development and growth of the IC industry.

Selling and marketing expenses

Our selling and marketing expenses increased by 2.52% from RMB29.7 million in 2024 to RMB30.4 million in 2025, primarily due to the increase in employee expenses relating to customer technical support services, which was partially offset by the decrease of marketing expenses.

Administrative expenses

Our administrative expenses decreased materially from RMB67.6 million in 2024 to RMB45.8 million in 2025. Such decrease was mainly due to a reduction in the equity-settled share-based transactions as most of the restricted shares vested in 2024.

R&D expenses

Our R&D expenses decreased by 39.0% from RMB139.9 million in 2024 to RMB85.3 million in 2025, primarily due to (i) a decrease in employee expenses as we streamlined our R&D personnel in line with our business focus toward general application platforms and less on customized projects, and reassigned some of R&D personnel to technical services functions, (ii) reduced depreciation and amortization costs as we completed the research and development of relevant products. We consider products with production volumes exceeding 10,000 units as having entered into commercialization stage. Such production volume generally indicates that: (i) based on our typical production ramp-up process, the relevant product has progressed through the sample-production, pilot-production and small-batch-production stages and has entered stable mass production, and (ii) the relevant product has typically been commercially deployed in downstream applications at a meaningful scale. Once a product enters commercialization stage, the underlying intangible assets applied to produce such products are not solely utilized for research and development purposes, and the depreciation and amortization costs related to such products are recorded under cost of goods sold, and (iii) less equity-settled share-based transactions incurred in 2025.

Finance costs

Our finance costs decreased by 62.5% from RMB128.8 million in 2024 to RMB48.3 million in 2025, primarily due to slower increase in the carrying amount of redemption liabilities.

Income tax expense

Our income tax expense increased slightly from RMB0.03 million in 2024 to RMB0.07 million in 2025, primarily because our Hong Kong subsidiary recorded a slight increase in taxable profit.

Profit and total comprehensive income for the year

As a result of the foregoing, we recorded loss for the year of RMB216.3 million and profit for the year of RMB16.5 million in 2024 and 2025, respectively.

Five Months Ended May 31, 2026 Compared to Five Months Ended May 31, 2025

Revenue

Our revenue increased by 14.7% from RMB200.1 million for the five months ended May 31, 2025 to RMB229.5 million for the five months ended May 31, 2026, primarily driven by growth in the sales volume of our UAV — Chips, from 231,652 units to 1,596,729 units, our AIoT — Chips, from 364,487 units to 570,785 units, and our Smart Wearables — Chips, from 68,016 units to 165,080 units, over the respective periods. In turn, the increase was primarily attributable to (i) higher sales volume of UAV-Chips, driven by the release of new-generation UAVs — which typically require a greater number of UAV — Chips to support enhanced performance — amid the development of the low-altitude economy; (ii) robust demand from AIoT downstream applications, particularly industrial cameras and robotics; and (iii) the continued commercialization of ARS4X Series chips for smart wearables. The aforementioned increase was partially offset by lower sales volume of our UAV-Modules, from 335,330 units to 120,058 units, and our AIoT-Modules, from 159,821 units to 66,356 units, primarily due to (i) a preference among certain customers to purchase our products in chip form rather than module form as it is generally more cost-efficient for such customers to manufacture the module product as such products mature; and (ii) sales of earlier-generation modules wound down while sales of new-generation modules were only gradually commencing.

Cost of sales

Our cost of sales increased by 17.0% from RMB115.0 million in the five months ended May 31, 2025 to RMB134.5 million in the five months ended May 31, 2026. This increase was primarily attributable to: (i) an increase in sales volume of our chip products; and (ii) a rise in raw material costs, attributable to rising prices of memory components used in chip products due to the demand for such memory components outstripping its supply temporarily.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 11.6% from RMB85.1 million in the five months ended May 31, 2025 to RMB95.0 million in the five months ended May 31, 2026. Our gross profit margin slightly decreased from 42.5% in the five months ended May 31, 2025 to 41.4% in the five months ended May 31, 2026.

Other net income

Our other net income remained stable at RMB2.2 million in the five months ended May 31, 2025 as compared to RMB2.4 million in the five months ended May 31, 2026.

Selling and marketing expenses

Our selling and marketing expenses slightly decreased by 2.8% from RMB10.5 million in the five months ended May 31, 2025 to RMB10.2 million in the five months ended May 31, 2026.

Administrative expenses

Our administrative expenses increased by 66.2% from RMB15.1 million in the five months ended May 31, 2025 to RMB25.2 million in the five months ended May 31, 2026, primarily due to the increase in **[REDACTED]** expenses in connection with our proposed **[REDACTED]**.

R&D expenses

Our R&D expenses increased by 31.5% from RMB30.1 million in the five months ended May 31, 2025 to RMB39.6 million in the five months ended May 31, 2026. This increase was primarily attributable to: (i) higher employee expenses, resulting from the commencement of R&D for our new-generation chips in 2026 and the recruitment of additional R&D personnel in connection therewith; and (ii) equipment rental expenses incurred in respect of AI servers leased for algorithm development to enhance the computing capabilities of our products.

Finance costs

Our finance costs increased from RMB31.0 million to RMB40.8 million in the five months ended May 31, 2025 and 2026, primarily due to the increase of carrying amount of redemption liabilities, mainly resulting from the Pre-**[REDACTED]** Investments as well as the increase in the fair value of the equity of our Company.

Income tax expense

We recorded income tax expense of RMB0.1 million in the five months ended May 31, 2025, and RMB0.02 million in the five months ended May 31, 2026.

Profit and total comprehensive income/loss for the period

As a result of the foregoing, we recorded a profit for the period of RMB0.4 million in the five months ended May 31, 2025 and we recorded a loss for the period of RMB18.6 million in the five months ended May 31, 2026.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	39,993	52,586	45,221	40,790
Right-of-use assets	4,994	11,504	8,643	16,349
Intangible assets	31,388	37,564	28,051	35,889
Other non-current assets	2,631	1,969	3,202	3,366
	79,006	103,623	85,117	96,394
Current assets				
Inventories	51,622	69,745	153,083	209,730
Trade receivables, other receivables and prepayments	55,060	62,224	119,162	170,943
Cash and cash equivalents	93,255	149,120	423,924	303,233
	199,937	281,089	696,169	683,906
Current liabilities				
Trade and other payables	65,437	114,693	102,550	81,440
Loans and borrowings	—	59,727	30,031	—
Lease liabilities	5,398	4,064	4,719	3,846
Redemption liabilities	1,387,473	1,515,107	1,969,679	2,026,458
	1,458,308	1,693,591	2,106,979	2,111,744

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net current liabilities	(1,258,371)	(1,412,502)	(1,410,810)	(1,427,838)
Total assets less current liabilities	(1,179,365)	(1,308,879)	(1,325,693)	(1,331,444)
Non-current liabilities				
Lease liabilities	—	7,243	3,797	12,454
Deferred income	—	—	720	720
NET LIABILITIES	(1,179,365)	(1,316,122)	(1,330,210)	(1,344,618)
Capital and reserves				
Paid-in capital	27,182	27,182	—	—
Share capital	—	—	30,701	30,886
Reserves	(1,206,547)	(1,343,304)	(1,360,911)	(1,375,504)
TOTAL DEFICIT	(1,179,365)	(1,316,122)	(1,330,210)	(1,344,618)

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) equipment and machinery, such as photomasks and emulation system, (ii) office equipment and furniture, (iii) construction in progress, and (iv) leasehold improvements. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equipment and machinery	20,194	48,011	42,352	39,852
Office equipment and furniture	168	133	86	67
Construction in progress	12,383	947	2,217	795
Leasehold improvements	7,248	3,495	566	76
Total	39,993	52,586	45,221	40,790

Our property, plant and equipment increased from RMB40.0 million as of December 31, 2023 to RMB52.6 million as of December 31, 2024, primarily due to the increase in equipment and machinery, reflecting increase in asset relating to the photomasks. Our property, plant and equipment slightly decreased from RMB52.6 million as of December 31, 2024 to RMB45.2 million as of December 31, 2025, primarily due to a decrease in equipment and machinery, which in turn was due to the depreciation incurred associated with the photomasks equipment. Our property, plant and equipment decreased from RMB45.2 million as of December 31, 2025 to RMB40.8 million as of May 31, 2026 due to the depreciation of equipment and machinery which was partially offset by purchases of servers and computers required for R&D activities.

Right-of-use Assets

Our right-of-use assets primarily relate to properties leased for own use carried at cost. Our right-of-use assets increased from RMB5.0 million as of December 31, 2023 to RMB11.5 million as of December 31, 2024, primarily due to (i) the renewal of property leases in Shanghai and Chengdu, and

(ii) the amortization of leases. Our right-of-use assets decreased from RMB11.5 million as of December 31, 2024 to RMB8.6 million as of December 31, 2025, primarily due to the amortization of leases. Our right-of-use assets increased from RMB8.6 million as of December 31, 2025 to RMB16.3 million as of May 31, 2026 due to the renewal of a lease for an additional three-year term.

Intangible Assets

Our intangible assets primarily consisted of (i) intellectual properties, including licenses of third-party architectures, (ii) patents, and (iii) software, including office and electronic design automation ("**EDA**") software. The following table sets out a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Intellectual properties	28,343	29,828	21,943	30,306
Patents	310	265	508	477
Software	2,735	7,471	5,600	5,106
Total	31,388	37,564	28,051	35,889

Our intangible assets increased from RMB31.4 million as of December 31, 2023 to RMB37.6 million as of December 31, 2024, primarily due to the increase of software assets, which in turn was due to our procurement of EDA software and finance software. Our intangible assets decreased from RMB37.6 million as of December 31, 2024 to RMB28.1 million as of December 31, 2025, primarily due to the amortization of the intellectual properties we purchased. Our intangible assets increased from RMB28.1 million as of December 31, 2025 to RMB35.9 million as of May 31, 2026 due to the increase in procurement of intellectual properties applied for the new SoC products in development phase.

Other Non-current Assets

Our other non-current assets primarily consisted of (i) prepayments for property, plant and equipment, and (ii) rental deposits. Our other non-current assets remained relatively stable at RMB**[REDACTED]** million as of December 31, 2023, RMB2.0 million as of December 31, 2024, RMB3.2 million as of December 31, 2025 and RMB3.4 million as of May 31, 2026.

Inventories

Our inventories primarily consisted of (i) raw materials, primarily wafers and electronic components, (ii) semi-finished products and work in progress ("**WIP**"), and (iii) finished products. Our inventories increased from RMB51.6 million as of December 31, 2023 to RMB69.7 million as of December 31, 2024, primarily due to the increase of raw materials of RMB14.9 million and of semi-finished products and WIP of RMB5.9 million, as we increased inventory levels to meet the demands of our growing business. Our inventories further increased from RMB69.7 million as of December 31, 2024 to RMB153.1 million as of December 31, 2025, mainly because of the increase of raw materials of RMB65.2 million, as we have shifted our supply chain and the inventory turnover is prolonged because we are in the engineering stage with such new suppliers. Our inventories increased from RMB153.1 million as of December 31, 2025 to RMB209.7 million as of May 31, 2026. This increase was primarily attributable to higher inventory levels of wafers, sensors and modules used in industrial cameras, robotics and AI smart glasses, driven by growing demand from these downstream sectors. In addition, in response to tight wafer manufacturing capacity and extended procurement lead times for certain electronic and sensing components amid ongoing supply shortages, we strategically built up inventory in advance to ensure that we can meet customer demand on a timely basis.

The table below sets forth our inventories by nature as of the dates indicated.

	At December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	29,119	43,959	109,180	115,073
Semi-finished products and WIP[(1)]	1,178	7,098	15,629	25,696
Finished products	21,325	18,688	28,274	68,961
Total	51,622	69,745	153,083	209,730

Notes:

(1) Semi-finished products refer to inventory items for which a specific processing step has been completed, but which, in the ordinary course of business, will undergo further processing to be manufactured into other products for sale. They primarily include chips before testing as well as externally purchased modules. WIP refers to products that are still undergoing processing on the production line.

The following table sets forth the analysis of the amount of inventories recognised as an expense and included in profit or loss as at the dates indicated.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of inventories used	78,682	285,238	266,659	133,546
Write-down of inventories	14,342	16,996	9,591	193
	93,024	302,234	276,250	133,739

We fully provide for impairment on inventories aged over two years, and apply the specific identification method to assess and provide for impairment on inventories aged two years or less. We assess the net realizable value ("**NRV**") of the inventories as well as the required amount of write-down of inventories at the end of each reporting period in accordance with HKAS 2. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on current market condition, contract price of products and the historical experience of distributing and selling products of similar nature. The write-down of inventories is calculated based on the NRV of the inventories, which is affected by multiple factors, including but not limited to the aging of inventories, the status of inventories (damaged or obsolete) and the estimated demand of the respective product, etc. In particular, the NRV of the inventories decreases along with the aging of inventories and the change in market demand of particular product. We impaired certain inventories aged two years or less of RMB2.4 million and RMB0.8 million in the years ended December 31, 2023 and 2024, respectively, and recorded a reversal of impairment of inventories aged two years or less of RMB1.0 million in the year ended December 31, 2025. Given that (i) our inventories primarily comprised our strategic stock of raw materials and finished goods with clear commercial value, (ii) our inventories were generally aged within one year during the Track Record Period, and there was no material inventory backlog, (iii) we have implemented stringent and effective inventory management measures, our management believes sufficient impairment provision for our inventories has been made.

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	22,599	61,278	146,539	200,222
One year to two years	29,023	8,467	6,544	9,508
Total	51,622	69,745	153,083	209,730

As at December 31, 2024, 2025 and May 31, 2026, the percentages of subsequent utilization of inventories as of December 31, 2023, 2024 and 2025 were 83.4%, 90.6% and 93.8%, respectively. As at September 30, 2026, RMB139.0 million and RMB123.4 million, representing 94.8% and 58.8% of our inventories as of December 31, 2025 and May 31, 2026, respectively, had been subsequently utilized.

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Inventory turnover days[(1)]	219	73	146	205

Notes:

(1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for a period, divided by the corresponding total cost of sales for the same period, multiplied by the number of days in such period.

Our inventory turnover days decreased from 219 days in 2023 to 73 days in 2024 mainly because in 2023, we accumulated significant inventory to support future production and sales, while in 2024 we achieved a substantial increase in sales. Our inventory turnover days increased from 73 days in 2024 to 146 days in 2025 primarily due to the increase of raw materials of RMB65.2 million, as we adjusted our supply chain arrangements leading to a temporary build-up of inventory. Such increase in inventory was primarily due to our collaboration with a new supplier as we need to go through the engineering process with it. Our inventory turnover days increased from 146 days in 2025 to 205 days for the five months ended May 31, 2026. This increase was primarily attributable to: (i) our strategic decision to build up inventory levels in advance to ensure that we can meet customer demand on a timely basis; and (ii) the transfer, in late 2025, of part of our packaging arrangements to a new packaging supplier following changes in external regulatory and compliance requirements, which resulted in a longer production cycle due to the new supplier's tight production capacity. For details of such changes in external regulatory and compliance requirements, see "Regulatory Overview — Regulations Relating to U.S. Export Control".

Despite the relatively long inventory turnover days during the Track Record Period, we maintained a healthy liquidity position. As at December 31, 2023, 2024 and 2025 and May 31, 2026, we had cash and cash equivalents of RMB93.3 million, RMB149.1 million, RMB423.9 million and RMB303.2 million, respectively. In addition, as at September 30, 2026, we had unutilized committed banking facilities of approximately RMB150 million. Taking into account the above, the Directors believe that we have sufficient liquidity to meet our operational needs.

Nonetheless, to manage our cash conversion cycle and mitigate the working capital impact arising from long inventory turnover days, we have implemented internal control policies on cash conversion cycle under which we (i) require advance payments from most customers (particularly for most new-

generation SoC products) and generally only extend credit terms of one to three months to strategic customers, so as to front-load cash inflows and offset the capital tied up in inventory stocking; (ii) manage inventory levels with reference to supply chain capacity tightness (wafer foundry, packaging and testing) and delivery requirements, thereby balancing working capital efficiency with operational certainty; and (iii) regularly monitor our liquidity requirements and maintain sufficient cash reserves together with adequate committed facilities from major financial institutions to meet both short-term and long-term liquidity needs.

In addition, we have strengthened our supply chain management to utilize available supplier credit periods and alleviate funding pressure associated with inventory accumulation, and plan to further improve our cash conversion cycle by (i) expanding our business through product diversification and enhancing revenue-generating capability; (ii) improving operational efficiency; (iii) implementing strict cost control in production and daily operations; (iv) negotiating more favorable payment terms and advance payments with major customers, and more favorable commercial terms with major suppliers (including a reduction in advance payments required per order); (v) monitoring overdue amounts by aging and regularly following up on overdue receivables; and (vi) establishing a cross-departmental communication platform to regularly update the status of receivables and overdue amounts, formulate collection action plans and, where necessary, pursue recovery through legal proceedings.

Trade Receivables, Other Receivables and Prepayments

Our trade receivables, other receivables and prepayments primarily arose from (i) trade receivables, net of loss allowance, (ii) prepayments, (iii) Value-Added Tax ("**VAT**") recoverable and (iv) other receivables and deposits, net of loss allowance. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	12,846	12,898	51,437	55,665
Prepayments	42,030	47,867	62,914	112,644
VAT recoverable	125	1,389	—	—
Capitalization of **[REDACTED]** expenses	—	—	1,646	2,553
Tax refund receivables	—	—	3,114	—
Other receivables and deposits, net of loss allowance	59	70	51	81
Total	55,060	62,224	119,162	170,943

Our trade receivables, other receivables and prepayments remained relatively stable at RMB55.1 million as of December 31, 2023 and RMB62.2 million as of December 31, 2024. Our trade receivables, other receivables and prepayments increased from RMB62.2 million as of December 31, 2024 to RMB119.2 million as of December 31, 2025, primarily due to the increase of trade receivables of RMB38.5 million and prepayments of RMB15.0 million. The increase in prepayments reflects the payment terms as requested by our new packaging partner. Our trade receivables, other receivables and prepayments increased from RMB119.2 million as of December 31, 2025 to RMB170.9 million as of May 31, 2026. This increase was primarily attributable to an increase in prepayments of RMB49.7 million, reflecting a higher contribution from prepayments made to suppliers for the procurement of wafers, sensors and other key raw materials, as we placed advance orders to secure supply stability amid extended procurement lead times and tight market supply for the relevant materials and components. In January 2025, in light of changes in external regulatory and compliance requirements, we adjusted the packaging arrangement for UAV-Module products and engaged a new packaging partner for the relevant packaging processes. For details of such changes in external regulatory and compliance requirements, see "Regulatory Overview — Regulations Relating to U.S. Export Control". According to Frost & Sullivan, our new packaging partner is a globally established independent third-party packaging service

provider listed on the New York Stock Exchange, with a global market share of approximately 30%. In addition, our cooperation with our original packaging partner remained in place for other products, which was not affected by such adjustment. Compared with the arrangement with our original packaging partner, the new arrangement involved more stringent commercial terms in certain respects, including but not limited to that the new packaging partner required 100% prepayment and adopted tighter credit terms. Such terms were consistent with prevailing market practice in an environment of tight industry capacity, and the prepayment requirements are commonly adopted by the packaging industry to secure production capacity and scheduling priority under the market conditions. Notwithstanding the less favorable terms, we engaged the new supplier after taking into account: (i) the new packaging partner's scale, technical capabilities and available capacity, (ii) its ability to accommodate the relevant project transfer within the required timeframe, and (iii) its advanced packaging technology platform, which facilitated efficient onboarding and supported a timely production ramp-up for the relevant product.

We require prepayments from most of our customers and provide typical credit terms ranging from one month to three months to strategic customers. The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated based and net of loss allowance.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	9,911	12,326	45,121	51,302
Over six months but less than one year	2,024	173	5,912	4,165
Over one year but less than two years	911	399	404	198
	12,846	12,898	51,437	55,665

During the Track Record Period, our trade receivables aged over six months increased from RMB0.6 million as of December 31, 2024 to RMB6.3 million as of December 31, 2025, primarily due to delayed payments from two customers in 2025, accounting for approximately 4.8% and 4.4% of our total trade receivables, respectively. Such customers were not our major customers in 2025, and the revenue derived from each of these two customers accounted for less than 1.0% of our total sales in 2025, respectively. Such delays were mainly due to (i) the slower-than-expected progress in the research and development of one relevant customer's end products that caused a delay in its end products' time to market, which then led to overdue payments to us; and (ii) the delay in receipt by another customer of the relevant proceeds under its tender project, which led such customer to request an extension of payment. None of the relevant parties with trade receivables aged over six months were our major customers during the Track Record Period. Our credit policy has remained unchanged throughout the Track Record Period, and we have made sufficient impairment allowances in respect of the relevant receivables in accordance with our accounting policies.

Our trade receivables increased from RMB12.9 million as of December 31, 2024 to RMB51.4 million as of December 31, 2025, primarily due to an increase in trade receivables aged within six months from RMB12.3 million to RMB45.1 million. After we switched our OSAT provider in 2025, we resumed shipments of certain products on a small scale in September 2025 and ramped them up thereafter. As a result, our product deliveries and the related sales were concentrated toward the end of 2025, and the corresponding receivables remained outstanding as of December 31, 2025. For details, see "Business — Impact of U.S. Export Control and International Sanctions."

The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Trade receivables turnover days[(1)]	84	10	24	35

Notes:

(1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period.

Our trade receivables turnover days decreased from 84 days in 2023 to 10 days in 2024, primarily due to our requirement for prepayment of most of our new generation SoC products. Our trade receivables turnover days increased from 10 days in 2024 to 24 days in 2025 due to a lesser portion of our top five customers adopted prepayment as terms for their procurement. Our trade receivables turnover days increased from 24 days in 2025 to 35 days for the five months ended May 31, 2026 primarily due to an increase in the proportion of sales to strategic customers who are granted longer credit terms.

As of September 30, 2026, RMB47.6 million and RMB49.8 million, representing 92.5% and 89.5% of our trade receivables as of December 31, 2025 and May 31, 2026, respectively, had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash at bank and in hand. Our cash and cash equivalents were RMB93.3 million, RMB149.1 million, RMB423.9 million and RMB303.2 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	93,255	149,120	423,924	303,233

Trade and Other Payables

Our trade and other payables primarily represented (i) trade payables, (ii) accrued payroll, (iii) tax payables, (iv) other payables and accruals, and (v) government grants received with conditions. There were no unfulfilled conditions or contractual obligations relating to our recognized government grants during the Track Record Period. Our trade payables are normally settled on terms of within 30 to 90 days.

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	18,007	17,250	22,224	19,611
Accrued payroll	9,475	8,809	16,888	14,585
Tax payables	1,496	2,743	9,120	2,261
Other payables and accruals	5,075	3,859	7,843	1,611
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Government grants received with conditions	4,050	14,418	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	1,322	287
Contract liabilities	26,514	62,549	21,992	28,667
Total	65,437	114,693	102,550	81,440

Our trade and other payables increased from RMB65.4 million as of December 31, 2023 to RMB114.7 million as of December 31, 2024, primarily due to (i) the increase of contract liabilities of RMB36.0 million, which is generally in line with our sales growth, (ii) the increase of government grants received with conditions of RMB10.4 million, in relation to the subsidies from government to support the development and growth of the IC industry. Our trade and other payables decreased from RMB114.7 million as of December 31, 2024 to RMB102.6 million as of December 31, 2025, primarily due to (i) the decrease of contract liabilities of RMB40.6 million, as we delivered the goods and fulfilled the contracts, (ii) the decrease of payables for purchase of property, plant and equipment and intangible assets of RMB3.6 million, mainly due to the settlement of outstanding payables in 2025 in relation to EDA software procured in 2024 under instalment payment arrangements, which resulted in a lower balance of trade and other payables as of December 31, 2025. Our trade and other payables decreased from RMB102.6 million as of December 31, 2025 to RMB81.4 million as of May 31, 2026. This decrease was primarily attributable to: (i) a decrease in tax payables, resulting from an increase in deductible input VAT arising from our procurement of raw materials; and (ii) settlement of **[REDACTED]** expenses payable in the period. Such decrease was partially offset by an increase in contract liabilities, which was attributable to deposits received for certain new-generation module products that had been launched around the end of the Track Record Period.

As at December 31, 2024 and 2025, the percentages of subsequent settlement of contract liabilities as of December 31, 2023, 2024 were 62.5% and 98.7% respectively. As of September 30, 2026, RMB12.3 million and RMB17.4 million, or 56.0% and 60.8%, of our contract liabilities as of December 31, 2025 and May 31, 2026, respectively, had been subsequently settled.

The following table sets forth the aging analysis of our trade payables (which are included in trade and other payables) based on the invoice date as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	12,153	11,005	18,058	15,465
Over 1 year but less than 2 years	1,783	898	151	24
Over 2 years but less than 3 years	3,593	1,286	6	113
Over 3 years	478	4,061	4,009	4,009
	18,007	17,250	22,224	19,611

Our trade payables aged over three years amounted to RMB4.1 million, RMB4.0 million and RMB4.0 million as of December 31, 2024, 2025 and May 31, 2026, respectively, representing 23.5%, 18.0% and 20.4% of total trade payables for the respective periods. Such aged balance was in relation to the procurement of facial recognition software, which we originally ordered for application to AIoT modules products at the relevant time and was also conducted in part to take advantage of a promotion of the relevant products by the relevant supplier. The relevant software was subsequently deployed more slowly than originally anticipated. Taking into account the promotional nature of the procurement, the parties' established commercial relationship and the ongoing discussions, the supplier has in practice afforded flexibility as to the timing of settlement. Pursuant to ongoing discussion with the relevant supplier, the relevant balance remains outstanding. The relevant inventories have been fully impaired. The ongoing discussions have been conducted primarily between our business team and the supplier's sales team regarding the deployment of the relevant software and the settlement of the outstanding balance, and we expect to settle the balance progressively. As of the Latest Practicable Date, no relevant parties have commenced or threatened any legal proceedings against us in respect of these balances, nor are we aware of any material legal disputes or contingent liabilities arising therefrom.

The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Trade payables turnover days[(1)]	69	21	26	24

Notes:

(1) We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of revenue for the same period, multiplied by the number of days in such period.

Our trade payables turnover days decreased from 69 days in 2023 to 21 days in 2024, mainly because a material increase in cost of sales in 2024, which in turn, was in line with our business growth. Our trade payables turnover days remained relatively stable at 21 days in 2024 and 26 days in 2025. Our trade payables turnover days remained stable at 24 days for the five months ended May 31, 2026.

As of September 30, 2026, RMB16.5 million and RMB12.4 million, or 74.3% and 63.3%, of our trade payables as of December 31, 2025 and May 31, 2026, respectively, had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade payables.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of May 31,	As of September 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current assets					
Inventories	51,622	69,745	153,083	209,730	294,174
Trade receivables, other receivables and prepayments	55,060	62,224	119,162	170,943	146,885
Cash and cash equivalents	93,255	149,120	423,924	303,233	239,261
Sub-total	199,937	281,089	696,169	683,906	680,320
Current liabilities					
Trade and other payables	65,437	114,693	102,550	81,440	67,553
Loans and borrowings	—	59,727	30,031	—	—
Lease liabilities	5,398	4,064	4,719	3,846	3,484
Redemption liabilities	1,387,473	1,515,107	1,969,679	2,026,458	2,069,123
Sub-total	1,458,308	1,693,591	2,106,979	2,111,744	2,140,160
Net current liabilities	(1,258,371)	(1,412,502)	(1,410,810)	(1,427,838)	(1,459,840)

As of September 30, 2026, we had net current liabilities of RMB1,459.8 million, as compared to net current liabilities RMB1,427.8 million as of May 31, 2026, primarily due to an increase in redemption liabilities and a decrease in cash and cash equivalents and trade receivables, other receivables and prepayments, partially offset by an increase of RMB84.4 million in inventories.

As of May 31, 2026, we had net current liabilities of RMB1,427.8 million, as compared to RMB1,410.8 million as of December 31, 2025, primarily due to an increase of RMB56.8 million in the carrying amount of redemption liabilities, which was partially offset by a decrease in trade and other payables of RMB21.1 million.

As of December 31, 2025, we had net current liabilities of RMB1,410.8 million, as compared to RMB1,412.5 million as of December 31, 2024, primarily due to the receipt of financing proceeds from our Pre-**[REDACTED]** investors in December 2025, which was partially offset by an increase of RMB454.6 million in the carrying amount in redemption liabilities.

As of December 31, 2024, we had net current liabilities of RMB1,412.5 million, as compared to RMB1,258.4 million as of December 31, 2023, primarily due to (i) an increase of RMB127.6 million of the carrying amount of the redemption liabilities, (ii) an increase of RMB59.7 million of loans and borrowings, primarily to supplement cash flow in support of operations, and (iii) an increase of RMB49.3 million of trade and other payables. These increases were partially offset by an increase of RMB55.9 million of cash and cash equivalents.

Our net current liabilities and net liabilities during the Track Record Period were largely attributable to changes in our redemption liabilities, as it constituted a major component of our current liabilities and net liabilities. As our redemption liabilities are tied to the ordinary shares with redemption rights issued to investors which shall be converted into equity of the Company upon **[REDACTED]**, such item shall not affect our liquidity upon conversion of such shares.

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from operating activities and bank borrowings. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had cash and cash equivalents of RMB93.3 million, RMB149.1 million, RMB423.9 million and RMB303.2 million respectively.

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

	Year ended December 31,			Five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating activities:					
Cash (used in)/generated from operations	(142,461)	45,453	(49,260)	(8,371)	(84,905)
Income tax paid	—	—	—	—	—
Net cash (used in)/generated from operating activities	(142,461)	45,453	(49,260)	(8,371)	(84,905)
Net cash used in investing activities	(43,105)	(41,659)	(19,150)	(10,889)	(21,279)
Net cash (used in)/generated from financing activities	(6,620)	51,970	343,176	7,740	(14,295)
Net (decrease)/increase in cash and cash equivalents	(192,186)	55,764	274,766	(11,520)	(120,479)
Effect of foreign exchange rate changes	7	101	38	169	(212)
Cash and cash equivalents at beginning of the year/period	285,434	93,255	149,120	149,120	423,924
Cash and cash equivalents at end of the year/period	93,255	149,120	423,924	137,769	303,233

Net Cash Generated from/(Used in) Operating Activities

For the five months ended May 31, 2026, net cash used in operating activities was RMB84.9 million, primarily attributable to loss before taxation of RMB18.6 million, as adjusted by changes in the working capital resulting from (i) increase of inventories of RMB56.8 million, (ii) increase of trade receivables, other receivables and prepayments of RMB51.1 million, (iii) decrease in trade and other payables of RMB20.1 million, and partially offset by non-cash and non-operating items, which primarily consists of (i) finance costs of RMB40.8 million, (ii) amortization of intangible assets of RMB8.5 million and (iii) depreciation of property, plant and equipment of RMB7.9 million.

In 2025, net cash used in operating activities was RMB49.3 million, primarily attributable to changes in the working capital, which primarily resulted from (i) increase of inventories of RMB92.9 million, (ii) increase of trade receivables, other receivables and prepayments of RMB57.6 million

partially offset by non-cash and non-operating items, which primarily consisted of (i) finance costs of RMB48.3 million, (ii) depreciation of property, plant and equipment and right-of-use assets of RMB25.0 million, which was partially offset by profit before taxation of RMB16.6 million for the relevant year.

In 2024, net cash generated from operating activities was RMB45.5 million, primarily attributable to loss before taxation of RMB216.2 million, as adjusted by changes in working capital, which primarily result from (i) an increase in inventories of RMB35.1 million, (ii) increase in trade and other payables of RMB45.0 million and (iii) increase in trade receivables, other receivables and prepayments of RMB5.9 million, partially offset by non-cash and non-operating items, which primarily consisted of (i) finance costs of RMB128.8 million and (ii) equity-settled share-based transactions of RMB79.5 million.

In 2023, net cash used in operating activities was RMB142.5 million, primarily attributable to loss before taxation of RMB308.3 million, adjusted for changes in working capital, which primarily resulted from (i) an increase in inventories of RMB5.6 million and (ii) decrease in other non-current asset of RMB5.3 million partially offset by non-cash and non-operating items, which primarily consisted of (i) finance costs of RMB85.9 million and (ii) equity-settled share-based transactions of RMB38.0 million and (iii) depreciation of property, plant and equipment and right-of-use assets of RMB24.4 million.

Going forward, we plan to improve our operating cashflow position through a combination of measures. In particular, (i) we intend to grow our business and enhance our revenue generation from further product diversification, (ii) strengthen our supply chain management and operational efficiency, including through the optimization of our procurement arrangements. Since July 2025, we have revised the payment terms with a certain supplier such that the VAT portion of the purchase price is payable upon delivery, rather than in advance. In 2026, we further renegotiated the payment terms with several suppliers, replacing previous full-prepayment arrangements with more favourable terms, including payment prior to batch delivery and 30-day credit terms; (iii) exercise disciplined cost control across production and daily operations, including reducing packaging and testing costs for certain chip products through negotiations with suppliers; (iv) negotiate with our major customers for more favorable payment terms and prepayments, and with our major suppliers for more favorable commercial terms in the form of less prepayments per order; (v) monitor overdue amounts by duration to track and address overdue receivables promptly on a regular basis; and (vi) establish a communication platform between various departments to ensure efficient coordination, with regular updates on receivables, overdue amounts and action plans for trade receivables collection, communicate with our customers as to their payment status on a regular basis; and to pursue collection through legal means if standard collection efforts do not succeed. For details, see "Business — Business Sustainability and Path to Profitability" in this Document.

Net Cash Used in Investing Activities

For the five months ended May 31, 2026, net cash used in investing activities was RMB21.3 million, primarily attributable to (i) payments for the purchase of property, plant and equipment of RMB6.8 million and (ii) payments for the purchase of intangible assets of RMB14.5 million.

In 2025, net cash used in investing activities was RMB19.2 million, primarily attributable to (i) payments for the purchase of property, plant and equipment of RMB14.5 million and (ii) payments for the purchase of intangible assets of RMB4.7 million.

In 2024, net cash used in investing activities was RMB41.7 million, primarily attributable to (i) payments for the purchase of property, plant and equipment of RMB31.2 million, (ii) payments for the purchase of intangible assets of RMB10.5 million and (iii) payment for purchase of financial assets measured at fair value through profit or loss ("**FVPL**") of RMB10.0 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB10.0 million.

In 2023, net cash used in investing activities was RMB43.1 million, primarily attributable to (i) payment for purchase of financial assets measured at FVPL of RMB700.0 million, (ii) payments for the purchase of property, plant and equipment of RMB26.1 million and (iii) payments for the purchase of intangible assets of RMB19.7 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB702.7 million.

Net Cash Generated from/(Used in) Financing Activities

For the five months ended May 31, 2026, net cash used in financing activities was RMB14.3 million, primarily attributable to repayment of bank loans of RMB30.0 million in February 2026, partially offset by receipt of proceeds from issuance of new shares of RMB20.0 million.

In 2025, net cash generated from financing activities was RMB343.2 million, primarily attributable to the receipt of financing proceeds from our Pre-**[REDACTED]** investors in December 2025.

In 2024, net cash generated from financing activities was RMB52.0 million, primarily attributable to proceeds from loans and borrowings of RMB82.7 million, partially offset by (i) repayment of loans and borrowings of RMB23.0 million and (ii) rentals paid of RMB6.8 million.

In 2023, net cash used in financing activities was RMB6.6 million, primarily attributable to rentals paid of RMB6.6 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of May 31,	As of September 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current					
Loans and borrowings	—	59,727	30,031	—	—
Lease liabilities	5,398	4,064	4,719	3,846	3,484
Non-current					
Lease liabilities	—	7,243	3,797	12,454	11,571
Total	5,398	71,034	38,547	16,300	15,055

Loans and Borrowings

As of December 31, 2023, 2024, 2025 and May 31, 2026, we had bank loans of nil, RMB59.7 million, RMB30.0 million and nil, respectively. As at September 30, 2026, we had an aggregate balance of unutilized committed banking facilities of approximately RMB150 million.

The following table sets out our borrowings as of the dates indicated.

	As of December 31,			As of May 31,	As of September 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Bank loans	—	59,727	30,031	—	—

Our bank loans represented loans provided by banks with interest rate ranging from 3.45% to 4.35% and 2.50% to 2.80% at December 31, 2024 and 2025. The balances were fully repaid in February 2026.

The following table sets forth the maturity profile of our borrowings as of the dates indicated based on contractual undiscounted payments.

	As of December 31,			As of May 31,	As of September 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Within 1 year or on demand	—	59,727	30,031	—	—

Our Directors confirm that our bank borrowings drawn during the Track Record Period and our outstanding bank borrowings as of the Latest Practicable Date were not subject to any material covenants, undertakings, guarantees, pledges of key assets or other contingent obligations.

During the Track Record Period and up to the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future, and we did not experience any breach of covenants, default in payment of bank borrowings or other indebtedness, nor did we encounter any difficulty in obtaining bank borrowings.

Save as disclosed above, as of the Latest Practicable Date, we did not have any outstanding mortgages, charges, debentures, bank overdrafts, loan capital, guarantees or other material contingent liabilities. Our Directors further confirm that there has been no material change in our indebtedness since the Latest Practicable Date and up to the date of this Document.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and May 31, 2026, we had lease liabilities of RMB5.4 million, RMB11.3 million, RMB8.5 million and RMB16.3 million, respectively.

The following table sets out our lease liabilities as of the dates indicated.

	As of December 31,			As of May 31,	As of September 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current liabilities					
Lease liabilities	5,398	4,064	4,719	3,846	3,484
Non-current liabilities					
Lease liabilities	—	7,243	3,797	12,454	11,571
Total	5,398	11,307	8,516	16,300	15,055

Our lease liabilities increased from RMB5.4 million as of December 31, 2023 to RMB11.3 million as of December 31, 2024, primarily due to lease renewal for our offices in Shanghai and Chengdu. Our lease liabilities decreased from RMB11.3 million as of December 31, 2024 to RMB8.5 million as of December 31, 2025. Our lease liabilities increased from RMB8.5 million as of December 31, 2025 to RMB16.3 million as of May 31, 2026, primarily due to the renewal of a lease for an additional three-year term.

The following table sets forth the maturity profile of our lease liabilities as of the dates indicated based on contractual undiscounted payments.

	As of December 31,			As of May 31,	As of September 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Within 1 year	5,398	4,064	4,719	3,846	3,484
After 1 year but within 2 years	—	4,207	3,586	3,806	3,889
After 2 years but within 5 years	—	3,036	211	8,648	7,682
	—	7,243	3,797	12,454	11,571
Total	5,398	11,307	8,516	16,300	15,055

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, our Shareholders provided guarantees for certain of our bank facilities. As of December 31, 2023, 2024, 2025 and May 31, 2026, guarantees issued by our Shareholders with respect to our loans and borrowings were nil, RMB59.7 million and RMB30.0 million and nil. As of the Latest Practicable Date, no guarantees were issued by our Shareholders to secure our borrowings. We also provided compensation to our key management personnel in the ordinary course of our business. For more details about our related party transactions, see Note 26 to the Accountants' Report in Appendix I to this document.

Our Directors believe that each of the related party transactions set out in Note 26 to the Accountants' Report in Appendix I to this document was conducted on an arm's length basis and would not distort our track record results or make our historical results not reflective of our future performance. For details about our related party transactions during the Track Record Period, see Note 26 to the Accountants' Report in Appendix I to this Document.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/period indicated.

	As of/for the years ended December 31,			As of/for the five months ended May 31,
	2023	2024	2025	2026
Gross profit margin[(1)]	11.2%	32.2%	44.2%	41.4%
Current ratio[(2)]	0.14	0.17	0.33	0.32

Notes:

(1) Represents gross profit for the year divided by revenue for the same year, expressed as a percentage.

(2) Current ratio is calculated based on the current assets divided by current liabilities.

Gross Profit Margin

In 2023, 2024, 2025 and the five months ended May 31, 2026, our gross profit margin was 11.2%, 32.2%, 44.2% and 41.4%, respectively. See "— Key Components of Our Consolidated Statement of Profit or Loss and Other Comprehensive Income" in this section for factors affecting our gross profit margin during the respective periods.

Current ratio

Our current ratio increased from 0.14 as of December 31, 2023 to 0.17 as of December 31, 2024 mainly because of the increase in cash and cash equivalents and also due to increases in our inventories and trade receivables, other receivables and prepayments as a result of our business expansion. In turn, the aforementioned increases were in line with our business growth in 2024. Our current ratio further increased to 0.33 as of December 31, 2025 mainly because of increases in inventories and trade receivables, other receivables and prepayments, which in turn, was a result of the increase in prepayments that reflect the payment terms as requested by our new packaging partner that we engaged due to changes in external regulatory and compliance requirements. For details of such changes in external regulatory and compliance requirements, see "Regulatory Overview — Regulations Relating to U.S. Export Control". Our current ratio remained stable at 0.32 as of May 31, 2026.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of the purchase of property, plant and equipment and intangible assets for the purpose of expanding our operations. Our capital expenditures were RMB45.8 million, RMB41.7 million, RMB19.2 million and RMB21.3 million for the years/period ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of **[REDACTED]** – Use of **[REDACTED]**" in this Document. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operating activities and **[REDACTED]** from the **[REDACTED]**.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including market risks (such as currency risk and interest rate risk), credit risk and liquidity risk. See Note 25 to the Accountants' Report in Appendix I to this Document for a detailed description of our financial risk management.

Market Risks

Currency Risk

Our Group is exposed to currency risk primarily through purchases and sales which give rise to payables, receivables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars. For further details, see Note 25(d) of the Accountants' Report in Appendix I to this Document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group's interest rate risk arises primarily from cash at bank. Our Group's interest-bearing financial instruments at variable rates as at December 31, 2023, 2024, 2025 and May 31, 2026 primarily are the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant. For further details, see Note 25(c) of the Accountants' Report in Appendix I to this Document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our Group's credit risk is primarily attributable to trade receivables, other receivables and prepayments. Our Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which our Group considers to have low credit risk.

We estimate our expected credit loss rates using a provision matrix based on historical credit loss experience and our expected credit loss rates are generally consistent with the expected credit loss rates adopted by market players in the same industry over the last few years. The expected credit loss rates adopted by market players in the same industry remained stable over the last few years given the steady growth and expansion of the industry.

We usually grant credit sales to our strategic customers with good credit and important business partnership. Such customers' operation conditions and credit risk were relatively stable during the Track Record Period, and there were neither any material disputes with customers during the Track Record Period nor any material ongoing disputes due to our stringent credit management policy. The credit risk associated with our trade receivables also remained stable over the last few years.

Based on the above assessment, our Directors are of the view that adopting the same expected loss rates throughout the Track Record Period based on expected credit loss rates adopted by market players in the same industry is appropriate and also consistent with our credit risk profile.

Liquidity Risk

Our Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For further details, see Note 25(b) of the Accountants' Report in Appendix I to this Document.

DIVIDENDS

During the Track Record Period, we did not declare any dividends or had a formal dividend policy or a fixed dividend payout ratio. After completion of the **[REDACTED]**, our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate at least 10% of our net profit to our statutory common reserve fund until the cumulative amount of the reserve fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses from prior fiscal years have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors – Risks Relating to the **[REDACTED]** – We cannot ensure whether, when, or in what amount we will pay dividends in the future" in this Document.

DISTRIBUTABLE RESERVES

As of May 31, 2026, we did not have any distributable reserves.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our net operating cash flow, cash and cash equivalents on hand and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this Document.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Company did not have any material defaults on trade or non-trade payables, any defaults on borrowings, or any breaches of covenants.

The Directors also note that the Company recorded net current liabilities during certain periods of the Track Record Period, which were primarily attributable to increases in redemption liabilities, changes in loans and borrowings, and movements in working capital items, including cash and cash equivalents, inventories and trade receivables, other receivables and prepayments and payables. Such net current liabilities did not materially affect the Group's liquidity position.

[REDACTED] EXPENSES

We recorded **[REDACTED]** expenses of RMB**[REDACTED]** million (equivalent to HK$**[REDACTED]**) which relate to the **[REDACTED]** of the Company during the Track Record Period, of which RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) was charged to our consolidated statements of profit or loss, and RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) has been recognised as capitalisation of **[REDACTED]** expenses and will be deducted from equity upon **[REDACTED]**. Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range stated in this Document), the total **[REDACTED]**, commissions, together with the Stock Exchange **[REDACTED]** fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the **[REDACTED]**, which are payable or to be paid by us are estimated to be approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**), of which RMB**[REDACTED]** have been and are expected to be charged to our consolidated statements of comprehensive income and RMB**[REDACTED]** are expected to be deducted from equity following the **[REDACTED]**. The **[REDACTED]** expenses consist of RMB**[REDACTED]** **[REDACTED]**-related expenses and RMB**[REDACTED]** non-**[REDACTED]**-related expenses (including fees and expenses of legal advisors and the reporting accountants of RMB**[REDACTED]** million and other fees and expenses of **[REDACTED]**), representing approximately **[REDACTED]**% of our gross **[REDACTED]** from the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Part A of Appendix II to this Document for the unaudited **[REDACTED]** statement of adjusted net tangible assets of our Group, which is set out therein to illustrate the effect of the **[REDACTED]** on the consolidated net tangible liabilities attributable to equity shareholders of the Company as at May 31, 2026 as if the **[REDACTED]** had taken place on May 31, 2026.

RECENT DEVELOPMENT

See "Summary – Recent Development and No Material Adverse Change" in this Document for further details of the recent developments of our business, operations, financial performance and financial positions.

NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Summary – Recent Development and No Material Adverse Change" our Directors confirm that, since May 31, 2026 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this Document, there has been no

material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business – Our Strategies" in this Document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** Range of between HK$**[REDACTED]** and HK$**[REDACTED]** per H Share) and the **[REDACTED]** is not exercised, we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]**. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to further upgrade our SoC product portfolio. We plan to develop products with enhanced performance, greater efficiency, and stronger competitiveness, based on our existing and market-validated product. This allocation is directed at chip-level research and development, and does not cover the development of application solutions or the related support functions described under the allocation to support product applications in our targeted usage scenario below. We intend to apply **[REDACTED]** to recruit R&D personnel (including experts in AI algorithms, AI chips and visual AI), third-party engineering costs (such as tape-out and packaging and testing services) and hardware and software procurement, in particular:

  (i) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the R&D of visual processing AI SoC products, primarily intended for smart wearables such as AR/AI glasses and other power-efficient camera-based applications. This will support the development and advancement of visual processing AI SoC products, including R&D of proprietary NPU, ISP and display-related IP, as well as chip tape-out, packaging and testing activities.

  (ii) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the R&D of our AI application processors, which is intended to deliver enhanced on-device AI inference capabilities for edge applications. Our AI application processors are intended for devices with greater computing needs such as robots and AI computing devices, where they control the operation of the end product as a whole, running its operating system and software and executing larger AI models. Our visual processing AI SoCs, by contrast, are intended for low-power devices such as AR/AI glasses, handheld gimbal cameras and thumb cameras, where they are dedicated to processing the images captured by cameras with low power consumption. Such AI application processor are designed to support efficient execution of both traditional convolutional neural network (CNN) models and large-scale AI models with improved energy efficiency. This will support the development of our proprietary large-model-oriented NPU IP, as well as the customization of memory devices such as DRAM.

  (iii) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the R&D of our wireless video transmission SoC products, which are primarily to be applied to UAVs and AIoT. Such products are designed to enhance

wireless transmission performance, with a view to materially extending transmission range and improving link stability. This will support the design and verification of wireless baseband and SoC architectures, as well as engineering and manufacturing-related activities such as SoC tape-out, packaging and testing.

(iv) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to advance research in key frontier technologies, including in-memory computing AI SoC architectures. Such research is aimed at exploring architectural- and circuit-level optimization approaches to improve energy efficiency of AI processing. This will support the R&D of NPU based on in-memory computing architectures.

In connection with the R&D projects above, we plan to expand our R&D team by recruiting personnel with expertise in areas critical to our product development, including chip front-end design and verification, NPU architecture, ISP algorithm development and AI algorithm engineering. The pace and scale of recruitment will be determined by business needs and market development. The estimated costs in respect of R&D personnel deployed on the aforementioned projects over the implementation period are included in the planned allocation of **[REDACTED]** set out in the table below.

The following table sets out the implementation plan for each of the aforementioned R&D projects:

R&D project	**Areas of development in 2026**	**Estimated expenses in 2026** *(HKD in million)*	**Areas of development in 2027 and onwards**	**Estimated expenses in 2027 and onwards** *(HKD in million)*	**Total** *(HKD in million)*
Visual processing AI SoC	Complete chip design work by Q4 2026	Approximately **[REDACTED]**	Chip tape-out and mass production; and achieve and expand mass deployment of chips across AR/AI glasses, smart watches and smart camera markets.	Approximately **[REDACTED]**	Approximately **[REDACTED]**
AI application processors	Pre-research on high-computing-power NPU architecture	**[REDACTED]**	Pre-research on embodied intelligence application processor chip architecture; and Formally commence project and complete chip design work.	Approximately **[REDACTED]**	Approximately **[REDACTED]**
Wireless video transmission SoC	Complete chip design work by Q4 2026	Approximately **[REDACTED]**	Chip tape-out in Q1 2027 and mass production in Q3 2027; and achieve and expand mass deployment of chips across UAV (such as FPV UAVs) and AIoT markets (such as unmanned ground vehicles).	Approximately **[REDACTED]**	Approximately **[REDACTED]**
In-memory computing AI SoC	Pre-research on in-memory computing architecture	Approximately **[REDACTED]**	Pre-research on in-memory computing architecture; and Complete MPW test chip tape-out for in-memory computing NPU; Confirm product specifications and formally commence project for in-memory computing SoC	Approximately **[REDACTED]**	Approximately **[REDACTED]**
Total		**Approximately [REDACTED]**		**Approximately [REDACTED]**	**Approximately [REDACTED]**

The following table sets forth the breakdown of the **[REDACTED]** allocated to the upgrade of our SoC product portfolio by cost nature:

Cost nature	**Estimated expenses in 2026** *(HKD in million)*	**Estimated expenses in 2027 and onwards** *(HKD in million)*	**Total** *(HKD in million)*
Employee expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Third-party IP licensing fees	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tape-out fees	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Outsourced development fees	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
EDA and other software	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Servers	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Packaging NRE charges	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Testing NRE charges	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Material expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

- Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be applied to support product applications in our targeted usage scenario — providing customers with software and hardware development support, engineering consultation and pre-production system development services in the course of forming end-products incorporating our AI SoCs — including consumer and industrial UAVs, AIoT applications including cameras as well as consumers and industrial robotics, and smart wearables devices such as AR/AI glasses and smartwatches. Through targeted market investment and technical adaptation, we strive to strengthen the implementation capabilities of our products in end-user scenarios. Moreover, we plan to focus on expanding business development and technical support teams to penetrate into different industrial sectors and product areas. This allocation is directed at the application layer and is intended to facilitate the market adoption of our SoCs and accelerate customer integration. It covers the development of software, AI toolchains, application reference designs and turnkey solutions built around our SoCs, together with the related business development and technical support functions. It does not cover any chip design, tape-out, packaging or testing costs, which are described under the allocation to further upgrade our SoC product portfolio above. Specifically:

  (i) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to support the expansion of our smart wearable product line. Building on our successful experience in AR/AI glasses, we plan to further expand our presence across smart wearable applications, including smartwatches. The relevant proceeds will be primarily used to develop core reference designs centered on our AI SoCs, enabling integrated solutions covering power management, wireless connectivity and memory, as well as to expand the scale of our technical support teams to better serve industry leading customers and respond to the rapid market growth. Specifically, beyond our existing AR/AI glasses footprint, we intend to extend our presence in adjacent smart wearable application categories, including sports cameras, panoramic cameras, handheld gimbal cameras and high-end smartwatches. To support this expansion, we seek to

develop application reference designs and integrated solutions tailored to the specific requirements of the aforementioned application categories. By providing customers with integrated hardware and software development support, we aim to lower the barrier to adoption of our SoCs and shorten customers' end-product's time-to-market, thereby accelerating design-in across a wider range of end-products and customers.

(ii) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, will be allocated to support the expansion of our UAV product applications. Building on our market position in the mid-to-high-end consumer market, we strive to enhance our market presence in the industrial and enterprise-grade sectors applied to the low-altitude economy. In addition, we aim to expand coverage across consumer UAVs, industrial UAVs and FPV drones, and to provide integrated application solutions including cameras, video transmission modules and FPV goggles. This allocation will support the development of application solutions based on our existing products and solutions, as well as the selective expansion of our technical support teams to better support customer deployment and application integration. Specifically, we intend to deepen our penetration into the industrial and enterprise-grade UAV market by developing integrated application solutions combining our visual processing AI SoCs and video transmission SoCs, covering cameras, video transmission modules and FPV goggles, to address the end-to-end requirements of customers in these segments. In addition, upon the commercialization of our next-generation video transmission SoC currently under development, the development of which is funded under the allocation to further upgrade our SoC product portfolio described above, we expect to be able to extend our addressable coverage into a broader range of UAV, robotics and AIoT video transmission applications. The proceeds allocated under this category will be used to develop the application solutions and provide the technical support necessary to facilitate customer adoption across these expanded market segments. For further details on our upcoming product pipeline, see "Business — Business Sustainability and Path to Profitability — Path to Profitability" in this Document.

(iii) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to support the expansion of our AIoT product applications. Moreover, we aim to further expand our presence in the AIoT market across a range of application scenarios, including wireless security solutions, thumb-sized cameras, handheld gimbal cameras, as well as consumer and industrial robotics. This allocation will support the development of application reference designs based on our existing products and solutions, as well as to expand the scale of our solution development and technical support teams to facilitate product deployment and customer adoption. Specifically, we intend to continue to expand to the intelligent robotics market by leveraging a combination of our visual processing AI SoCs and video transmission SoCs to address the core technical requirements of robotics applications. In addition, upon the commercialization of our next-generation embodied intelligence SoC currently under development, the development of which is funded under the allocation to further upgrade our SoC product portfolio described above, we expect to be able to extend our addressable coverage into more advanced intelligent application scenarios. For further

details on our robotics market expansion strategy and upcoming product pipeline, see "— Business Sustainability and Path to Profitability — Path to Profitability" in this Document.

In line with the above initiatives, we plan to expand our business development and technical support teams by recruiting additional personnel with expertise in areas including embedded software and system development, wireless system testing, RF hardware engineering and computer vision algorithms. The pace and scale of recruitment will be determined by business needs and market conditions. The estimated costs in respect of personnel deployed on the above initiatives over the implementation period are included in the planned allocation of **[REDACTED]** set out in the table below.

The following table sets out the implementation plan for each of the above application areas:

Application area	**Areas of development in 2026**	**Estimated expenses in 2026** *(HKD in million)*	**Areas of development in 2027 and onwards**	**Estimated expense in 2027 and onwards** *(HKD in million)*	**Total** *(HKD in million)*
Smart wearables expansion	Building on our existing SoC, expand customer base in the AR/AI glasses segment, targeting 1–2 AR glasses customers, 4–5 AI glasses customers and 2 smart camera customers.	Approximately **[REDACTED]**	Upon commercialization of the SoC currently under development, develop application reference designs and integrated solutions for new wearable categories including sports cameras, panoramic cameras, handheld gimbal cameras and high-end smartwatches; secure design-in with at least 3 industry-leading customers; and Further expand market coverage and customer base across new smart wearable application categories.	Approximately **[REDACTED]**	Approximately **[REDACTED]**
UAV product applications expansion	Building on our existing SoCs, consolidate and strengthen market position in the mid-to-high-end consumer UAV segment.	Approximately **[REDACTED]**	Upon commercialization of the SoC currently under development, develop complete turnkey integrated application solutions for mid-to-high-end UAVs covering cameras, video transmission modules and FPV goggles; and Deepen penetration into industrial and enterprise-grade UAV segments; expand global market coverage across consumer UAVs, industrial UAVs and FPV drones.	Approximately **[REDACTED]**	Approximately **[REDACTED]**
AIoT product applications expansion	Secure design-in with leading customers in consumer and industrial robotics sub-segments including cameras and robotics.	Approximately **[REDACTED]**	Develop software platforms and core application solutions for robotics applications, covering wireless video and data transmission, visual perception with on-device AI computing and SLAM-based positioning and navigation; and Further expand market coverage across AIoT application scenarios including wireless security solutions, thumb-sized cameras, handheld gimbal cameras and robotics.	Approximately **[REDACTED]**	Approximately **[REDACTED]**
Total		**Approximately [REDACTED]**		**Approximately [REDACTED]**	**Approximately [REDACTED]**

- Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be applied for investment and acquisition activities. Building on our existing product lines and core application areas, we intend to invest in chip companies with proprietary core technologies and established products that demonstrate market traction, operational and financial soundness, and the potential to generate synergistic effects with our business. In assessing potential targets, we place particular emphasis on technological and product complementarity, as well as the ability to leverage our existing platforms, supply chain and go-to-market capabilities to support near-term collaboration and value creation. Through such investments, we seek to strengthen our technological capabilities, expand our solution offerings and create long-term strategic value.

Such investment or acquisition opportunities will be evaluated on a case-by-case basis, taking into account, among other factors, a set of selection criteria, including the target's technological capability, commercialization capability and strategic fit with our existing business. Specifically, our evaluation focuses on the following:

- Technological capability, including whether the target possesses core technologies in areas complementary to our existing capabilities, such as image processing and intelligent vision, power management and sensor-related technologies, the extent to which such technologies can meet specific product requirements (for example, low power consumption), and in particular whether the target's technologies are capable of addressing specific integration requirements of our existing product platform, and whether they can be incorporated into our solutions.

- Commercialization capability, including whether the target's products have achieved initial market validation through customer adoption or integration into end-use applications or supply chains, whether the target has a stable revenue base, a credible growth trajectory and/or a valuation commensurate with its financial performance and prospects.

- Strategic fit and synergy, including the target's ability to strengthen our product offerings across key industry verticals such as intelligent security, consumer electronics, transportation and industrial applications, expand our customer coverage and deepen collaboration with existing customers and suppliers. In relation to industrial applications, we assess whether the target's technologies or products can strengthen our offerings for industrial inspection, industrial automation and industrial robotics, which require visual perception with on-device AI computing, thermal imaging for equipment monitoring and fault detection, and wireless image and data transmission, each of which is supported by our existing visual processing AI SoCs and wireless video transmission SoCs. In addition, when evaluating potential investment targets in overseas markets, we evaluate on whether the target has an established local presence, customer network and industry relationships, with a view to leveraging such partnerships to enhance our local technical support capabilities and responsiveness to needs of overseas customers.

As of the Latest Practicable Date, we had not identified any specific investment or acquisition target, nor had we entered into any binding agreement in relation to any potential investment or acquisition.

- Approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for the working capital and general corporate purposes.

In the event that the **[REDACTED]** is set at the **[REDACTED]** or the minimum **[REDACTED]** of the indicative **[REDACTED]** range, the **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively.

The additional **[REDACTED]** that we would receive if the **[REDACTED]** is exercised in full would be (i) HK$**[REDACTED]** (assuming an **[REDACTED]** HK$**[REDACTED]** per H Share, being the **[REDACTED]**), (ii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the **[REDACTED]** range) and (iii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the minimum **[REDACTED]**).

To the extent that the **[REDACTED]** from the **[REDACTED]** (including the **[REDACTED]** from the exercise of the **[REDACTED]**) are either more or less than expected, we may adjust our allocation of the **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes, we may only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-4 to I-61, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEFEI KUXIN MICROELECTRONICS CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Hefei Kuxin Microelectronics Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-61, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the **[REDACTED]** of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for 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 and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025 and 31 May 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 24(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	105,081	448,697	498,499	200,066	229,477
Cost of sales		(93,363)	(304,266)	(277,963)	(114,970)	(134,523)
Gross profit		11,718	144,431	220,536	85,096	94,954
Other net income	*5*	5,234	5,180	5,861	2,216	2,386
Selling and marketing costs		(29,172)	(29,662)	(30,411)	(10,526)	(10,235)
Administrative expenses		(73,613)	(67,551)	(45,798)	(15,148)	(25,181)
Research and development costs		(136,546)	(139,884)	(85,301)	(30,143)	(39,637)
(Loss)/profit from operations		(222,379)	(87,486)	64,887	31,495	22,287
Changes in the carrying amount of redemption liabilities	*22*	(85,553)	(127,634)	(45,907)	(29,848)	(40,497)
Other finance costs		(341)	(1,129)	(2,411)	(1,201)	(342)
Finance costs	*6(a)*	(85,894)	(128,763)	(48,318)	(31,049)	(40,839)
(Loss)/profit before taxation	*6*	(308,273)	(216,249)	16,569	446	(18,552)
Income tax	*7(a)*	—	(32)	(68)	(85)	(20)
(Loss)/profit for the year/period		(308,273)	(216,281)	16,501	361	(18,572)
(Loss)/earnings per share						
Basic and diluted (RMB)	*10*	(11.40)	(7.96)	0.61	0.01	(0.60)
(Loss)/profit for the year/period		(308,273)	(216,281)	16,501	361	(18,572)
Other comprehensive income for the year/period						
Item that is or may be reclassified subsequently to profit or loss:						
Exchange differences on translation of:						
— financial statements of an overseas subsidiary		7	29	(167)	(28)	(1)
Total comprehensive income for the year/period		(308,266)	(216,252)	16,334	333	(18,573)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 31 May
	Note	**2023**	**2024**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	39,993	52,586	45,221	40,790
Right-of-use assets	*12*	4,994	11,504	8,643	16,349
Intangible assets	*13*	31,388	37,564	28,051	35,889
Other non-current assets	*14*	2,631	1,969	3,202	3,366
		79,006	103,623	85,117	96,394
Current assets					
Inventories	*16*	51,622	69,745	153,083	209,730
Trade receivables, other receivables and prepayments	*17*	55,060	62,224	119,162	170,943
Cash and cash equivalents	*18(a)*	93,255	149,120	423,924	303,233
		199,937	281,089	696,169	683,906
Current liabilities					
Trade and other payables	*19*	65,437	114,693	102,550	81,440
Loans and borrowings	*20*	—	59,727	30,031	—
Lease liabilities	*21*	5,398	4,064	4,719	3,846
Redemption liabilities	*22*	1,387,473	1,515,107	1,969,679	2,026,458
		1,458,308	1,693,591	2,106,979	2,111,744
Net current liabilities		(1,258,371)	(1,412,502)	(1,410,810)	(1,427,838)
Total assets less current liabilities		(1,179,365)	(1,308,879)	(1,325,693)	(1,331,444)
Non-current liabilities					
Lease liabilities	*21*	—	7,243	3,797	12,454
Deferred income		—	—	720	720
		—	7,243	4,517	13,174
NET LIABILITIES		(1,179,365)	(1,316,122)	(1,330,210)	(1,344,618)
Capital and reserves					
Paid-in capital	*24(c)*	27,182	27,182	—	—
Share capital	*24(d)*	—	—	30,701	30,886
Reserves	*24(e)*	(1,206,547)	(1,343,304)	(1,360,911)	(1,375,504)
TOTAL DEFICIT		(1,179,365)	(1,316,122)	(1,330,210)	(1,344,618)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 31 May
	Note	**2023**	**2024**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment		39,993	52,579	45,217	40,787
Right-of-use assets		4,814	10,607	8,072	15,158
Intangible assets		31,388	37,564	28,051	35,889
Investments in subsidiaries	*15*	11,072	11,072	11,072	11,072
Other non-current assets		2,631	1,838	3,072	3,235
		89,898	113,660	95,484	106,141
Current assets					
Inventories		49,220	65,003	152,994	209,670
Trade receivables, other receivables and prepayments	*17*	192,239	119,384	227,727	354,839
Cash and cash equivalents	*18(a)*	87,672	134,718	397,755	223,831
		329,131	319,105	778,476	788,340
Current liabilities					
Trade and other payables	*19*	150,295	119,736	107,216	98,536
Loans and borrowings	*20*	—	30,033	30,031	—
Lease liabilities		5,205	3,749	4,390	3,586
Redemption liabilities	*22*	1,387,473	1,515,107	1,969,679	2,026,458
		1,542,973	1,668,625	2,111,316	2,128,580
Net current liabilities		(1,213,842)	(1,349,520)	(1,332,840)	(1,340,240)
Total assets less current liabilities		(1,123,944)	(1,235,860)	(1,237,356)	(1,234,099)
Non-current liabilities					
Lease liabilities		—	6,675	3,558	11,521
NET LIABILITIES		(1,123,944)	(1,242,535)	(1,240,914)	(1,245,620)
Capital and reserves					
Paid-in capital	*24(c)*	27,182	27,182	—	—
Share capital	*24(d)*	—	—	30,701	30,886
Reserves	*24(e)*	(1,151,126)	(1,269,717)	(1,271,615)	(1,276,506)
TOTAL DEFICIT		(1,123,944)	(1,242,535)	(1,240,914)	(1,245,620)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Paid-in capital RMB'000 (Note 24(c))	Capital reserve RMB'000 (Note 24(e))	Exchange reserve RMB'000 (Note 24(e))	PRC statutory reserves RMB'000 (Note 24(e))	Accumulated losses RMB'000	Total deficit RMB'000
Balance at 1 January 2023		25,932	27,904	(3)	3,923	(966,809)	(909,053)
Loss for the year		—	—	—	—	(308,273)	(308,273)
Other comprehensive income		—	—	7	—	—	7
Total comprehensive income for the year		—	—	7	—	(308,273)	(308,266)
Capital injections from investors		1,250	133,750	—	—	—	135,000
Recognition of redemption liabilities for the redemption rights	*22*	—	(135,000)	—	—	—	(135,000)
Equity-settled share-based transactions	*23*	—	37,954	—	—	—	37,954
Balance at 31 December 2023 and 1 January 2024		27,182	64,608	4	3,923	(1,275,082)	(1,179,365)
Loss for the year		—	—	—	—	(216,281)	(216,281)
Other comprehensive income		—	—	29	—	—	29
Total comprehensive income for the year		—	—	29	—	(216,281)	(216,252)
Equity-settled share-based transactions	*23*	—	79,495	—	—	—	79,495
Balance at 31 December 2024		27,182	144,103	33	3,923	(1,491,363)	(1,316,122)

	Note	Paid-in capital RMB'000 (Note 24(c))	Share capital RMB'000 (Note 24(d))	Capital reserve RMB'000 (Note 24(e))	Share premium RMB'000 (Note 24(e))	Exchange reserve RMB'000 (Note 24(e))	PRC statutory reserves RMB'000 (Note 24(e))	Accumulated losses RMB'000	Total deficit RMB'000
Balance at 1 January 2025		27,182	—	144,103	—	33	3,923	(1,491,363)	(1,316,122)
Profit for the year		—	—	—	—	—	—	16,501	16,501
Other comprehensive income		—	—	—	—	(167)	—	—	(167)
Total comprehensive income for the year		—	—	—	—	(167)	—	16,501	16,334
Conversion to a joint stock company	*24(d)*	(27,182)	27,182	(701,833)	96,467	—	(3,923)	609,289	—
Capital injections from shareholders	*24(d)*	—	3,519	—	376,481	—	—	—	380,000
Recognition of redemption liabilities for the redemption rights	*22*	—	—	(408,665)	—	—	—	—	(408,665)
Equity-settled share-based transactions	*23*	—	—	(1,757)	—	—	—	—	(1,757)
Balance at 31 December 2025 and 1 January 2026		—	30,701	(968,152)	472,948	(134)	—	(865,573)	(1,330,210)
Loss for the period		—	—	—	—	—	—	(18,572)	(18,572)
Other comprehensive income		—	—	—	—	(1)	—	—	(1)
Total comprehensive income for the period		—	—	—	—	(1)	—	(18,572)	(18,573)
Capital injections from shareholders	*24(d)*	—	185	—	19,815	—	—	—	20,000
Recognition of redemption liabilities for the redemption rights	*22*	—	—	(16,282)	—	—	—	—	(16,282)
Equity-settled share-based transactions	*23*	—	—	447	—	—	—	—	447
Balance at 31 May 2026		—	30,886	(983,987)	492,763	(135)	—	(884,145)	(1,344,618)
(Unaudited)									
Balance at 1 January 2025		27,182	—	144,103	—	33	3,923	(1,491,363)	(1,316,122)
Profit for the period		—	—	—	—	—	—	361	361
Other comprehensive income		—	—	—	—	(28)	—	—	(28)
Total comprehensive income for the period		—	—	—	—	(28)	—	361	333
Equity-settled share-based transactions	*23*	—	—	(1,847)	—	—	—	—	(1,847)
Balance at 31 May 2025		27,182	—	142,256	—	5	3,923	(1,491,002)	(1,317,636)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities:						
Cash (used in)/generated from operations	*18(b)*	(142,461)	45,453	(49,260)	(8,371)	(84,905)
Income tax paid		—	—	—	—	—
Net cash (used in)/generated from operating activities		(142,461)	45,453	(49,260)	(8,371)	(84,905)
Investing activities:						
Payments for the purchase of property, plant and equipment	*(26,112)*	(31,240)	(14,492)	(9,337)	(6,750)	
Payments for the purchase of intangible assets	*(19,732)*	(10,457)	(4,660)	(1,552)	(14,529)	
Payment for purchase of financial assets measured at fair value through profit or loss ("**FVPL**")	*25(e)*	(700,000)	(10,000)	—	—	—
Proceeds from sales of property, plant and equipment		25	—	2	—	—
Proceeds from disposal of financial assets measured at FVPL	*25(e)*	702,714	10,038	—	—	—
Net cash used in investing activities		(43,105)	(41,659)	(19,150)	(10,889)	(21,279)

	Note	Year ended 31 December			Five months ended 31 May	
		2023	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities:						
Proceeds from issuance of new shares		—	—	380,000	—	20,000
Proceeds from loans and borrowings	*18(c)*	—	82,663	80,000	70,000	—
Repayment of loans and borrowings	*18(c)*	—	(23,000)	(109,653)	(59,663)	(30,010)
Interest of loans and borrowings paid	*18(c)*	—	(853)	(1,986)	(816)	(100)
Capital element of lease rentals paid	*18(c)*	(6,279)	(6,628)	(4,373)	(1,573)	(1,713)
Interest element of lease rentals paid	*18(c)*	(341)	(212)	(468)	(208)	(263)
Payment for capitalised **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Net cash (used in)/generated from financing activities		(6,620)	51,970	343,176	7,740	(14,295)
Net (decrease)/increase in cash and cash equivalents		(192,186)	55,764	274,766	(11,520)	(120,479)
Effect of foreign exchange rate changes		7	101	38	169	(212)
Cash and cash equivalents at the beginning of the year/period	*18(a)*	285,434	93,255	149,120	149,120	423,924
Cash and cash equivalents at the end of the year/period	*18(a)*	93,255	149,120	423,924	137,769	303,233

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Hefei Kuxin Microelectronics Co., Ltd. (the "**Company**") (合肥酷芯微電子股份有限公司), formerly known as Shanghai Kuxin Microelectronics Co., Ltd. (上海酷芯微電子有限公司) was established in the People's Republic of China (the "**PRC**") in July 2011 as a limited liability company under the laws of the PRC and was converted into a joint stock limited liability company in December 2025.

The Company and its subsidiaries (together, "**the Group**") are principally engaged in design, research and development and sales of System-on-a-Chip ("**SoC**") products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The financial statements of the Company for the years ended 31 December 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "**PRC GAAP**") and audited by Shanghai Zhongchuang Haijia Certified Public Accountants* (上海中創海佳會計師事務所).

As the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest Directly held by the Company	Proportion of ownership interest Indirectly held by the Company	Principal activities	Name of auditor
Kuxin Microelectronics (Hongkong) Limited	Hong Kong/ 21/09/2017	USD50,000/ USD10,000	100.00%	—	Sales and distribution of chip products	2023, 2024 and 2025: ALAN P.Y. Cheung & Co. *張秉佑會計師事務所
Shanghai Kuxin Intelligent Technology Co., Ltd* 上海酷芯智能科技有限公司(i)	the PRC/ 06/09/2019	RMB1,000,000/ RMB1,000,000	100.00%	—	Research and development and sales of chip products	N/A
Shanghai Kuxin Semiconductor Co., Ltd* 上海酷芯半導體有限公司	the PRC/ 20/09/2022	RMB10,000,000/ RMB10,000,000	100.00%	—	Research and development and sales of chip products	2023, 2024 and 2025: Shanghai Haoxin Certified Public Accountants *上海昊鑫會計師事務所
Changsha Kuxin Semiconductor Co., Ltd* 長沙酷芯半導體有限公司 (ii)	the PRC/ 13/05/2026	RMB30,000,000/ Nil	100.00%	—	No substantial business activities	N/A

Notes:

(i) No audited financial statements for the years ended 31 December 2023, 2024 and 2025 have been prepared.

* *The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.*

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net current liabilities of RMB1,410,810,000 and RMB1,427,838,000 and net liabilities of RMB1,330,210,000 and RMB1,344,618,000 as at 31 December 2025 and 31 May 2026, respectively, which is primarily caused by the redemption liabilities totalling RMB1,969,679,000 and RMB2,026,458,000 as at 31 December 2025 and 31 May 2026, respectively, which were classified as current financial liabilities (see Note 22). The related redemption options have been conditionally terminated before the submission of **[REDACTED]** application to the Hong Kong Stock Exchange ("**HKSE**"). Upon the qualified **[REDACTED]** of the Company's shares on the HKSE, the related redemption options would be unconditionally terminated and the redemption liabilities would be converted into equity. Taking the above into consideration, and together with the Group's cash flow forecast for the next twelve months from the date of this report, the directors of the Company are of the opinion that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from the date of this report. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except the financial assets and liabilities measured at FVPL, the financial assets measured at FVOCI are stated at their fair values as explained in Note 2(d).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m), 2(n) or 2(o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 25(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— Fair value through other comprehensive income ("**FVOCI**") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

— Fair value through profit or loss ("**FVPL**") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

—	Equipment and machinery	3–4 years
—	Office equipment and furniture	3–5 years
—	Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(h)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(f) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other Intangible assets, including software, intellectual properties and patents, that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(h)(ii)).

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

Software	3–10 years
Intellectual properties	4–7 years
Patents	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECLs**") on:

— financial assets measured at amortised cost (including cash and cash equivalents, time deposits and trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation there of;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

— the Debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories and other contract costs

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(e)) or intangible assets (see Note 2(f)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered.

Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(s)(i)).

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

(k) Trade receivables, other receivables and prepayments

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

Payments made in advance for the purchase of goods or receiving the services is recognised as prepayments.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Redemption liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) that the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liabilities is reclassified to equity upon a termination of the counterparty's redemption right.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The difference between the subscription price and the fair value of the awarded shares granted to employees is recognised as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the share awards is the difference between the subscription price paid by the employees and the fair value of the ordinary shares at grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total difference between the subscription price and the fair value of the ordinary shares is spread over the vesting period, taking into account the probability that the share awards will be vested.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("**OCI**").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— taxable temporary differences arising on the initial recognition of goodwill; and

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group principally generates revenue from sales of SoC products. The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determine whether the Group acts as principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue from sales of the Group's products is recognised when the customer takes possession of and accepts the products. Revenue of services is recognised when the customer accepts the service results.

(ii) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Source of estimation uncertainty

The significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(ii) Useful life of intangible assets and property, plant and equipment

Intangible assets are amortised and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business line is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major business line					
SoC products	100,408	434,898	457,175	194,205	225,309
Technology services	4,673	13,799	41,324	5,861	4,168
	105,081	448,697	498,499	200,066	229,477

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Point-in-time	105,081	448,697	498,499	200,066	229,477

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

(b) Segment reporting

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of SoC products during the Track Record Period.

(i) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in Chinese Mainland. The geographical location of customers is based on the location at which the products were sold.

	Years ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Chinese Mainland	105,081	431,190	467,244	169,062	228,999
Hong Kong	—	17,423	31,180	30,998	—
Bulgaria	—	84	75	6	478
	105,081	448,697	498,499	200,066	229,477

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Customer A	53,465	131,026	156,929	43,695	97,310
Customer B	N/A*	106,798	N/A*	N/A*	N/A*
Customer C	N/A*	48,433	N/A*	N/A*	N/A*
Customer D	N/A*	N/A*	N/A*	30,779	N/A*
Customer E	N/A*	N/A*	N/A*	20,806	N/A*

* *Less than 10% of the Group's revenue in the respective period.*

5 OTHER NET INCOME

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest income	2,431	446	459	268	324
Net gain/(loss) on disposal of property, plant and equipment	7	—	(2)	—	—
Government grants *(Note)*	285	4,351	5,492	1,794	2,413
Net foreign exchange (loss)/gain	(33)	191	(46)	153	(336)
Net gain from financial assets measured at FVPL	2,714	38	—	—	—
Others	(170)	154	(42)	1	(15)
	5,234	5,180	5,861	2,216	2,386

Note: Government grants represent various unconditional subsidies granted to the Group by the local government authorities.

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs:

		Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Changes in the carrying amount of redemption liabilities	*22*	85,553	127,634	45,907	29,848	40,497
Interest on						
— loans and borrowings	*18(c)*	—	917	1,943	993	79
— lease liabilities	*18(c)*	341	212	468	208	263
Total finance costs		85,894	128,763	48,318	31,049	40,839

(b) Staff costs:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	142,054	124,538	117,369	49,428	50,979
Contributions to defined contribution retirement plans (i)	11,511	11,042	9,966	4,258	4,089
Equity-settled share-based payment expenses	37,954	79,495	(1,757)	(1,847)	447
	191,519	215,075	125,578	51,839	55,515

(i) Defined contribution retirement plans

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items:

		Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of inventories sold	*16(b)*	93,024	302,234	276,250	114,674	133,739
Depreciation:						
— owned property, plant and equipment	*11*	18,443	18,001	20,549	8,475	7,901
— right-of-use assets	*12*	5,909	6,053	4,443	1,762	1,791
Research and development expenses (i)	*136,546*	139,884	85,301	30,143	39,637	
Amortisation of intangible assets	*13*	7,146	9,172	10,559	4,420	8,473
(Reversal)/provision of impairment loss on trade receivables		(1,714)	(1,053)	841	231	1,555
[REDACTED] expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

(i) During the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026, research and development expenses include staff costs of RMB102,138,000, RMB115,866,000 and RMB66,198,000, RMB23,231,000 (unaudited) and RMB30,046,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax:					
Provision for income tax for the year	—	32	68	85	20
Deferred tax:					
Origination and reversal of temporary differences	—	—	—	—	—
	—	32	68	85	20

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before taxation	(308,273)	(216,249)	16,569	446	(18,552)
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	(77,104)	(54,118)	4,008	111	(4,652)
Effect of preferential tax rate (ii)	28,904	20,734	(1,333)	(442)	1,718
Effect of additional deduction on research and development expenses (iii)	(16,879)	(16,999)	(11,588)	(4,079)	(5,058)
Tax effect of non-deductible expenses	18,576	31,107	6,914	4,493	6,158
Effect of deferred tax assets in respect of tax losses and temporary differences not recognised	46,503	19,308	5,479	3,614	2,654
Utilisation of tax losses for which no deferred tax asset was recognised in previous periods	—	—	(3,412)	(3,612)	(800)
Actual tax expense	—	32	68	85	20

(i) Pursuant to the Enterprise Income Tax (the "**EIT**") Law of the PRC (the "**EIT Law**"), the Company and it's subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No.3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to the Company's subsidiary Kuxin Microelectronics (Hongkong) Limited, incorporated in Hong Kong. Under the two-tiered Profits tax rates regime, the first HK$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

(ii) According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise on 14 December 2022 and renewed on 8 December 2025 and is subject to income tax rate at 15% during the Track Record Period. The Company's subsidiary, Shanghai Kuxin Semiconductor Co., Ltd. obtained the certificate of high-technology enterprise on 26 December 2024 and is subject to income tax rate at 15% from 1 January 2024 to 31 December 2026.

(iii) Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period.

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in Note 2(q), as at 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB912,837,000, RMB1,020,071,000 and RMB1,024,449,000 and RMB1,034,047,000 and temporary differences of RMB32,601,000, RMB47,945,000 and RMB58,961,000 and RMB60,993,000 respectively as it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised. The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

8 DIRECTORS' AND SUPERVISOR'S EMOLUMENTS

Directors' and supervisor's emoluments disclosed as follows:

Year ended 31 December 2023

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Yao Haiping (姚海平)	—	1,057	445	68	1,570	—	1,570
Zhong Qi (鍾琪)	—	1,304	143	68	1,515	—	1,515
Xu Wei (許維)	—	1,179	85	68	1,332	30,687	32,019
Li Zheng (李錚)	—	1,202	171	68	1,441	—	1,441
Shen Sha (沈沙)	—	1,118	117	68	1,303	25	1,328
Jiang Feng (江峰)	—	1,065	86	68	1,219	310	1,529
Non-executive directors							
Robert Yung	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Gao Bingqiang (高秉強) (a)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰) (b)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青)	—	437	29	54	520	49	569
	—	7,362	1,076	462	8,900	31,071	39,971

Year ended 31 December 2024

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Yao Haiping (姚海平)	—	1,261	100	71	1,432	—	1,432
Zhong Qi (鍾琪)	—	1,300	100	71	1,471	—	1,471
Xu Wei (許維)	—	1,176	90	71	1,337	30,073	31,410
Li Zheng (李錚)	—	1,314	92	71	1,477	—	1,477
Shen Sha (沈沙)	—	1,119	85	71	1,275	171	1,446
Jiang Feng (江峰) (c)	—	579	52	53	684	2,178	2,862
Liu Hongming (劉洪明) (d)	—	435	29	24	488	1,074	1,562
Non-executive directors							
Robert Yung	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青)	—	439	30	58	527	951	1,478
	—	7,623	578	490	8,691	34,447	43,138

Year ended 31 December 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Yao Haiping (姚海平)	—	1,387	295	73	1,755	—	1,755
Zhong Qi (鍾琪)	—	1,296	195	73	1,564	—	1,564
Xu Wei (許維)	—	1,257	295	73	1,625	—	1,625
Li Zheng (李錚) (f)	—	1,165	182	73	1,420	—	1,420
Shen Sha (沈沙)	—	1,092	168	73	1,333	—	1,333
Liu Hongming (劉洪明)	—	1,143	272	73	1,488	—	1,488
Non-executive directors							
Robert Yung	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越) (g)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青) (e)	—	444	77	64	585	—	585
	—	7,784	1,484	502	9,770	—	9,770

Five months ended 31 May 2026

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Yao Haiping (姚海平)	—	983	216	31	1,230	—	1,230
Zhong Qi (鍾琪)	—	564	85	31	680	—	680
Xu Wei (許維)	—	931	227	31	1,189	—	1,189
Li Zheng (李錚) (f)	—	100	16	6	122	—	122
Shen Sha (沈沙)	—	485	75	31	591	—	591
Liu Hongming (劉洪明)	—	497	119	31	647	—	647
Non-executive directors							
Robert Yung	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越) (g)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Zhang Wenqian (張雯茜) (h)	—	—	—	—	—	—	—
Zhang Zhibin(張志斌) (h)	—	—	—	—	—	—	—
	—	3,560	738	161	4,459	—	4,459

(Unaudited)
Five months ended 31 May 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Yao Haiping (姚海平)	—	548	123	30	701	—	701
Zhong Qi (鍾琪)	—	540	81	30	651	—	651
Xu Wei (許維)	—	490	123	30	643	—	643
Li Zheng (李錚) (f)	—	501	76	30	607	—	607
Shen Sha (沈沙)	—	465	70	30	565	—	565
Liu Hongming (劉洪明)	—	476	113	30	619	—	619
Non-executive directors							
Robert Yung	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越) (g)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青) (e)	—	185	32	27	244	—	244
	—	3,205	618	207	4,030	—	4,030

Notes:

(a) Gao Bingqiang (高秉強) was resigned in February 2023.

(b) Yang Yunfeng (楊運峰) was appointed as non-executive director in February 2023.

(c) Jiang Feng (江峰) was resigned in September 2024.

(d) Liu Hongming (劉洪明) was appointed as executive director of the Company in September 2024.

(e) Ye Qing (葉青) was resigned in December 2025.

(f) Li Zheng (李錚) was resigned in January 2026.

(g) Yin Yue (殷越) was resigned in January 2026.

(h) [Zhang Wenqian (張雯茜)] and Zhang Zhibin (張志斌) were appointed as non-executive directors in January 2026;

(i) Shen Bo (沈泊) was appointed as executive director in January 2026 and the appointment will take effect upon **[REDACTED]**.

(j) Chu Pak Fei Tiffany (朱柏霏), Liu Sai Keung Thomas (廖世強), and Zeng Xiaoyang (曾曉洋) were appointed as independent non-executive directors in January 2026 and the appointments will take effect upon **[REDACTED]**.

(k) Xu Wei (許維), Shen Sha (沈沙), Liu Hongming (劉洪明), Wei Yiman (魏伊曼), Li Wenkui (李文魁) and Yang Yunfeng (楊運峰) will resign from directorship upon **[REDACTED]**.

(l) These represent the estimated value of share-based payment granted to the directors and supervisor under the Company's share-based payment scheme as set out in Note 23. The value of these share-based payment is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(p)(ii).

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors, supervisor and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2023 and 2024 and 2025 and the five months ended 31 May 2025 and 2026, three, two, three, three (unaudited) and three individuals' emoluments are disclosed in Note 8 and the emoluments in respect of the remaining two, three, two, two and two individuals during the Track Record Period are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowance and benefits in kind	2,596	3,334	2,653	1,078	1,601
Discretionary bonuses	256	237	613	250	373
Retirement scheme contributions	138	212	147	61	62
Equity-settled share-based payments	448	6,110	—	—	—
	3,438	9,893	3,413	1,389	2,036

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
HK$					
Nil–1,000,000	—	—	—	2	1
1,000,001–1,500,000	—	—	—	—	1
1,500,001–2,000,000	2	—	2	—	—
2,500,001–3,000,000	—	1	—	—	—
3,000,001–3,500,000	—	1	—	—	—
4,500,001–5,000,000	—	1	—	—	—

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director/supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share during the Track Record Period is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue.

As disclosed in Note 24(d), the Company was converted into a joint stock limited liability company and issued 27,181,724 shares with the par value of RMB1 each in December 2025. For the purpose of computing basic and diluted (loss)/earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2023, at the exchange ratio established in the conversion in December 2025.

(i) (Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit for the year/period attributable to all equity shareholders of the Company	(308,273)	(216,281)	16,501	361	(18,572)
Allocation of loss/(profit) for the year/period attributable to the ordinary shares with redemption rights *(Note 22)*	135,732	95,855	(7,344)	(160)	10,117
(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company	(172,541)	(120,426)	9,157	201	(8,455)

(ii) Weighted average number of ordinary shares (deemed to be) in issue

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	'000	*'000*	*'000*	*'000* (unaudited)	*'000*
Ordinary shares deemed to be in issue at 1 January	25,932	27,182	27,182	27,182	30,701
Effect of ordinary shares issued	1,109	—	58	—	157
Effect of ordinary shares with redemption rights *(Note 22)*	(11,906)	(12,047)	(12,123)	(12,047)	(16,810)
Weighted average number of ordinary shares (deemed to be) in issue at 31 December/31 May	15,135	15,135	15,117	15,135	14,048

(b) Diluted (loss)/earnings per share

Ordinary shares with redemption rights issued to investors (Note 22) were not included in the calculation of diluted (loss)/earnings per share as their inclusion would have been anti-dilutive. Accordingly, diluted (loss)/earnings per share were the same as basic (loss)/earnings per share for the respective years/periods.

11 PROPERTY, PLANT AND EQUIPMENT

	Equipment and machinery *RMB'000*	Office equipment and furniture *RMB'000*	Construction in progress *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2023	64,829	525	1,311	2,830	69,495
Additions	6,233	131	18,696	1,204	26,264
Transfer	601	—	(7,624)	7,023	—
Disposals	(878)	—	—	(67)	(945)
At 31 December 2023 and 1 January 2024	70,785	656	12,383	10,990	94,814
Additions	7,024	14	23,834	—	30,872
Transfer	34,615	—	(35,270)	377	(278)
Disposals	(400)	—	—	—	(400)
At 31 December 2024 and 1 January 2025	112,024	670	947	11,367	125,008
Additions	2,855	—	9,861	472	13,188
Transfer	8,591	—	(8,591)	—	—
Disposals	(59)	—	—	—	(59)
At 31 December 2025 and 1 January 2026	123,411	670	2,217	11,839	138,137
Additions	3,394	—	2,915	82	6,391
Transfer	1,416	—	(4,337)	—	(2,921)
Disposals	(46)	—	—	—	(46)
At 31 May 2026	128,175	670	795	11,921	141,561
Accumulated depreciation:					
At 1 January 2023	(36,112)	(447)	—	(746)	(37,305)
Charge for the year	(15,357)	(41)	—	(3,045)	(18,443)
Written back on disposals	878	—	—	49	927
At 31 December 2023 and 1 January 2024	(50,591)	(488)	—	(3,742)	(54,821)
Charge for the year	(13,822)	(49)	—	(4,130)	(18,001)
Written back on disposals	400	—	—	—	400
At 31 December 2024 and 1 January 2025	(64,013)	(537)	—	(7,872)	(72,422)
Charge for the year	(17,101)	(47)	—	(3,401)	(20,549)
Written back on disposals	55	—	—	—	55
At 31 December 2025 and 1 January 2026	(81,059)	(584)	—	(11,273)	(92,916)
Charge for the period	(7,310)	(19)	—	(572)	(7,901)
Written back on disposals	46	—	—	—	46
At 31 May 2026	(88,323)	(603)	—	(11,845)	(100,771)
Net book value:					
At 31 December 2023	20,194	168	12,383	7,248	39,993
At 31 December 2024	48,011	133	947	3,495	52,586
At 31 December 2025	42,352	86	2,217	566	45,221
At 31 May 2026	39,852	67	795	76	40,790

12 RIGHT-OF-USE ASSETS

	Properties leased for own use carried at cost (a) *RMB'000*
Cost:	
At 1 January 2023	17,744
Additions	1,108
Disposals	(1,305)
At 31 December 2023 and 1 January 2024	17,547
Additions	12,563
Disposals	(16,453)
At 31 December 2024 and 1 January 2025	13,657
Additions	1,582
Disposals	(1,176)
At 31 December 2025 and 1 January 2026	14,063
Additions	9,497
At 31 May 2026	23,560
Accumulated depreciation:	
At 1 January 2023	(7,751)
Charge for the year	(5,909)
Written back on disposals	1,107
At 31 December 2023 and 1 January 2024	(12,553)
Charge for the year	(6,053)
Written back on disposals	16,453
At 31 December 2024 and 1 January 2025	(2,153)
Charge for the year	(4,443)
Written back on disposals	1,176
At 31 December 2025 and 1 January 2026	(5,420)
Charge for the period	(1,791)
At 31 May 2026	(7,211)
Net book value:	
At 31 December 2023	4,994
At 31 December 2024	11,504
At 31 December 2025	8,643
At 31 May 2026	16,349

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
— Properties leased for own use	5,909	6,053	4,443	1,762	1,791
Interest on lease liabilities *(Note 6(a))*	341	212	468	208	263
Net gain of termination of lease	96	13	—	—	—
Expense relating to short-term leases	7	34	93	36	1,829

During the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026, additions to right-of-use assets of the Group were RMB1,108,000, RMB12,563,000, and RMB1,582,000, nil (unaudited) and RMB9,497,000 respectively. This amount was primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases are set out in Notes 18(d), 21 and 25(b), respectively.

(a) Properties leased for own use

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 6 years.

13 INTANGIBLE ASSETS

	Intellectual properties	**Patents**	**Software**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2023	37,824	447	5,335	43,606
Additions	11,344	—	2,607	13,951
At 31 December 2023 and 1 January 2024	49,168	447	7,942	57,557
Additions	8,711	—	6,359	15,070
Transfer	—	—	278	278
At 31 December 2024 and 1 January 2025	57,879	447	14,579	72,905
Additions	574	300	172	1,046
At 31 December 2025 and 1 January 2026	58,453	747	14,751	73,951
Additions	13,390	—	—	13,390
Transfer	2,921	—	—	2,921
At 31 May 2026	74,764	747	14,751	90,262

	Intellectual properties	Patents	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation:				
At 1 January 2023	(15,158)	(92)	(3,773)	(19,023)
Charge for the year	(5,667)	(45)	(1,434)	(7,146)
At 31 December 2023 and 1 January 2024	(20,825)	(137)	(5,207)	(26,169)
Charge for the year	(7,226)	(45)	(1,901)	(9,172)
At 31 December 2024 and 1 January 2025	(28,051)	(182)	(7,108)	(35,341)
Charge for the year	(8,459)	(57)	(2,043)	(10,559)
At 31 December 2025 and 1 January 2026	(36,510)	(239)	(9,151)	(45,900)
Charge for the period	(7,948)	(31)	(494)	(8,473)
At 31 May 2026	(44,458)	(270)	(9,645)	(54,373)
Net book value:				
At 31 December 2023	28,343	310	2,735	31,388
At 31 December 2024	29,828	265	7,471	37,564
At 31 December 2025	21,943	508	5,600	28,051
At 31 May 2026	30,306	477	5,106	35,889

14 OTHER NON-CURRENT ASSETS

	At 31 December			At 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment	425	—	1,175	1,638
Rental deposits	2,206	1,969	2,027	1,728
	2,631	1,969	3,202	3,366

15 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December			At 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	11,072	11,072	11,072	11,072

Details of the subsidiaries are set out in Note 1.

16 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	At 31 December			At 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	29,119	43,959	109,180	115,073
Semi-finished products and WIP	1,178	7,098	15,629	25,696
Finished products	21,325	18,688	28,274	68,961
	51,622	69,745	153,083	209,730

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Carrying amount of inventories used	78,682	285,238	266,659	111,468	133,546
Write-down of inventories	14,342	16,996	9,591	3,206	193
	93,024	302,234	276,250	114,674	133,739

17 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group

	At 31 December			At 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	12,846	12,898	51,437	55,665
Prepayments	42,030	47,867	62,914	112,644
Value-Added Tax ("**VAT**") recoverable	125	1,389	—	—
Tax refund receivables	—	—	3,114	—
Capitalisation of **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables and deposits, net of loss allowance	59	70	51	81
	55,060	62,224	119,162	170,943

The Company

	At 31 December			At 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	12,940	12,556	52,966	57,025
Prepayments	42,001	42,899	62,394	112,523
VAT recoverable	125	791	—	—
Tax refund receivables	—	—	3,114	—
Capitalisation of **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables — deposits and others, net of loss allowance	38	50	51	81
Other receivables — amounts due from subsidiaries	137,135	63,088	107,556	182,657
	192,239	119,384	227,727	354,839

All of trade receivables, other receivables and prepayments of the Group are due from third parties and are expected to be recovered or recognised as expenses within one year.

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade receivables, other receivables and prepayments) based on the invoice date and net of loss allowance, is as follows:

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	9,911	12,326	45,121	51,302
Over 6 months but less than 1 year	2,024	173	5,912	4,165
Over 1 year but less than 2 years	911	399	404	198
	12,846	12,898	51,437	55,665

Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 25(a).

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents:

The Group

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	93,255	149,120	423,924	303,233

The Company

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	87,672	134,718	397,755	223,831

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

		Year ended 31 December			Five months ended 31 May	
		2023	**2024**	**2025**	**2025**	**2026**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before taxation		(308,273)	(216,249)	16,569	446	(18,552)
Adjustments for:						
— Depreciation of property, plant and equipment	*6(c)*	18,443	18,001	20,549	8,475	7,901
— Depreciation of right-of-use assets	*6(c)*	5,909	6,053	4,443	1,762	1,791
— Amortisation of intangible assets	*6(c)*	7,146	9,172	10,559	4,420	8,473
— Net (gain)/loss on disposal of property, plant and equipment	*5*	(7)	—	2	—	—
— Write-down of inventories	*16(b)*	14,342	16,996	9,591	3,206	193
— Net realised gains on financial assets measured at FVPL	*5*	(2,714)	(38)	—	—	—
— Net foreign exchange loss/(gain)	*5*	26	(292)	8	(169)	212
— Net gain on derecognition of leases		(96)	(13)	—	—	—
— Finance costs	*6(a)*	85,894	128,763	48,318	31,049	40,839
— Impairment losses (reversal)/ recognised on trade receivables		(1,714)	(1,053)	841	231	1,555
— Equity-settled share-based transactions		37,954	79,495	(1,757)	(1,847)	447
Changes in working capital:						
Increase in inventories		(5,634)	(35,119)	(92,929)	(19,617)	(56,840)
Increase in trade receivables, other receivables and prepayments		(171)	(5,904)	(57,648)	(36,586)	(51,128)
Decrease/(increase) in other non-current assets		5,265	662	(58)	—	299
Increase/(decrease) in trade and other payables		1,169	44,979	(8,468)	259	(20,095)
Increase in deferred income		—	—	720	—	—
Cash (used in)/generated from operations		(142,461)	45,453	(49,260)	(8,371)	(84,905)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's cash flow statement as cash flows from financing activities.

	Loans and borrowings *RMB'000 (Note 20)*	Lease liabilities *RMB'000 (Note 21)*	Redemption liabilities *RMB'000 (Note 22)*	Total *RMB'000*
At 1 January 2023	—	10,863	1,166,920	1,177,783
Changes from financing cash flows:				
Capital element of lease rentals paid	—	(6,279)	—	(6,279)
Interest element of lease rentals paid	—	(341)	—	(341)
Total changes from financing cash flows	—	(6,620)	—	(6,620)
Other changes:				
Decrease in trade and other payables	—	—	135,000	135,000
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	—	1,108	—	1,108
Termination of leases	—	(294)	—	(294)
Changes in the carrying amount of redemption liabilities *(Note 22)*	—	—	85,553	85,553
Interest expenses *(Note 6(a))*	—	341	—	341
Total other changes	—	1,155	220,553	221,708
At 31 December 2023	—	5,398	1,387,473	1,392,871

	Loans and borrowings *RMB'000 (Note 20)*	Lease liabilities *RMB'000 (Note 21)*	Redemption liabilities *RMB'000 (Note 22)*	Total *RMB'000*
At 1 January 2024	—	5,398	1,387,473	1,392,871
Changes from financing cash flows:				
Proceeds from loans and borrowings	82,663	—	—	82,663
Repayment of loans and borrowings	(23,000)	—	—	(23,000)
Interest of loans and borrowings paid	(853)	—	—	(853)
Capital element of lease rentals paid	—	(6,628)	—	(6,628)
Interest element of lease rentals paid	—	(212)	—	(212)
Total changes from financing cash flows	58,810	(6,840)	—	51,970
Other changes:				
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	—	12,550	—	12,550
Termination of leases	—	(13)	—	(13)
Changes in the carrying amount of redemption liabilities *(Note 22)*	—	—	127,634	127,634
Interest expenses *(Note 6(a))*	917	212	—	1,129
Total other changes	917	12,749	127,634	141,300
At 31 December 2024	59,727	11,307	1,515,107	1,586,141

	Loans and borrowings *RMB'000* *(Note 20)*	Lease liabilities *RMB'000* *(Note 21)*	Redemption liabilities *RMB'000* *(Note 22)*	Total *RMB'000*
At 1 January 2025	59,727	11,307	1,515,107	1,586,141
Changes from financing cash flows:				
Proceeds from loans and borrowings	80,000	—	—	80,000
Repayment of loans and borrowings	(109,653)	—	—	(109,653)
Interest of loans and borrowings paid	(1,986)	—	—	(1,986)
Capital element of lease rentals paid	—	(4,373)	—	(4,373)
Interest element of lease rentals paid	—	(468)	—	(468)
Total changes from financing cash flows	(31,639)	(4,841)	—	(36,480)
Other changes:				
Recognition of redemption liabilities for the redemption rights	—	—	408,665	408,665
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	—	1,582	—	1,582
Changes in the carrying amount of redemption liabilities *(Note 22)*	—	—	45,907	45,907
Interest expenses *(Note 6(a))*	1,943	468	—	2,411
Total other changes	1,943	2,050	454,572	458,565
At 31 December 2025	30,031	8,516	1,969,679	2,008,226

	Loans and borrowings *RMB'000* *(Note 20)*	Lease liabilities *RMB'000* *(Note 21)*	Redemption liabilities *RMB'000* *(Note 22)*	Total *RMB'000*
At 1 January 2026	30,031	8,516	1,969,679	2,008,226
Changes from financing cash flows:				
Repayment of loans and borrowings	(30,010)	—	—	(30,010)
Interest of loans and borrowings paid	(100)	—	—	(100)
Capital element of lease rentals paid	—	(1,713)	—	(1,713)
Interest element of lease rentals paid	—	(263)	—	(263)
Total changes from financing cash flows	(30,110)	(1,976)	—	(32,086)
Other changes:				
Recognition of redemption liabilities for the redemption rights	—	—	16,282	16,282
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	—	9,497	—	9,497
Changes in the carrying amount of redemption liabilities *(Note 22)*	—	—	40,497	40,497
Interest expenses *(Note 6(a))*	79	263	—	342
Total other changes	79	9,760	56,779	66,618
At 31 May 2026	—	16,300	2,026,458	2,042,758

Unaudited:

	Loans and borrowings *RMB'000* *(Note 20)*	Lease liabilities *RMB'000* *(Note 21)*	Redemption liabilities *RMB'000* *(Note 22)*	Total *RMB'000*
At 1 January 2025	59,727	11,307	1,515,107	1,586,141
Changes from financing cash flows:				
Proceeds from loans and borrowings	70,000	—	—	70,000
Repayment of loans and borrowings	(59,663)	—	—	(59,663)
Interest of loans and borrowings paid	(816)	—	—	(816)
Capital element of lease rentals paid	—	(1,573)	—	(1,573)
Interest element of lease rentals paid	—	(208)	—	(208)
Total changes from financing cash flows	9,521	(1,781)	—	7,740
Other changes:				
Changes in the carrying amount of redemption liabilities *(Note 22)*	—	—	29,848	29,848
Interest expenses *(Note 6(a))*	993	208	—	1,201
Total other changes	993	208	29,848	31,049
At 31 May 2025	70,241	9,734	1,544,955	1,624,930

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December			Five months ended 31 May	
	2023 *RMB'000*	**2024** *RMB'000*	**2025** *RMB'000*	**2025** *RMB'000* (unaudited)	**2026** *RMB'000*
Within operating cash flows	7	34	93	36	1,829
Within financing cash flows	6,620	6,840	4,841	1,781	1,976
	6,627	6,874	4,934	1,817	3,805

These amounts are related to lease rentals paid.

19 TRADE AND OTHER PAYABLES

The Group

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	18,007	17,250	22,224	19,611
Accrued payroll	9,475	8,809	16,888	14,585
Other tax payables	1,496	2,743	9,120	2,261
Other payables and accruals	5,075	3,859	7,843	1,611
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Government grants received with conditions (i)	4,050	14,418	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	1,322	287
Contract liabilities (ii)	26,514	62,549	21,992	28,667
	65,437	114,693	102,550	81,440

The Company

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables amount due to third parties	16,573	14,524	22,224	19,611
Trade payables amount due to subsidiaries	99,537	20,306	15,019	26,095
Accrued payroll	576	4,669	9,912	7,468
Other tax payables	117	1,370	7,329	601
Other payables and accruals	3,479	2,643	6,898	2,155
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Government grants received with conditions (i)	4,050	14,418	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	1,322	287
Contract liabilities	25,143	56,741	21,351	27,901
	150,295	119,736	107,216	98,536

(i) The government grants recognised in trade and other payables mainly represent the grants received with certain requirements to be met in a specified region.

(ii) Contract liabilities

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	14,725	26,514	62,549	21,992
Net increase in contract liabilities during the year/period	15,341	48,023	21,207	17,643
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(3,552)	(11,988)	(61,764)	(10,968)
Balance at the end of the year/period	26,514	62,549	21,992	28,667

The contract liabilities are expected to be recognised as revenue within one year.

As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	12,153	11,005	18,058	15,465
Over 1 year but less than 2 years	1,783	898	151	24
Over 2 years but less than 3 years	3,593	1,286	6	113
Over 3 years	478	4,061	4,009	4,009
	18,007	17,250	22,224	19,611

20 LOANS AND BORROWINGS

The Group

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guaranteed bank loans (i)	—	59,727	30,031	—

The Company

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guaranteed bank loans (i)	—	30,033	30,031	—

(i) Loans and borrowings were repayable within 1 year and were guaranteed by related parties (see Note 26(a)) as at 31 December 2024 and 31 December 2025. The balances were fully repaid in February 2026.

21 LEASE LIABILITIES

As of the end of each reporting period, the lease liabilities were repayable as follows:

	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,398	4,064	4,719	3,846
After 1 year but within 2 years	—	4,207	3,586	3,806
After 2 years but within 5 years	—	3,036	211	8,648
	—	7,243	3,797	12,454
	5,398	11,307	8,516	16,300

22 REDEMPTION LIABILITIES

Redemption rights

The Company conducted several series of financing by issuing registered capital to investors before and during the Track Record Period. Pursuant to the agreements signed between the Company and the investors, certain investors were granted the right to require the Company to redeem their paid-in capital upon the occurrence of specified events, with the main conditions being: (i) a qualified **[REDACTED]** does not occur before a specified date; (ii) a material breach on the agreements by the Company or the founders, of any of their representations, warranties or undertakings under the agreements; and (iii) a change in the actual controllers of the Company.

The redemption price of the shares shall equal to the higher amount of (i) the aggregate of the original issue price plus an amount accruing annually at 8% or 10% of the original issue price per annum minus all accumulated distributed dividends; or (ii) the fair **[REDACTED]** of the original issue shares at the date of the redemption.

Distribution upon occurrence of deemed liquidation events

Upon the occurrence of any deemed liquidation events, including a consolidation or merger of the Company in which the investors prior thereto will not retain a majority of the voting power of the Company immediately thereafter, i.e. a change of control, a sale of substantially part of the Company's assets or business, the preferential investors shall be entitled to a distribution at the original investment amount in order of priority. The remaining assets of the Company, after allowing the distribution at the original investment amount, shall then be distributed to the preferential investors on a pro-rata basis among all shareholders.

Presentation and classification

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The related redemption options have been conditionally terminated before the submission of **[REDACTED]** application to the HKSE. Upon the qualified **[REDACTED]** of the Company's shares on the HKSE, the related redemption options would be unconditionally terminated and the carrying amount of the redemption liabilities will be reclassified to equity.

The movements of redemption liabilities during the Track Record Period are as follows:

The Group and the Company

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
At the beginning of the year/period	1,166,920	1,387,473	1,515,107	1,515,107	1,969,679
Recognition of redemption liabilities for the redemption rights	135,000	—	408,665	—	16,282
Changes in the carrying amount of redemption liabilities	85,553	127,634	45,907	29,848	40,497
At the end of the year/period	1,387,473	1,515,107	1,969,679	1,544,955	2,026,458

The fair market value of the shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer. The Company used discounted cash flow method to determine the total share value of the Company and applied the equity allocation model to determine the fair market value of the shares of relevant series at the end of each reporting period upon redemption.

Key valuation assumptions used to determine the fair market value of the shares are as follows:

	At 31 December			At 31 May
	2023	2024	2025	2026
Risk-free rate	2.3%	1.1%	1.3%	1.1%
Volatility	50.1%	54.3%	50.1%	54.1%

23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Incentive Plans

In 2019, the Group adopted a share incentive plan (the "**Plan**"). The participant of the Plan invested in the Company by the way of acquiring registered capital of the Company through employee shareholding platforms (the "**Platforms**").

The vesting period consists of the following scenarios: (i) The restricted shares shall vest when the service period from grant date to 31 December 2020 were fulfilled. (ii) The restricted shares shall vest after three years since the completion of **[REDACTED]**. (iii) The restricted shares shall vest immediately after grant without service conditions to be met. (iv) The restricted shares shall vest after one year since the completion of **[REDACTED]**.

In October 2024, the vesting schedule of the restricted shares granted to certain employees which subject to vesting period of three years since the completion of **[REDACTED]**, were modified to vest in October 2024.

If employments relationship of the grantees is terminated before the restricted shares become vested, these grantees have to transfer out their equity interests to the person designed by the general partner of the Platforms at the initial purchase price paid by the grantees plus interest calculated based on a fixed rate.

(i) The number of restricted shares to the Group's incentive employees is summarised as follows:

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	Number of restricted shares	*Number of restricted shares*	*Number of restricted shares*	*Number of restricted shares*
Outstanding as at the beginning of the year/period	1,035,810	1,760,024	176,826	50,728
Granted	1,402,230	632,122	50,728	—
Vested	(611,589)	(2,102,270)	—	—
Forfeited	(66,427)	(113,050)	(176,826)	—
Outstanding as at the end of the year/period	1,760,024	176,826	50,728	50,728

(ii) Fair value of restricted shares

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the newly granted restricted shares is measured based on an equity allocation model.

Fair value of restricted shares	**Year ended 31 December**			**Five months ended 31 May**	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
Fair value at grant date	RMB49.08 to RMB51.81	RMB51.81 to RMB59.07	RMB50.73	N/A	N/A
Subscription price	RMB1.54 to RMB1.63	RMB1.54 to RMB1.63	RMB1.54 to RMB1.63	N/A	N/A
Expected dividend yield	0%	0%	0%	N/A	N/A

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year/period are set out below:

	Note	**Paid-in capital** *RMB'000* *(Note 24(c))*	**Capital reserve** *RMB'000* *(Note 24(e))*	**PRC statutory reserves** *RMB'000* *(Note 24(e))*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2023		25,932	27,904	3,923	(930,616)	(872,857)
Loss and total comprehensive income for the year		—	—	—	(289,041)	(289,041)
Capital injections from investors		1,250	133,750	—	—	135,000
Recognition of redemption liabilities for the redemption rights	*22*	—	(135,000)	—	—	(135,000)
Equity-settled share-based transactions	*23*	—	37,954	—	—	37,954
Balance at 31 December 2023 and 1 January 2024		27,182	64,608	3,923	(1,219,657)	(1,123,944)
Loss and total comprehensive income for the year		—	—	—	(198,086)	(198,086)
Equity-settled share-based transactions	*23*	—	79,495	—	—	79,495
Balance at 31 December 2024		27,182	144,103	3,923	(1,417,743)	(1,242,535)

	Note	Paid-in capital RMB'000 (Note 24(c))	Share capital RMB'000 (Note 24(d))	Capital reserve RMB'000 (Note 24(e))	Share premium RMB'000 (Note 24(e))	PRC statutory reserves RMB'000 (Note 24(e))	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2025		27,182	—	144,103	—	3,923	(1,417,743)	(1,242,535)
Profit and total comprehensive income for the year		—	—	—	—	—	32,043	32,043
Conversion to a joint stock company	*24(d)*	(27,182)	27,182	(701,833)	96,467	(3,923)	609,289	—
Capital injections from shareholders	*24(d)*	—	3,519	—	376,481	—	—	380,000
Recognition of redemption liabilities for the redemption rights	*22*	—	—	(408,665)	—	—	—	(408,665)
Equity-settled share-based transactions	*23*	—	—	(1,757)	—	—	—	(1,757)
Balance at 31 December 2025 and 1 January 2026		—	30,701	(968,152)	472,948	—	(776,411)	(1,240,914)
Loss and total comprehensive income for the period		—	—	—	—	—	(8,871)	(8,871)
Capital injections from shareholders	*24(d)*	—	185	—	19,815	—	—	20,000
Recognition of redemption liabilities for the redemption rights	*22*	—	—	(16,282)	—	—	—	(16,282)
Equity-settled share-based transactions	*23*	—	—	447	—	—	—	447
Balance at 31 May 2026		—	30,886	(983,987)	492,763	—	(785,282)	(1,245,620)

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period.

(c) Paid-in capital

	Total RMB'000
Balance at 1 January 2023	25,932
Capital contribution by investors	1,250
Balance at 31 December 2023, 31 December 2024 and 1 January 2025	27,182
Conversion into a joint stock company (i)	(27,182)
Balance at 31 December 2025, 1 January 2026 and 31 May 2026	—

(d) Share capital

	Numbers of ordinary shares *'000*	Share capital *RMB'000*
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 31 December 2024 and 1 January 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company (i)	27,182	27,182
Capital injection from shareholders (ii)	3,519	3,519
At 31 December 2025 and 1 January 2026	30,701	30,701
Capital injection from shareholders (iii)	185	185
At 31 May 2026	30,886	30,886

(i) In December 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under the PRC GAAP as of the conversion base date were converted into 27,181,724 ordinary shares at RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium.

(ii) In December 2025, the Company received financing proceeds of RMB380,000,000 from Series C investors and recognised share capital and share premium of RMB3,519,000 and RMB376,481,000 respectively, and then recognised the investment as financial instruments issued to investors.

(iii) In January 2026, the Company received financing proceeds of RMB20,000,000 from Series C investor and recognised share capital and share premium of RMB185,000 and RMB19,815,000 respectively, and then recognised the investment as financial instruments issued to investors.

(e) Nature and purpose of reserves

(i) Share premium

The share premium represents the differences between the net assets and total amount of the par value of shares issued in relation to the conversion into a joint stock limited liability company and the differences between the net considerations received and the nominal amount of share capital issued by the Company after the conversion into a joint stock limited liability company.

Under PRC rules and regulations, share premium is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Capital reserve

The capital reserve mainly comprises the following:

— amounts in relation to grant of redemption right upon issuance of registered capital (see Note 22);

— the excess of the net contributions from the investors of the Company over the total paid-in capital issued.

— the portion of the grant date fair value of restricted shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iii) Exchange reserve

— The exchange reserve mainly comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iv) PRC statutory reserve

— Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity shareholders.

— For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity shareholders, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and time deposits is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 360 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2023, 2024 and 2025 and 31 May 2026 represented 53%, 57%, and 51% and 53% of the total trade receivables respectively, while 14%, 16%, 15% and 23% of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

		2023	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 6 months	1%	10,011	100
Over 6 months but less than 1 year	5%	2,132	108
Over 1 year but less than 2 years	25%	1,215	304
Over 2 years	100%	813	813
		14,171	1,325
Provision on individual basis for certain customers		4,618	4,618
	Total	18,789	5,943

		2024	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 6 months	1%	12,451	125
Over 6 months but less than 1 year	5%	182	9
Over 1 year but less than 2 years	25%	532	133
Over 2 years	100%	5	5
		13,170	272
Provision on individual basis for certain customers		4,618	4,618
	Total	17,788	4,890

		2025	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 6 months	1%	45,577	456
Over 6 months but less than 1 year	5%	6,223	311
Over 1 year but less than 2 years	25%	539	135
Over 2 years	100%	211	211
		52,550	1,113
Provision on individual basis for certain customers		4,618	4,618
	Total	57,168	5,731

		31 May 2026	
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 6 months	1%	51,820	518
Over 6 months but less than 1 year	5%	3,089	154
Over 1 year but less than 2 years	25%	264	66
Over 2 years	100%	178	178
		55,351	916
Provision on individual basis for certain customers		7,600	6,370
	Total	62,951	7,286

Expected loss rates are based on actual loss experience over the past 24 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Balance at 1 January	7,657	5,943	4,890	4,890	5,731
Impairment losses (reversal)/ recognised during the year/period	(1,714)	(1,053)	841	231	1,555
	5,943	4,890	5,731	5,121	7,286

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes rental deposits.

The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables and deposits as at 31 December 2023, 2024 and 2025 and 31 May 2026.

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	65,437	—	—	—	65,437	65,437
Lease liabilities	5,411	—	—	—	5,411	5,398
Redemption liabilities	1,387,473	—	—	—	1,387,473	1,387,473
	1,458,321	—	—	—	1,458,321	1,458,308

	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	60,810	—	—	—	60,810	59,727
Trade and other payables	114,693	—	—	—	114,693	114,693
Lease liabilities	4,505	4,452	3,101	—	12,058	11,307
Redemption liabilities	1,515,107	—	—	—	1,515,107	1,515,107
	1,695,115	4,452	3,101	—	1,702,668	1,700,834

	At 31 December 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	30,258	—	—	—	30,258	30,031
Trade and other payables	102,550	—	—	—	102,550	102,550
Lease liabilities	5,013	3,661	224	—	8,898	8,516
Redemption liabilities	1,969,679	—	—	—	1,969,679	1,969,679
	2,107,500	3,661	224	—	2,111,385	2,110,776

	At 31 May 2026					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	81,440	—	—	—	81,440	81,440
Lease liabilities	4,557	4,306	9,096	—	17,959	16,300
Redemption liabilities	2,026,458	—	—	—	2,026,458	2,026,458
	2,112,455	4,306	9,096	—	2,125,857	2,124,198

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at bank. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 and 31 May 2026 primarily are the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Group's interest rate profile as monitored by management is set out below.

The Group's interest-bearing borrowings, lease liabilities, cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December						At 31 May	
	2023		2024		2025		2026	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*
Fixed rate instruments								
Loans and borrowings	—	—	3.45%–4.35%	(59,727)	2.50%–2.80%	(30,031)	—	—
Lease liabilities	4.75%	(5,398)	4.75%	(11,307)	4.75%	(8,516)	4.75%	(16,300)
		(5,398)		(71,034)		(38,547)		(16,300)
Variable rate instruments								
Cash and cash equivalents	0.05%–2.00%	93,255	0.05%–0.20%	149,120	0.05%–0.45%	423,924	0.05%–0.45%	303,233

(i) Sensitivity analysis

At 31 December 2023, 2024 and 2025 and 31 May 2026, it is estimated that a general increase/(decrease) of 100 basis points in interest rates, with all other variables held constant, would have (decrease)/increase in Group's loss after tax and accumulated losses or (increase)/decrease on Group's profit after tax as follows.

	Increase/(decrease) in basis points	(Decrease)/increase in loss after tax or (increase)/decrease on profit after tax for the year/period *RMB'000*	(Decrease)/increase in accumulated losses for the year/period *RMB'000*
At 31 December 2023			
Basis points	100	(933)	(933)
Basis points	(100)	933	933
At 31 December 2024			
Basis points	100	(1,491)	(1,491)
Basis points	(100)	1,491	1,491
At 31 December 2025			
Basis points	100	(3,603)	(3,603)
Basis points	(100)	3,603	3,603
At 31 May 2026			
Basis points	100	(1,263)	(1,263)
Basis points	(100)	1,263	1,263

(d) Currency risk

The Group is exposed to currency risk primarily through purchases and sales which give rise to payables, receivables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars.

	Exposure to foreign currencies			
	At 31 December			At 31 May
	2023	**2024**	**2025**	**2026**
	USD	*USD*	*USD*	*USD*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	992	17,697	4,468	7,138
Trade receivables	101	4,461	2,536	2,100
Trade and other payables	(1,431)	(3,582)	(2,770)	(1,425)
	(338)	18,576	4,234	7,813

(i) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss or profit after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/(decrease) in foreign exchange rates	(Decrease)/increase in loss after tax and accumulated losses or (increase)/decrease on profit after tax for the year/period *RMB'000*
At 31 December 2023		
US$ (against RMB)	5%	17
	–5%	(17)
At 31 December 2024		
US$ (against RMB)	5%	(929)
	–5%	929
At 31 December 2025		
US$ (against RMB)	5%	(180)
	–5%	180
At 31 May 2026		
US$ (against RMB)	5%	(163)
	–5%	163

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

Information about Level 3 fair value measurements

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

There was no balance of financial instruments measured at fair value held by the Group as at 31 December 2023, 2024 and 2025 and 31 May 2026.

The movement during the year/period in the balance of these Level 3 fair value measurements are as follows:

	For the year ended 31 December			For the period ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
At the beginning of the year/period	—	—	—	—	—
Purchase	700,000	10,000	—	—	—
Changes in fair value recognised in profit or loss during the year/period *(Note 5)*	2,714	38	—	—	—
Redemption	(702,714)	(10,038)	—	—	—
At the end of the year/period	—	—	—	—	—

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025 and 31 May 2026.

26 MATERIAL RELATED PARTY TRANSACTIONS

Names and relationship of the related parties that had material transactions with the Group during the Track Record Period are disclosed as following:

Name of party	**Relationship**
Yao Haiping* 姚海平	Shareholder of the Company and key management of the Group
Zhong Qi* 鍾琪	Shareholder of the Company and key management of the Group
Shen Bo* 沈泊	Shareholder of the Company and key management of the Group

* *During the Track Record Period, Yao Haiping, Zhong Qi, Shen Bo have acted in concert with each other.*

(a) Guarantees issued by related parties

	Year ended 31 December			Five months ended 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees issued by related parties in respect of loans and borrowings borrowed by the Group:				
Yao Haiping	—	30,033	30,031	—
Yao Haiping, Zhong Qi, Shen Bo	—	29,694	—	—
	—	59,727	30,031	—

The balance of loans and borrowings with guarantees issued by related parties were fully repaid in February 2026.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	4,838	5,030	5,314	2,117	3,462
Discretionary bonuses	819	390	1,081	443	745
Contributions to defined contribution retirement plan	274	282	294	122	123
Equity-settled share-based payment expenses	30,687	30,073	—	—	—
	36,618	35,775	6,689	2,682	4,330

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 May 2026 which would materially affect the Group's operating results and financial position.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the HKICPA has issued a number of new or amended standards, which are not yet effective for the Track Record Period, and which have not been adopted in preparing the Historical Financial Information. These developments include the followings:

	Effective for accounting periods beginning on or after
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HKAS 21, Translation to a hyperinflationary presentation currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

Subsequent financial statements

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 May 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*The principal provisions of the Company's Articles of Association (the "**Articles of Association**") are summarized below to provide **[REDACTED]** with an overview. The following information is a summary and therefore may not contain all the information that is material to potential **[REDACTED].***

SHARES

Issuance of Shares

The Company's shares shall be in the form of registered stock and may be issued in certificated form and/or uncertificated form. The shares of the Company shall be issued in an open, 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. All unit or individual subscribing for shares of the same class in the same issuance shall pay the same price for each share subscribed for.

The shares issued by the Company shall be denominated in RMB, with the nominal value of RMB1.00 per share.

After the fulfillment of the mandatory procedures stipulated in the Trial Measures and other laws, regulations and regulatory documents, the Company may issue shares to domestic investors and overseas investors. For the purpose of the preceding paragraph, the term "overseas investors" shall refer to investors from foreign countries and Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term "domestic investors" shall refer to investors inside the PRC, excluding the above-mentioned regions that subscribe for shares issued by the Company.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares listed overseas shall be referred to as overseas-listed foreign shares. Shareholders of domestic shares, shareholders of unlisted foreign shares and shareholders of overseas-listed foreign shares shall enjoy equal rights in the distribution of dividends or distribution in any other forms. For the purpose of the preceding paragraph, the term "foreign currencies" shall refer to any legal currency of any country or region that can be converted freely, excluding RMB.

After the fulfillment of the mandatory procedures stipulated in the Trial Measures and other applicable laws, regulations and regulatory documents, shareholders of domestic shares of the Company may transfer all or part of unlisted shares (as defined below in this paragraph) held by them to overseas investors, and list such shares on overseas stock exchanges for trading, or convert all or part of unlisted shares into overseas-listed foreign shares, and list them on overseas stock exchanges for trading. Where the above-mentioned unlisted shares are converted into overseas-listed shares, and listed for trading on overseas stock exchanges, general meetings are not required to be convened for voting. The **[REDACTED]** and trading of the above-mentioned shares on any overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of the overseas stock markets.

The Company shall, in accordance with the applicable regulatory requirements, issue its H Shares in uncertificated form and make arrangements for the holding and transfer of its H Shares in uncertificated form.

The H Shares issued by the Company may, in accordance with the laws and the practice of securities registration and depository of the place where the Company's Shares are listed, are mainly deposited in the trusted companies subordinate to Hong Kong Securities Clearing Company Ltd., or may be held by Shareholders in their own names.

For the avoidance of doubt, the Company's H Shares shall not constitute a separate class solely by virtue of being held in certificated or uncertificated form.

The Company shall procure that the approved securities registrar notifies the relevant shareholder of any change in the register of holders relating to a shareholder or his/her position in uncertificated form in accordance with the uncertificated securities market regime and the Code of Conduct for Approved Securities Registrars promulgated by the Securities and Futures Commission of Hong Kong.

H Shares that have become participating securities may be rematerialized under the limited circumstances permitted under the USM Rules. After any rematerialization, the Company shall, as soon as reasonably practicable in accordance with the requirements of the USM Rules, issue the required number of Share certificates without charge to each relevant H Shareholder. Where one H Share is jointly held by two or more persons, only one Share certificate may be issued for such H Share.

Increase or Decrease of Shares

In accordance with the laws and regulations, the Company may increase the capital by the following ways upon approval by resolutions of the general meeting according to the operation and development needs of the Company:

(I) public offering of shares;

(II) non-public offering of shares;

(III) offering of bonus shares to existing shareholders;

(IV) capitalization of reserve fund into share capital;

(V) other forms specified in laws, administrative regulations and regulatory documents or approved by the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the Company Law and other relevant provisions and the procedures set out in Articles of Association.

Repurchase of Shares

The Company shall not acquire its shares, provided that the Company may acquire its shares in compliance with laws, regulations as well as the Hong Kong Listing Rules and the requirements of the Articles of Association, in one of the following circumstances:

(I) to reduce the registered capital of the Company;

(II) to merge with other companies holding the shares of the Company;

(III) to use the shares as an employee stock ownership plan or equity incentive plan;

(IV) to purchase its shares from shareholders who have voted against the resolutions on the merger or division of the Company at the general 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; and

(VII) other circumstances stipulated by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and other relevant requirements.

The Company may repurchase its shares through open centralized trading or other ways recognized by laws, administrative regulations and regulatory documents, and securities regulatory authorities of the place where the shares of the Company are listed.

If the Company repurchases its shares under any of the circumstances stipulated in (III), (V) and (VI) set out above, it shall do so by way of open centralized trading.

A resolution shall be passed at the general 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 regulations of the Articles of Association or authorization of the general meeting.

Upon the repurchase of shares in accordance with the law, the Company shall, within the period prescribed by laws, administrative regulations and the Hong Kong Listing Rules, cancel such shares and apply to the original company registration authority for registration of the change in registered capital.

Upon the purchase of its H Shares by the Company under the circumstance (I) set out above, such H Shares may, at the option of the Company, be cancelled immediately or held as treasury shares in accordance with the Hong Kong Listing Rules. In the event that the directors do not specify that the relevant Shares are to be held as treasury shares, such H Shares shall be cancelled. The Company shall hold treasury shares in a clearly identifiable separate account within the Central Clearing and Settlement System of HKSCC. The Company shall not exercise any right in respect of the treasury shares, and no dividend may be declared or paid in respect of a treasury share. Treasury shares may be disposed of by the Company on such terms and conditions as determined by the directors subject to these Articles of Association and the Hong Kong Listing Rules

Where the laws, administrative regulations, departmental rules, regulatory documents and Hong Kong Listing Rules stipulate other provisions on the relevant matters involved in the foregoing share repurchase, those provisions shall prevail.

Transfer of Shares

The shares of the Company may be transferred to other shareholders or persons other than shareholders. Unless otherwise specified by laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, the fully paid shares of the Company are not subject to any restrictions in transfer, and may be freely transferred without any lien attached. The transfer of overseas-listed foreign shares listed in Hong Kong shall be registered in the share registrar in Hong Kong entrusted by the Company.

All fully paid overseas-listed foreign shares listed in Hong Kong may be transferred freely according to the Articles of Association. However, unless the following conditions are met, the Board may refuse to recognize any transfer documents without stating any reasons:

(I) transfer documents and other documents relating to or affecting the ownership of any shares shall be registered, and if any fee is chargeable for such registration, the share registrar may charge reasonable fees (not exceeding any applicable cap prescribed under the ASR Code);

(II) transfer documents are only in relation to H Shares listed in Hong Kong;

(III) The stamp duty payable under the laws of Hong Kong in respect of the transfer document has been paid;

(IV) relevant share certificate(s) and any other evidence which the Board may reasonably request to show that the transferor has the right to transfer the shares have been provided;

(V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;

(VI) the relevant shares do not have any lien attached; and

(VII) no transfer of shares shall be made to any minors or any person of unsound mind or under other legal disability.

If the Company refuses to register the transfer of shares, the Company shall, give the transferor and transferee a notice refusing to register the transfer, and the period for the notice of refusal to register shall comply with any applicable period prescribed by the ASR Code.

Unless otherwise permitted or provided by the USM Rules, this Article applies to the Company's H Shares for so long as they are prescribed securities and are not in delisting proceedings.

Subject to the Hong Kong Companies Ordinance and all applicable laws and regulations (including the SFO and the USM Rules), a transfer of H Shares held in uncertificated form may be effected:

(I) through the designated electronic system operated by the Approved Securities Registrar appointed by the Company, by a Specified Request from the transferor and the transferee that complies with the USM Rules, without submission of a physical instrument of transfer; or

(II) if the Board is satisfied that transfer of such shares by way of a Specified Request is not reasonably practicable, by an instrument of transfer that complies with the following conditions: 1. it is in any usual or common form, or any other form approved by the Board, and is executed by the transferor and the transferee or their respective representatives; and 2. it complies with the USM Rules.

The Board may refuse to register a transfer of any H Shares in uncertificated form in any of the following circumstances:

(I) if the Specified Request has not been issued in accordance with the operating rules o the Company's Approved Securities Registrar;

(II) if sub-paragraph (II) of paragraph (2) of Article 33 of this Article does not apply and an instrument of transfer has been submitted;

(III) if any reasonable fee charged by the Company's Approved Securities Registrar for registration of the transfer (not exceeding any applicable cap prescribed under the ASR Code) has not been paid;

(IV) if such H Shares are converted into uncertificated form as a result of the Company voluntarily dematerialising them, and the dematerialisation fee payable in respect of such dematerialisation remains unpaid;

(V) if the transferor or the transferee (as the case may be) is not a system member of the UNSRT system operated by the Company's Approved Securities Registrar; or

(VI) for any other reason under the USM Rules or other applicable laws.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities registration agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

In the absence of evidence to the contrary, an entry in the register of holders reflecting that any holder's Shares are held in uncertificated form shall be conclusive evidence of such holder's ownership of such Shares.

When the Company convenes general meetings, distributes dividends, commences liquidation or engages in other conducts that require the identification of shareholders, the Board or the convener of the general meeting shall determine the record date of registration of shareholdings. Shareholders registered in the register of shareholders after the closing on the record date of registration of shareholdings shall be the shareholders enjoying the relevant rights.

The Shareholders of ordinary shares of the Company shall be entitled to the following rights:

(I) to receive dividends and other forms of distributions in proportion to the shares they hold;

(II) to lawfully request, convene, preside over and attend the general meetings either in person or by proxy and exercise their corresponding rights to speak and voting rights (save for circumstances where individual shareholders are required to abstain from voting on specific matters under the Hong Kong Listing Rules);

(III) to supervise, raise suggestions on or make inquiries about the operations of the Company;

(IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations, the relevant regulations of the securities regulatory authority in the place where the shares of the Company are listed and the Articles of Association;

(V) to obtain relevant information in accordance with the Articles of Association, including:

1. receiving a copy of the Articles of Association after payment of cost;

2. being entitled to inspect free of charge and copy after payment of reasonable fee:

   (1) all parts of the register of shareholders;

   (2) personal data of directors, general manager and other senior management of the Company, including: (a) present and former name and alias; (b) principal address (domicile); (c) nationality; (d) primary and all other part-time occupations and duties; (e) identification documents and the number thereof.

   (3) report of the status of the issued share capital of the Company;

   (4) report of the total nominal value, quantity, the highest and lowest price of share of each class repurchased by the Company from the last fiscal year, and the total amount paid by the Company for this purpose;

   (5) special resolutions of the general meetings of the Company;

   (6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Audit Committee of the Board;

   (7) a copy of the latest annual report filed with the State Administration for Industry & Commerce of China or other competent authorities;

   (8) counterfoils of corporate bonds, resolutions of meetings of the Board, resolutions of meetings of the Audit Committee of the Board; and

   (9) minutes of the general meetings.

The Company shall, in accordance with the requirements of the Hong Kong Listing Rules, publish the aforementioned documents specified in item (3) to (7) of the point 2 and other applicable documents on the websites of the Hong Kong Stock Exchange and the Company. The Company shall keep the aforementioned documents specified items (1) and (9) of the point 2 at the designated address in Hong Kong for free inspection by the public and shareholders (the minutes of the general meetings are only available for shareholders to inspect and copy after paying a reasonable fee).

The Hong Kong branch register of shareholders must be available for inspection by shareholders. However, the Company may be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). In other words, the Company may, by notice, close its register of shareholders or that part of the register relating to shareholders holding any class of shares for one or more than one periods, provided that, the accumulative period of closure shall not exceed 30 days within any one year.

Subject to compliance with applicable laws, administrative regulations and securities regulatory rules in the place where the shares of the Company are listed, the Company may reject the requests if the content to be inspected and copied involves the business secrets and inside information of the Company or the personal privacy of relevant personnel.

(VI) to participate in the distribution of the residual assets of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(VII) to request the Company to purchase their shares for the shareholders who object to the resolution on merger or division made by the general meetings;

(VIII) other rights stipulated by laws, administrative regulations, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations and the Articles of Association;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to withdraw their share capital after the approval and registration of the Company unless under circumstances stipulated by laws and regulations;

(IV) not to abuse shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to damage the interests of any creditors of the Company;

(V) other obligations as stipulated by the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

When any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the status of the Company as an independent legal person and the limited liability of shareholders for the purposes of evading debts, thereby materially damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts of the Company.

Where any shareholder holding more than 5% of the voting shares of the Company pledges the shares held by him/her/it, the shareholder shall submit a written report to the Company on the day on which the pledge occurs.

The controlling shareholders and actual controllers of the Company shall not use their connected relations to damage the interests of the Company. Any losses caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and actual controllers of the Company shall have fiduciary duties towards the Company and the public shareholders of the Company. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with the law. The controlling shareholders, actual controllers and their connected parties shall not damage the lawful rights and interests of the Company by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., nor make use of their controlling position to damage the interests of the Company and its public shareholders.

General Provisions for General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to the law:

(I) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(II) to consider and approve the reports of the Board;

(III) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(IV) to resolve on the increase or reduction of the registered capital of the Company;

(V) to resolve on the issuance of bonds by the Company;

(VI) to resolve on the merger, division, dissolution, liquidation or change of form of the Company;

(VII) to amend the Articles of Association;

(VIII) to resolve on the appointment, dismissal of the accounting firm of the Company;

(IX) to review and approve the guarantee matters as stipulated in the Articles of Association to be reviewed by the general meeting;

(X) to consider acquisitions and disposals of major assets in a year exceeding 30% of the Company's latest total audited assets;

(XI) to consider and approve proposals for changing the purpose of the raised funds;

(XII) to consider the equity incentive schemes and employee stock ownership plans;

(XIII) to consider other matters that laws, administrative regulations, departmental rules or the Articles of Association require to be resolved by the general meeting;

(XIV) other matters required by the Hong Kong Listing Rules.

The functions and powers of the general meetings described above shall not be delegated to the Board or any other organizations or individuals through authorization.

When considered necessary, reasonable and legal, the general meeting may authorize or delegate the Board to transact the matters authorized or delegated by it, including but not limited to carrying out the following matters at the general meeting:

Subject to the applicable laws, regulations and listing rules, to grant a general mandate to the Board to issue, allot and deal with additional overseas-listed shares not exceeding 20% of the overseas-listed shares of the Company in issue (or other proportions as required by the applicable laws, administrative regulations and listing rules where the Company's shares are listed);

To authorize the Board, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the actual amount, interest rate, term, targeted group and use of proceeds of the bond(s) issued, as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.

The following external guarantees of the Company shall be considered and approved by the general meeting:

(I) any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;

(II) any guarantee provided after the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets;

(III) the amount of guarantees provided by the Company within 1 year exceeds 30% of the latest audited total assets of the Company;

(IV) any guarantee provided to the guaranteed party whose asset-liability ratio exceeds 70%;

(V) a single guarantee with an amount exceeding 10% of the latest audited net assets;

(VI) any guarantee provided to shareholders, de facto controllers and their related parties.

General meetings are categorized as annual general meetings and extraordinary general meetings.

An annual general meeting shall be convened once every year and shall take place within 6 months from the end of the previous financial year.

The Company shall convene an extraordinary general meeting within 2 months upon occurrence of any of the following circumstances:

(I) the number of directors is less than that required by the Company Law or less than 2/3 of the number of directors as stipulated by the Articles of Association;

(II) the losses of the Company which are not recovered reach one-third of the Company's total paid-in share capital;

(III) when shareholders, alone or in aggregate, holding 10% or more of the Company's shares (excluding treasury shares), request in writing to convene;

(IV) whenever the Board deems necessary;

(V) when the Audit Committee proposes to convene;

(VI) when the independent non-executive directors propose to convene;

(VII) other circumstances as provided for by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

The Company shall convene a general meeting at its domicile or other places as specified in the notice of the meeting.

The general meeting shall arrange a meeting venue and be convened through on-site meetings. The Company may use electronic communications and other means (including but not limited to online voting, videos or others) to facilitate shareholders attending the general meeting, as appropriate. Shareholders participating in general meetings in the aforesaid manner shall be deemed to have attended the meeting. Each shareholder has the rights to speak and vote at general meetings save for individual shareholders who are required by the Hong Kong Listing Rules to abstain from voting on particular matters.

The time and venue of on-site meetings shall be selected for the convenient participation of shareholders. After the issuance of the notice of the general meeting, the venue for an on-site meeting shall not be changed without any proper reasons. In case of any necessary change of the venue, the convener shall notify shareholders and state the reasons at least two business days prior to the date of the on-site meeting.

Convening of General Meetings

Independent non-executive directors shall have the right to propose to the Board to convene extraordinary general meetings. When an independent non-executive director proposes to convene an extraordinary general meeting, the Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, administrative regulations and the Articles of Association. If the Board gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. If the Board does not give consent to convene an extraordinary general meeting, the Board shall state the reasons and issue an announcement thereof.

On the basis of one share for one vote, shareholders, alone or in aggregate, holding 10% or more of the Company's shares (excluding treasury shares) shall have the right to request the Board to convene an extraordinary general meeting, have such right to include resolutions in the agenda and submit such request in writing to the Board. The Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the request according to the laws, administrative regulations and the Articles of Association.

If the Board gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the board resolution, issue a notice on convening the general meeting. Any changes to the original request in the notice shall obtain the consent of requisitioning shareholders.

If the Board does not give consent to convene an extraordinary general meeting or does not issue feedback within ten days from the receipt of the request, shareholders, alone or in aggregate, holding 10% or more of the Company's shares (excluding treasury shares) may convene and chair the meeting on their own.

Prior to the announcement of resolutions passed by the general meeting, the shareholding percentage of the requisitioning shareholders shall be no less than 10% (excluding treasury shares).

For the general meetings convened by shareholders, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders as at the record date of registration of shareholdings. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.

The necessary expenses for a general meeting convened by shareholders shall be borne by the Company.

Proposals and Notices of General Meetings

The contents of the proposal shall fall within the scope of the functions and powers of the general meetings and shall have specified subjects and specific resolutions, in further compliance with the laws, administrative regulations and the Articles of Association. The proposals of the general meetings shall be in writing.

When the Company convenes a general meeting, the Board and shareholders, alone or in aggregate, holding 1% or more of the Company's shares shall have the right to make proposals.

Shareholders, alone or in aggregate, holding 1% or more of the Company's shares may make provisional proposals and submit them to the convener in writing 10 days before a general meeting and not exceeding the specific period required by the Hong Kong Listing Rules. The convener shall, within two days upon receipt of the proposal, issue a supplementary notice of the general meeting in accordance with the Company Law and the Hong Kong Listing Rules, announcing the contents of such provisional proposals, which exclude those violating the requirements of the laws, administrative regulations or the Articles of Association, or falling out the scope of the authority of the general meeting.

Except for the circumstances described above, the convener shall not modify the proposals already specified in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

The general meeting shall not vote or resolve on any proposals not incorporated in the notice or not in compliance with the Articles of Association.

The convener of the general meeting shall notify the shareholders by announcement 21 days prior to the annual general meeting, and shall notify the shareholders by announcement fifteen days prior to the extraordinary general meeting. The notice shall be accompanied by the form of proxy, which shall provide the options for and against all resolutions to be proposed at the meeting.

In determining the commencement date and the period, the Company shall not include the date convening the meeting.

The notice of a general meeting shall include the following details:

(I) the time, address and duration of the meeting;

(II) the matters and proposals submitted to be deliberated at the meeting;

(III) a prominent written statement that all shareholders are entitled or by electronic means to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy need not be a shareholder of the Company, and the statement shall also set out the maximum number of proxies that an individual shareholder may appoint as stipulated in Article 72;

(IV) the record date of registration of shareholdings of shareholders who are entitled to attend the general meeting;

(V) the name and telephone number of the permanent contact person concerning meeting matters;

(VI) the time and procedure for voting through internet or other means;

(VII) any other matters stipulated by laws, administrative regulations, regulatory documents, and the Hong Kong Listing Rules.

The specific details of all proposals shall be adequately and fully disclosed in the notice and supplementary notice of the general meeting.

The interval between the record date of registration of shareholdings and the date of the meeting shall be no more than seven business days. The record date of registration of shareholdings shall not be changed once determined except for under the Hong Kong Listing Rules.

If the matters involving the election of directors are to be discussed at the general meeting, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors, which shall at least include the following:

(I) personal particulars including full name, educational background, working experience and part-time jobs;

(II) whether there is any connected relationship between such candidates and the Company or the controlling shareholders and de facto controllers of the Company;

(III) disclosure of their shareholdings in the Company;

(IV) whether the candidates have been punished by the relevant regulatory authorities and other relevant authorities or reprimanded by a stock exchange;

(V) other matters regulated by the Hong Kong Listing Rules.

Except for the directors elected through the cumulative voting system, each candidate for director shall be individually proposed.

After the issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without any proper reasons, and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall publish an announcement stating the reasons at least two business days before the original meeting date.

Holding of General Meetings

The Board and other conveners shall have the right to take all necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities that interfere the general meetings, cause disturbances and infringe the legal interests of the shareholders, and report such activities to the relevant authorities for investigation and punishment.

All shareholders in the register of shareholders as at the record date of registration of shareholdings or their proxies shall have corresponding rights to attend and speak at the general meeting and exercise the voting rights according to applicable laws, regulations and the Articles of Association, unless he or she is required by the Hong Kong Listing Rules to abstain from voting on particular matters.

Shareholders may either attend and exercise the voting rights at the general meeting in person, or appoint any persons (who need not be a shareholder of the Company) as their proxies to attend the meeting and exercise the voting rights within the scope of authorization. An individual shareholder who is entitled to attend and vote at the general meeting shall be entitled to appoint not more than two persons (who need not be a shareholder) as his/her proxy(ies) to attend and vote on his/her behalf; where the shareholder is a recognized clearing house (or its nominee) as defined in the relevant laws and regulations of Hong Kong, such shareholder may authorize one or more persons as it considers appropriate to act as its proxy(ies) or representative(s) at an general meeting to attend and vote on its behalf.

When a general meeting are held, all directors and secretary to the Board of the Company shall attend the meeting, and the general manager and other senior management shall also attend the meeting on a non-voting basis.

The general meeting shall be convened by the Board and chaired by the chairman of the Board in accordance with the laws. When the chairman of the Board is unable to perform or does not perform his or her duties, a director nominated by more than half of the directors shall chair the meeting. However, the above provision shall not apply to the general meeting that should be convened and chaired by qualified shareholders as required by the Articles of Association.

The general meeting convened by shareholders shall be chaired by a representative recommended by the convener.

Where the general meeting is unable to continue due to the chairman of the meeting violating the rules of procedure of the meeting during the meeting, the general meeting may elect a person to chair the meeting upon consent of the attending shareholders with more than half of the voting rights to continue the meeting.

The Company shall formulate the rules of procedure of the general meetings which shall set out the procedures for convening and voting at the general meetings in detail, including notices, registration, consideration of proposals, voting, vote counting, announcement on poll results, formation of resolutions, meeting minutes and their signing, announcement and other matters, as well as the principles of authorization of the general meetings granted to the Board. The contents of authorization shall be clear and specific. The rules of procedure of the general meeting shall be prepared by the Board, approved at the general meeting and attached as an appendix to the Articles of Association.

Except for information that cannot be disclosed according to laws and administrative regulations or information involving with trade secrets of the Company, the directors and senior management shall make explanations and statement on the inquiries and suggestions from shareholders at the general meetings.

Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be subject to the meeting registration.

The secretary to the Board shall be responsible for the minutes of the general meetings. The minutes shall set forth the following contents:

(I) time, place, agenda of the meeting, name of the convener;

(II) name of the chairman of the meeting, directors, the general manager and other senior management present or in attendance at the meeting;

(III) number of shareholders and proxies present at the meeting, the total number of voting shares held by them and the proportion to the total shares of the Company;

(IV) the consideration process, highlights of the speeches and poll results for each proposal;

(V) queries or suggestions from shareholders and the corresponding replies or explanations thereto;

(VI) name of lawyers (if any), counting officers and scrutinizers;

(VII) such other matters which shall be recorded in the minutes specified by laws and regulations, stock exchange of the place where the shares of the Company are listed or the Articles of Association.

Conveners of the general meetings shall ensure that the contents of the minutes are true, accurate and complete. The directors present, secretary to the Board, convener or his or her representative and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance record of shareholders attending the meeting, the power of attorney for proxies attending the meeting and the valid information of voting via online voting (if any) or other methods.

The convener of the general meeting shall ensure that the general meeting is held continuously until the final resolutions are reached. In case the general meeting is adjourned or resolutions failed to be reached due to any special reasons like force majeure, necessary measures shall be taken to resume the general meeting as soon as possible or to directly terminate the general meeting. An announcement shall be made accordingly in time.

Voting and Resolutions of General Meetings

Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be passed by votes representing more than half of the voting rights held by shareholders attending the general meeting (including proxies thereof).

Special resolutions made by the general meeting shall be passed by votes representing more than two thirds of the voting rights held by shareholders attending the general meeting (including proxies thereof).

The following matters shall be passed by way of ordinary resolutions at a general meeting:

(I) work reports of the Board;

(II) profit distribution plans and loss recovery plans prepared by the Board;

(III) appointment and dismissal of the members of the Board, and their remuneration and payment methods;

(IV) the Company's annual budget plan and final accounts plan;

(V) annual report of the Company;

(VI) matters other than those which shall be passed by way of special resolutions as required by laws, administrative regulations, the Hong Kong Listing Rules, or the Articles of Association.

The following matters shall be passed by way of special resolutions at a general meeting:

(I) any increase or reduction in the registered capital of the Company;

(II) any division, spin-off, merger, dissolution and liquidation or any changes in the form of the Company;

(III) any amendment to the Articles of Association;

(IV) any purchase or sale of major assets or any provision of guarantee within any one year in an amount in excess of 30% of the Company's latest audited total assets;

(V) any equity inventive scheme;

(VI) other matters for which special resolutions shall be passed as required by laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and identified by an ordinary resolution of the general meeting as having a significant impact on the Company.

BOARD OF DIRECTORS

Directors

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) has no civil capacity or has limited civil capacity;

(II) has been subject to criminal penalties due to corruption, bribery, embezzlement or misappropriation of property or sabotaging the socialist market economic order, or has been deprived of his or her political rights due to any criminal conviction, where no more than five

years have elapsed since the date of completion of the execution of such penalty or deprivation, or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation;

(III) has served as a former director, the factory chief or the general manager of a company or enterprise bankrupted or liquidated, and was held personally liable for the bankruptcy, and no more than three years have elapsed since the date of completion of the bankruptcy or liquidation of such company or enterprise;

(IV) has served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to any violation of law, and was held personally liable for the revocation, and no more than three years have elapsed since the date of cancellation of business license or being ordered to close down;

(V) has defaulted on a personal debt in a significant amount and been listed as a dishonest person subject to enforcement by the people's court;

(VI) has been banned from entering the securities market by the relevant regulatory authorities and the period has not elapsed;

(VII) has been publicly determined by the relevant regulatory authorities as not suitable to serve as directors or senior managers of a listed company and the term of prohibition has not expired;

(VIII) is banned under other circumstances specified in the laws, administrative regulations, departmental rules or the Hong Kong Listing Rules. If any director is elected or appointed in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be null and void.

If a Director falls under the provisions above during his or her tenure, the Company shall dismiss a director from office.

Directors shall be elected or replaced at the general meeting. The general meeting may, subject to the provisions of relevant laws and administrative regulations, remove any director whose term of office has not expired by ordinary resolutions (the compensation claim made by such director pursuant to any contract shall not be affected).

Directors serve a term of office of three years and are eligible for re-election upon the expiration of the term. In case the term of office of an independent non-executive director exceeds nine years, the term of office shall only be renewed after fulfilling the corresponding consideration procedures under the listing rules of the place where the shares of the Company are listed.

The term of office of a director shall be calculated from the date of duty assumption until the expiration of the term of office of the current session of the Board. In the event re-election is not held in time upon the expiry of the term of office of directors that leads to the number of directors of the Board being lower than the quorum, the original directors shall fulfill duties of directors according to laws, administrative regulations, departmental rules and the Articles of Association before the newly appointed or elected directors assume the office.

A director who resigns shall submit a written notice to the Company, and the resignation shall become effective on the date the Company receives the notice. However, in the circumstances described in the preceding article, the director shall continue to perform his/her duties.

The general meeting may resolve to remove a director, and the removal shall take effect on the date of the resolution. A director who is removed before the expiration of the term of office may request compensation from the Company.

Subject to relevant laws, administrative regulations and regulatory rules of the place where the Company's shares are listed, if the Board appoints any new director to fill any casual vacancy of the Board, the term of office of the newly appointed director shall expire on the first annual general meeting after the appointment. At the same time, such director shall be eligible for re-election.

A director may be concurrently served by the general manager or other senior management, but the total number of directors concurrently serving as the general manager or other senior management shall not exceed 1/2 of the total number of directors of the Company.

Directors shall observe the laws, administrative regulations and the Articles of Association, and shall bear the following obligations of loyalty to the Company:

(I) Directors shall not take advantage of their powers to receive any bribes or other illegal income, and shall not embezzle any property of the Company;

(II) Directors shall not misappropriate any funds of the Company;

(III) Directors shall not deposit any assets or funds of the Company in any accounts opened in their own names or in the name of any other persons;

(IV) Directors shall not directly or indirectly enter into any contracts or transactions with the Company without reporting to the Board or the general meeting on the matters relating to the entering into of such contracts or transactions and having such matters approved by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;

(V) Without the consent of the general meeting, directors shall not take advantage of their powers to pursue any business opportunities that should belong to the Company for themselves or other persons, except for any of the following circumstances (1) after reporting to the Board or the general meeting and passing the resolution at the Board or the general meeting in accordance with the provisions of the Articles of Association; (2)
where the Company cannot take such business opportunity in accordance with the provisions of laws, administrative regulations or the Articles of Association;

(VI) Directors shall not pocket commissions from the transactions with the Company;

(VII) Directors shall not disclose any confidential information of the Company without authorization;

(VIII) Directors shall not utilize its related (connected) relationship to compromise the interest of the Company;

(IX) Directors shall bear other obligations of loyalty specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

The provisions of the preceding paragraph V shall apply to the entering of contracts or transactions with the Company by close family members of the directors and senior management, enterprises directly or indirectly controlled by the directors, senior management or their close family members, and related (connected) persons who have other related (connected) relationships with the directors and senior management.

Any income derived by a director from violating the above provisions shall belong to the Company. The director shall also be liable for the compensation of losses suffered by the Company thereto.

Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall bear the following duty of due diligence to the Company:

(I) Directors shall prudently, seriously and diligently exercise rights conferred by the Company to ensure that the business activities of the Company are in compliance with the requirements of national laws, administrative regulations and various economic policies and that the business activities shall not exceed the scope of business specified in the business license;

(II) Directors shall fairly treat all shareholders of the Company;

(III) Directors shall learn about the status of business and management of the Company in a timely manner;

(IV) Directors shall issue a written confirmation of opinions for regular reports of the Company and ensure the authenticity, accuracy and completeness of information disclosed by the Company;

(V) Directors shall truthfully provide the relevant information and materials to the Audit Committee of the Board, and shall not hinder the Audit Committee of the Board or its members from exercising their functions and powers;

(VI) Directors shall fulfill other duty of due diligence stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

Unless otherwise stipulated in this section, the regulations relating to the qualifications and obligations of directors in the Articles of Association shall be applicable to independent non-executive directors. Independent non-executive directors shall faithfully perform their duties, safeguard the interests of the Company, protect the legal interests of shareholders of public shares, and ensure that the interests of all shareholders can be fully represented.

If any independent non-executive director fails to meet conditions for the qualifications and independence specified in the Hong Kong Listing Rules or encounters any other circumstances inappropriate for him or her to fulfill his or her duties such that the number of independent non-executive directors of the Company falls below the quorum in the Articles of Association, the Company shall inform the Hong Kong Stock Exchange immediately, and explain the relevant details and reasons in the announcement. The Company shall, within three months of the non-compliance, fill up the number of independent non-executive directors to meet requirements of the Hong Kong Listing Rules.

Any director who fails to attend two consecutive meetings of the Board in person and fails to entrust any other directors to attend on his or her behalf shall be deemed to be unable to perform his or her duties. The Board shall propose to the general meeting to remove such director.

A director may resign before the expiration of his or her term of office. The director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

Where the number of directors of the Board falls below the minimum number of directors stipulated in the Company Law due to the resignation of any director, the original directors shall perform their duties according to laws, administrative regulations, departmental rules and the Articles of Associations before the newly appointed or elected directors assume the office.

Except for the circumstances specified in the preceding paragraph or a later date specified in the resignation report of the director, the resignation of the director shall become effective when the resignation report is delivered to the Board.

The Company shall establish a resignation management system for directors, which specifies the safeguard measures for the accountability and recovery of unfulfilled public commitments and other outstanding matters. Upon the effectiveness of a director's resignation or the expiration of his or her term of office, the director shall complete all handover procedures with the Board and his or her duty of loyalty to the Company and its shareholders continues for two years after the end of his or her term of office. His or her obligations to keep the trade secrets of the Company confidential shall remain valid after the expiration of his or her term of office until the relevant secrets become publicly available information.

Unless otherwise specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his or her personal capacity. When a director acts in his or her personal capacity, and a third party may reasonably believe that such director is acting on behalf of the Company or the Board, the director shall declare his or her stance and capacity in advance.

If the Company suffers any losses due to a director's violation of laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his or her duties, the director shall be liable for compensation.

The matters relating to independent non-executive directors of the Company shall be carried out according to laws, administrative regulations and regulations of the relevant regulatory authorities and stock exchange, and shall be regulated in details in the work policy of independent non-executive directors of the Company.

The Board

The Company shall establish the Board, which shall be responsible for the general meeting.

The Board shall perform the following functions:

(I) to convene the general meeting and report to the general meeting;

(II) to implement the resolutions of the general meeting;

(III) to determine business operation plans and investment proposals of the Company;

(IV) to formulate the plans for profit distribution and recovery of losses of the Company;

(V) to formulate plans for increase or reduction of the registered capital of the Company, issuance of bonds or other securities and listing;

(VI) to formulate plans for major acquisitions, purchase of shares of the Company, merger, division, dissolution or changes in the form of the Company;

(VII) to determine the matters such as the Company's external investment, purchase or sales of assets, asset pledge, external guarantee, entrusted wealth management, related (connected) transactions and external donation within the scope authorized by the general meeting and the Articles of Association;

(VIII) to decide on the setup of the internal management organization of the Company;

(IX) to determine the appointment or dismissal of the general manager and secretary to the Board and other senior management of the Company, as well as to determine their remuneration and rewards and punishments; and based on the nomination by the general manager, to appoint or dismiss the deputy general manager, the chief financial officer and other senior management of the Company, and to determine their remuneration, rewards and punishments;

(X) to formulate the basic management systems of the Company;

(XI) to formulate plans for any amendments to the Articles of Association;

(XII) to manage the disclosure of information of the Company;

(XIII) to propose at the general meeting the appointment or replacement of the accounting firm that performs audit for the Company;

(XIV) to receive the work report of the general manager of the Company and examine on the work of the general manager;

(XV) to formulate and implement the equity incentive plan of the Company;

(XVI) to fulfill other duties and powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the general meeting.

The limitation of the functions and powers of the Board in the Articles of Association shall not be against a bona fide third party.

Where the Board makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

Matters exceeding the scope of authorization by the general meeting shall be submitted to the general meeting for consideration.

All material matters subject to the decision-making of the Board of the Company shall be informed to all directors within the time specified in the Articles of Association, with sufficient information submitted to directors at the same time in compliance with the regulatory procedure. The directors may request for additional information. When more than one fourth of the directors or more than two independent non-executive directors consider that the information and materials are insufficient or there are other reasons that make it impossible for them to make a judgment on the matters concerned, they may jointly propose to postpone the meeting of the Board or to postpone the deliberation of part of the matters discussed by the Board, and the Board shall adopt such proposal.

The Board of the Company shall explain to the general meeting of the Company regarding the non-standard audit opinion issued by the certified public accountant on the financial reports of the Company.

The Board shall formulate rules of procedure for the Board to ensure the implementation of resolutions of the general meeting, improve work efficiency and guarantee the reasonable decision-making.

The rules of procedure of the Board shall be drafted by the Board and approved by the general meeting, which shall be taken as an appendix to the Articles of Association.

The Board shall organize relevant experts and professionals to assess major investment projects.

The Board shall have one chairman, who shall be elected by the Board by more than half of all directors. The chairman of the Board shall exercise the following functions and powers:

(I) to chair the general meeting, and to convene and chair the meetings of the Board;

(II) to sign important documents of the Board;

(III) to supervise and check the implementation of board resolutions;

(IV) to exercise other powers granted by the Board;

(V) to exercise other powers granted by laws, administrative regulations, department rules, listing rules of the place where the shares of the Company are listed or the Articles of Association.

In the event that the chairman is incapable of performing or does not perform his or her duties, the deputy chairman shall perform his or her duties. In the event that the deputy chairman is incapable of performing or does not perform his or her duties, a director jointly nominated by more than half of the directors shall perform his or her duties.

The Board shall convene regular meetings once a year. The meeting shall be convened by the chairman. The meeting notice shall be delivered to all directors in writing fourteen days before the date of the meeting. If necessary, the meeting notice shall also be sent to the general manager and other senior management of the Company.

Shareholders representing more than 1/10 of voting rights (excluding treasury shares) of the Company, more than one-third of all directors may propose to convene an ad hoc meeting of the Board. The chairman shall convene and chair a board meeting within ten days from the receipt of such request.

The notice on convening any ad hoc meeting of the Board shall be delivered in writing 24 hours before the convening of the meeting to all directors, the general manager, and if necessary, other senior management of the Company.

The notice of the meeting of the Board shall include the following:

(I) time and place of the meeting;

(II) duration of the meeting;

(III) reasons and issues of discussion;

(IV) date on which the notice is given.

The meeting of the Board may only proceed if more than half of all directors are present at the meeting. Unless otherwise regulated by the Articles of Association, resolutions made by the Board shall be passed by votes of more than half of all directors.

The voting on board resolutions shall adopt one vote per person.

A director with related (connected) relationship with the companies involved with any matters in the resolution of the Board shall neither exercise the voting right for the resolution, nor exercise the voting right on behalf of any other directors, and his/her voting right shall not be counted towards the total voting rights. Such meeting of the Board shall only proceed if more than half of directors with no related (connected) relationship present at the meeting. Except as otherwise provided in the Articles of Association, the resolutions of the meeting of the Board shall be passed by votes of more than half of directors with no related (connected) relationship. In case there is less than three directors with no related (connected) relationship present in the meeting, the matter shall be submitted to the general meeting for review.

The voting at the meetings of the Board shall be conducted by open ballot or by show of hands.

Unless otherwise regulated by relevant laws, administrative regulations and regulatory documents or the Hong Kong Listing Rules, subject to the thorough expression of opinions by all directors, the ad hoc meeting of the Board may be convened and pass resolutions by video conference, telephone conference or handover of written documents for signature, and all directors present at the meeting shall sign on such resolutions. If the Board has distributed the resolutions to all directors, the number of directors signing to consent the resolutions has reached the quorum, and the signed documents of the consent have been sent to the secretary of the Board through the above method, the motion will be deemed as a resolution passed by the Board, with the same legal force as the resolutions passed in the meetings of the Board convened according to the procedures regulated in relevant provisions of the Articles of Association.

The regular meetings of the Board shall not be convened in the form of handover of written documents for signature.

A director shall attend the meeting of the Board in person. Where a director is unable to attend the meeting of the Board for any reasons, he or she may appoint another director to attend on his or her behalf by a written power of attorney. The power of attorney shall specify the name of the proxy, the matters for entrustment, the scope of authorization and validity period, and shall be signed or sealed by the principal. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a meeting of the Board in person or by proxy shall be deemed to have abstained from voting at such meeting.

The Board shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors present at the meeting shall sign on the minutes. The minutes of the meetings of the Board shall be kept by the secretary of the Board as company files.

The minutes of the meeting of the Board shall include the following:

(I) the date, venue and name of the convener of the meeting;

(II) the names of the directors present meeting of the Board, and the names of directors (proxies) present at the meeting of the Board appointed by other directors;

(III) the meeting agenda;

(IV) summaries of the speeches of directors;

(V) the voting methods and results for each resolution (the voting result shall indicate the number of votes for, against or abstention).

Special Committees of the Board

The Board of the Company shall set up three special committees including Remuneration Committee, Nomination Committee and Audit Committee. Special committees shall report to the Board, perform duties according to the Articles of Association and authorization of the Board, and submit proposals to the Board for consideration and decision. The Board shall formulate work principles for special committees and regulate the operation of special committees.

The special committees all comprise directors. The component of which are as follow:

(I) The Audit Committee shall consist of not less than three members, all of which shall be non-executive directors, and a majority of whom shall be independent non-executive directors with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise. The chairman must be an independent non-executive director. A majority of the members of the Audit Committee shall not hold positions in the Company other than as directors and shall not have any relationship with the Company that may affect their independent and objective judgment. Employee representatives who are members of the Board of the Company may become members of the Audit Committee;

(II) The Nomination Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be the chairman of the Board or an independent non-executive director;

(III) The Remuneration Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be an independent non-executive director;

Audit Committee of the Board

The Company does not establish the board of supervisors, and the Audit Committee of the Board shall exercise the following functions and powers:

(I) to review the regular report of the Company prepared by the Board and to provide comments in writing;

(II) to inspect the financial position of the Company;

(III) to supervise the performance of the directors and senior management and to advise the dismissal of any directors and senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(IV) to demand rectifications of the directors and senior management where their conducts are detrimental to the interest of the Company;

(V) to propose to convene an extraordinary general meeting and to convene and chair the general meetings if the Board fails to do so as required by the Company Law;

(VI) to submit proposals at a general meeting;

(VII) to institute proceedings against directors and senior management according to the Company Law;

(VIII) to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;

(IX) other powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the Terms of Reference of the Audit Committee of the Board.

The Audit Committee of the Board shall convene meetings at least twice a year. External auditors of the Company may request to convene a meeting if it thinks necessary. The Audit Committee of the Board shall formulate relevant rules of procedure to define the discussion method and voting procedure of the Audit Committee of the Board to ensure the work efficiency of the Audit Committee of the Board and that the decision-making process is conducted in a scientific manner.

The voting on the resolutions of the Audit Committee shall adopt one vote per person. A resolution made by the Audit Committee shall be approved by more than half of the members of the Audit Committee.

The following matters shall be approved by votes of more than half of all the members of the Audit Committee before the Board makes resolutions on them:

(I) appointment or dismissal of the accounting firm providing audit services to the Company;

(II) appointment or dismissal of the chief financial officer;

(III) disclosure of financial accounting reports;

(IV) other matters as stipulated by the securities regulatory authority of the State Council or the securities regulatory authority of the place where the Company is listed.

The power of the aforesaid special committees, as well as the remuneration and assessment mechanism for directors and senior management, are detailed in the working principles of the aforesaid special committees.

THE GENERAL MANAGER (經理) AND OTHER SENIOR MANAGEMENT

The Company shall have one general manager (經理), who shall be appointed or dismissed by the Board. The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board.

The Company shall have several senior management personnel, who shall be appointed or dismissed by the Board.

The circumstances specified in the Articles of Association under which a director may not serve as a director shall also apply to the general manager and other senior management.

The provisions concerning the duties of loyalty and due diligence of the director specified in the Articles of Association shall also apply to the general manager and other senior management.

A personnel serving in the administrative capacity other than serving as the director and the supervisor in any controlling shareholders of the Company shall not serve as senior management of the Company.

The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

The term of office of the general manager is three years and may be renewed upon reappointment by the Board.

The general manager is responsible to the Board, and shall exercise the following functions and powers:

(I) to be in charge of the production operation and management work of the Company, to organize the implementation of the resolutions of the Board and to report his or her work to the Board;

(II) to organize the implementation of the annual operation plans and investment proposals of the Company;

(III) to draft the plan for establishing the internal management body of the Company;

(IV) to draft the basic management system of the Company;

(V) to develop the specific rules of the Company;

(VI) to suggest the Board on the appointment or dismissal of any deputy general manager, the chief financial officer and other senior management of the Company;

(VII) to decide on the appointment or dismissal of management personnel other than those to be appointed or dismissed by the Board;

(VIII) other functions and powers granted by the Articles of Association or the Board.

Where the general manager makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

The general manager shall attend meetings of the Board.

The general manager may resign before the expiration of his or her term of office. The specific procedures and methods for the resignation of the general manager shall be determined according to the regulations of the employment contract between the general manager and the Company. The general manager shall draft the general manager's work rules and submit them to the Board for approval before implementation.

Other senior management shall be nominated by the general manager and appointed or dismissed by the Board.

The Company shall have one secretary of the Board to take charge of the preparation of the Company's general meetings and meetings of the Board, the safekeeping of documents and management of the information of the Company's shareholders, and matters like disclosure of information.

The secretary of the Board shall comply with laws, administrative regulations, departmental rules and the Articles of Association.

In case the general manager and other senior management violate the laws, administrative regulations, departmental rules or the provisions of the Articles of Association in fulfilling their duties of the Company, and as a result cause loss to the Company, they shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties and act in the best interests of the Company and all shareholders. Where any senior management of the Company fails to faithfully perform his or her duties or breaches his or her obligation of good faith and thereby causes damage to the interest of the Company and public shareholders, he or she shall be liable for compensation according to the laws.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

The accounting year of the Company is based on the calendar year system, which is from January 1 to December 31 of each calendar year. The Company shall prepare a financial accounting report at the end of each accounting year, which shall be audited by the accounting firms in accordance with the laws. The financial accounting report shall be prepared according to relevant laws, administrative regulations and departmental regulations.

The Company publishes financial reports that are prepared in accordance with international accounting standards or overseas accounting standards of the place where the shares are listed twice per accounting year, i.e., an interim financial report within three months after the end of the first six months of each accounting year, and an annual financial report within four months after the end of the accounting year.

The Company publishes result announcement twice per accounting year, i.e., an interim result announcement within two months after the end of the first six months of each accounting year, and an annual result announcement within three months after the end of the accounting year.

Where the above announcements are otherwise regulated by relevant laws, administrative regulations, the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, those provisions shall prevail.

Interim result or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, as well as international accounting standards or overseas accounting standards of the place where the shares are listed.

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.

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.

The Company may also contribute to the discretionary reserves from the profit after tax upon contributing to the statutory reserves, subject to the resolution of the general meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and contributing to the statutory reserves.

Profits distributed to shareholders by a resolution of a general meeting before losses have been made up and allocations have been made to the statutory reserve in violation of the requirements described above must be returned to the Company. The shareholders and the responsible directors and senior management shall be liable for compensation if the Company suffered losses therefrom.

The shares of the Company held by the Company are not entitled to any profit distribution.

The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company.

When the reserves are used to recover the losses of the Company, the discretionary reserve and the statutory reserve shall be prioritized; the capital reserve may be used in accordance with the regulations if such reserves are not sufficient to recover the losses.

The remaining statutory reserves after the conversion into capital shall be no less than 25% of the registered capital of the Company before the conversion.

The Company may distribute dividends through the following two methods (or through both methods simultaneously):

(I) cash

(II) shares.

The payment of cash dividends and other payments by the Company to the shareholders of domestic shares shall be paid in RMB. The payment of cash dividends and other payments by the Company to shareholders of unlisted foreign shares shall be denominated and declared in RMB and paid in foreign currencies. The payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be denominated and declared in RMB and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be handled according to the relevant national regulations on foreign exchange management.

Unless otherwise stipulated by relevant laws and administrative regulations, if the cash dividends and other payments are paid in Hong Kong dollars, the exchange rate shall be the average selling price of relevant foreign currencies announced by the People's Bank of China one calendar week before the date of declaration of dividends and other payments.

Internal Audit

The Company shall adopt an internal audit system and designate full-time auditors to supervise the internal audits of financial incomes and expenses as well as the business activities of the Company.

The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that meets the requirements of laws and regulations and has a good reputation to conduct the audit of accounting statements, verification of net assets and other relevant consulting services for a period of one year, which may be renewed.

The decision on the appointment, dismissal or non-renewal of the accounting firm shall be made by the general meeting.

The Company shall ensure that it will provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm appointed without any objection, omission or falsehood.

The audit expenses of the accounting firm shall be determined by the general meeting.

In the event of termination of the appointment or non-renewal of the appointment of the accounting firm, the Company shall notify the accounting firm 15 days in advance. In the voting for the dismissal of the accounting firm at the general meeting, the Company shall allow the accounting firm to make its representation. If the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has improper matters.

If the position of an appointed accounting firm is vacant, the Board may, before convening the general meeting, appoint an accounting firm, provided that such appointment shall be confirmed at the next annual general meeting. However, if the Company has other incumbent accounting firm during the vacant period, such accounting firm shall still perform their duties.

An accounting firm that is resigning may leave a written notice at the registered office of the issuer. The notice shall include one of the following statements:

(I) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of shareholders or creditors of the issuer;

(II) Any statements that shall be accounted for;

(III) Such notices shall become effective on the date on which they are deposited at the registered office of the issuer or on such later date as may be specified in the notices.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The Company may engage in activities of merger or division according to laws.

A merger by absorption shall refer to that a company absorbs another company, and the company being absorbed shall be dissolved. A merger by establishment of a new company shall refer to that a new company is established as a result of a merger of two or more companies, and the companies being merged shall be dissolved.

In a merger of companies, all parties to the merger shall sign a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall notify the creditors within 10 days upon the passing of the resolution about merger and publish an announcement within 30 days.

The creditors may require the Company to pay off the debts or provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

Once the companies are merged, their creditors' rights and debts shall be assumed by the surviving company or the newly formed company after the merger.

Where a company is divided, its assets shall be divided accordingly.

Where the company is divided, a balance sheet and a checklist of assets shall be prepared. The Company shall notify the creditors within 10 days upon the passing of the resolution about division and publish an announcement within 30 days.

The divided companies shall bear joint and several liability for debts of the pre-division company, unless otherwise stipulated in the written agreement between the Company and the creditors in relation to the repayment of debts prior to the division.

A company which intends to reduce its registered capital shall prepare a balance sheet and a checklist of assets.

The Company shall notify the creditors within 10 days upon the passing of the resolution about the reduction in the registered capital and publish an announcement within 30 days. The creditors shall be entitled to require the Company to pay off the debts or to provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum amount.

In case of merger or division, the Company shall register changes in particulars of the companies with the company registration authority in accordance with laws. In case of dissolution, the Company shall register the cancellation of a company according to laws. In case of incorporation of a new company, the Company shall register the incorporation of a company in accordance with laws.

In case of any increase or reduction in the registered capital, the Company shall register the changes with the company registration authority in accordance with laws.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

(I) the expiration of the business period or other reasons for dissolution specified in the Articles of Association;

(II) the general meeting adopts a resolution to dissolve the Company;

(III) dissolution is required due to the merger or division of the Company;

(IV) the Company's business license is revoked, or it is ordered to close down or wind up in accordance with laws;

(V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial losses to the interests of shareholders, and no solution can be found through any other channel, shareholders holding more than 10% of the voting rights of the Company may request the People's Court to dissolve the Company.

If the Company has any reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

If the Company is in the situation as described in items (I), (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 general meeting.

The amendment of the Articles of Association or the resolution of the general meeting as per the preceding paragraph must be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved under the circumstances in items (I), (II), (IV) and (V) of the preceding paragraph, the Company shall establish a liquidation group within 15 days from the date of the occurrence of the cause of dissolution to carry out the liquidation. The liquidation group shall consist of persons determined by directors or by the general meeting. The liquidation obligors shall bear the liability for damages suffered by the Company or creditors due to their failure to perform the obligations of liquidation in a timely manner. If the Company fails to establish a liquidation group within the specified time, or such group does not carry out liquidation after the establishment, the interested person may apply to the People's Court for appointment of relevant persons to establish a liquidation group to carry out the liquidation.

After checking the assets of the Company and preparing the balance sheet and checklist of assets, if the liquidation group discovers that the Company does not have sufficient assets to settle its debts, the liquidation group shall immediately file a bankruptcy liquidation application to the People's Court.

After the bankruptcy application is accepted by the People's Court, the liquidation group shall hand over the liquidation matters to the trustee in bankruptcy designated by the People's Court.

Upon the completion of the liquidation, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation and submit it to the company registration authority to apply for deregistration of the Company and announce the termination of the Company.

Members of the liquidation group shall perform their liquidating duties and have obligations of fidelity and diligence.

Where any member of the liquidation group fails to perform liquidation duties and causes losses to the Company, the said member shall be liable for compensation; where he/she causes any loss to the Company or creditors with will or serious negligence, the said member shall be liable for compensation.

Where the Company is declared bankrupt according to laws, the Company shall implement bankruptcy liquidation according to laws relating to bankruptcy of enterprises.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(I) upon amendments to the Company Law, laws, administrative regulations, departmental rules, regulatory documents, or listing rules of the place where the shares of the Company are listed, any terms contained in the Articles of Association become inconsistent with the provisions abovementioned;

(II) a change in the Company causes inconsistency with those contained in the Articles of Association;

(III) a resolution being passed by the general meeting to amend the Articles of Association.

The amendment of the Articles of Association shall be in accordance with the following procedures:

(I) the Board shall pass a resolution about the amendment of the Articles of Association, and formulate a proposal for amending the Articles of Association;

(II) the Board shall convene a general meeting to vote on the proposal to amend the Articles of Association;

(III) the general meeting shall approve the amendment to the Articles of Association by special resolution;

(IV) the Company shall submit the amended Articles of Association to the Company for filing with the competent administration for market regulation of the Company for record.

Any amendment to the Articles of Association passed by way of resolution at the general meeting shall be submitted to relevant competent authorities for approval if required. If there is any change relating to the registered particulars of the Company, application shall be made for the changes in accordance with the laws.

The Board shall amend the Articles of Association according to the resolution on the amendment of the Articles of Association passed at the general meeting and the review and approval opinions of the relevant competent authority.

Any amendment to the Articles of Association shall be subject to announcement if so required by relevant laws and administrative regulations.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on July 12, 2011, and further converted into a joint stock company with limited liability on December 11, 2025.

As of the date of this Document, our registered office and head office are located at Building B2, Hefei Innovation Industrial Park Phase 3, Intersection of Jiangjunling Road and Wanshui Road, High-Tech Zone, Hefei, Anhui Province, PRC. Accordingly, our Company's corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Summary of the Articles of Association of the Company" in Appendix III to this Document.

Our Company has established a principal place of business in Hong Kong SAR at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company has been registered with the Registrar of Companies in Hong Kong SAR as a non-Hong Kong company under Part 16 of the Companies Ordinance. Ms. Au Ching (歐正), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong SAR. The address for the service of process is the same as our principal place of business in Hong Kong SAR.

2. Changes in Share Capital of Our Company

As of the date of our establishment, our registered capital was US$200,000. On December 11, 2025, our Company was converted into a joint stock company with limited liability under the Company Law. Upon completion of such conversion, the share capital of our Company was RMB27,181,724 divided into 27,181,724 Shares with a nominal value of RMB1.00 each. The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Document:

On December 24, 2025, the registered capital of our Company increased from RMB27,181,724 to RMB30,886,218.

Save as disclosed above and in the section headed "History, Development and Corporate Structure" in this Document, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I to this Document.

On May 13, 2026, Changsha Kuxin Semiconductor Co., Ltd.* (長沙酷芯半導體有限公司) was established with a registered capital of RMB30,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries within two years immediately preceding the date of this Document.

4. Resolutions of Our Shareholders in Relation to the [REDACTED]

At the general meeting of our Company held on January 13, 2026, among other things, the following resolutions were passed by the Shareholders:

(i) the issuance by our Company of H Shares of the nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(ii) that the number of H Shares to be issued shall not be more than **[REDACTED]** of the total issued share capital of our Company as enlarged by the **[REDACTED]** (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**), and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than **[REDACTED]** of the number of H Shares issued pursuant to the **[REDACTED]**;

(iii) subject to the completion of the **[REDACTED]**, the conditional adoption of the Articles of Association, which shall become effective on the **[REDACTED]**, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities;

(iv) authorization of the Board and its authorized persons to amend the resolutions in accordance with the requirements of competent regulatory authorities, and deal with the specific implementation; and

(v) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the **[REDACTED]**, the issue and **[REDACTED]** of the H Shares.

5. Restriction on Share Repurchases

For details of the restrictions on the share repurchase by our Company, please refer to "Summary of the Articles of Association of the Company" in Appendix III to this Document.

6. Corporate Reorganization

We have not gone through any corporate reorganization for the purpose of the **[REDACTED]**. For details of the history and development of our Company, see "History, Development and Corporate Structure".

7. Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) [has been] entered into by us within the two years preceding the date of this Document and is or may be material:

(a) the **[REDACTED]**.

8. Intellectual Property Rights of Our Group

(a) Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
1.	Image defect detection and processing method (一種圖像壞點檢測及處理方法)	Our Company	PRC	201610654219.2	July 10, 2018
2.	Adaptive shared bus startup acceleration method for multi-processor systems (一種多處理器系統的自適應共享總線啟動加速方法)	Our Company	PRC	201510398960.2	July 13, 2018
3.	Dynamic frequency scaling method based on multi-processor systems (基於多處理器的動態調頻方法)	Our Company	PRC	201510709459.3	March 26, 2019
4.	Illumination estimation method for image color constancy (一種圖像色彩恒常性的光照估計方法)	Our Company	PRC	201610537416.6	June 25, 2019
5.	Node device and scheduling control method and medium for wireless self-organizing networks (無線自組織網絡的節點裝置及調度控制方法和介質)	Our Company	PRC	201711093530.5	April 6, 2021
6.	Communication method, communication device, and medium for wireless self-organizing networks (無線自組織網絡的通信方法和通信裝置及介質)	Our Company	PRC	201711093532.4	December 8, 2020

No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
7.	Hybrid automatic repeat request method and device (一種混合自動重傳請求方法及裝置)	Our Company	PRC	201810255489.5	June 22, 2021
8.	Adaptive retransmission merging method, system, and medium in wireless communication systems (無線通訊系統中自適應重傳合併方法、系統及介質)	Our Company	PRC	201910407387.5	December 24, 2021
9.	Radar signal detection method, system, and medium in wireless communication systems (無線通訊系統中雷達信號檢測的方法、系統及介質)	Our Company	PRC	201910376277.7	June 15, 2021
10.	Configurable activation function device and method for deep learning hardware accelerators (適用於深度學習硬件加速器的可配置激活函數裝置及方法)	Our Company	PRC	201910344947.7	September 7, 2021
11.	Configurable precision convolution hardware structure for deep learning hardware accelerators (適用於深度學習硬件加速器的可配置精度的卷積硬件結構)	Our Company	PRC	201910310573.7	November 16, 2021
12.	Node device and scheduling control method and medium for wireless self-organizing networks (repeated) (無線自組織網絡的節點裝置及調度控制方法和介質)	Our Company	PRC	202011299770.2	April 26, 2022

No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
13.	Node device and scheduling control method and medium for wireless self-organizing networks (repeated) (無線自組織網絡的節點裝置及調度控制方法和介質)	Our Company	PRC	202011299767.0	July 8, 2022
14.	Robot vacuum full coverage path planning method (一種掃地機全覆蓋路徑規劃方法)	Our Company	PRC	201811616404.8	October 11, 2022
15.	Multi-precision neural network model implementation method and system (多精度神經網絡模型實現方法及系統)	Our Company	PRC	202110753398.6	November 8, 2022
16.	Multi-user ranging method and system for wireless self-organizing networks (一種無線自組織網絡的多用戶測距方法及系統)	Our Company	PRC	202110752864.9	November 15, 2022
17.	Adaptive timing dynamic comparator (自適應時序的動態比較器)	Our Company	PRC	201910474197.5	April 14, 2023
18.	Method and medium for eliminating lateral chromatic aberration in lenses implemented on image processors (基於圖像處理器實現的消除鏡頭橫向色差的方法及介質)	Our Company	PRC	202010022469.0	May 23, 2023
19.	Phase-locked loop anti-frequency overshoot circuit (鎖相環防頻率過沖電路)	Our Company	PRC	201910300471.7	May 23, 2023

No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
20.	Infrared image super-resolution reconstruction method based on deep neural networks (一種基於深度神經網絡的紅外圖像超分辨率重建方法)	Our Company	PRC	202210446873.X	May 3, 2024
21.	Infrared image super-resolution reconstruction method based on channel-separated deep neural networks (一種基於通道分離深度神經網絡的紅外圖像超分辨率重建方法)	Our Company	PRC	202211234391.4	July 25, 2025
22.	Palmprint recognition method and system based on multi-level feature bilinear fusion network (基於多層次特徵雙線性融合網絡的掌紋識別方法及系統)	Our Company	PRC	202310780417.3	April 24, 2026
23.	Hardware optimization method and system for configurable fixed-point pooling engine (可配置的定點池化引擎硬件優化方法及系統)	Our Company	PRC	202310780422.4	July 21, 2026
24.	A method for registering infrared and visible light images in complex scenarios (一種複雜背景下紅外與可見光圖像配準的方法)	Shanghai Kuxin Semiconductor	PRC	202210943130.3	July 18, 2025
25.	An infrared image super-resolution reconstruction method based on a dynamic attention mechanism (一種基於動態注意力機制的紅外圖像超分辨率重建方法)	Shanghai Kuxin Semiconductor	PRC	202211234451.2	May 29, 2026

(b) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
1.	RobotEye	PRC	37157173	Our Company	9	February 28, 2020	February 27, 2030
2.	RobotEye	PRC	37155979	Our Company	35	February 21, 2020	February 20, 2030
3.	RobotEye	PRC	37145078	Our Company	38	November 28, 2019	November 27, 2029
4.	RobotEye	PRC	37161277	Our Company	42	February 21, 2020	February 20, 2030
5.	artosyn	PRC	37144847	Our Company	9	May 07, 2020	May 06, 2030
6.	artosyn	PRC	37155972	Our Company	35	December 21, 2019	December 20, 2029
7.	artosyn	PRC	37151457	Our Company	38	December 21, 2019	December 20, 2029
8.	artosyn	PRC	37165658	Our Company	42	January 28, 2020	January 27, 2030
9.	artosyn 酷芯微电子	PRC	37152984	Our Company	9	May 07, 2020	May 06, 2030
10.	artosyn 酷芯微电子	PRC	37149630	Our Company	35	March 14, 2020	March 13, 2030
11.	artosyn 酷芯微电子	PRC	37145107	Our Company	42	March 14, 2020	March 13, 2030
12.	artosyn 酷芯微电子	Hong Kong	307184016	Our Company	16	February 5, 2026	February 4, 2036
13.	artosyn	European Union	019363620	Our Company	9	August 28, 2026	August 27, 2036

(c) Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Version	Owner	Copyright Number	Registration Date	Place of Registration
1.	Coolchip AR8030 PC-Tool Management Platform (酷芯AR8030 PC-Tool管理平臺)	V1.0.2	Our Company, Shanghai Kuxin Semiconductor	2024SR0520293	April 18, 2024	PRC
2.	Coolchip ARFaceManager Management Platform (酷芯ARFaceManager管理平臺)	V1.8.7	Our Company, Shanghai Kuxin Semiconductor	2024SR0520295	April 18, 2024	PRC
3.	Coolchip Image Objective Quality Testing Automation Control System (酷芯圖像客觀質量測試自動化控制系統)	V1.0.3	Our Company, Shanghai Kuxin Semiconductor	2024SR0520292	April 18, 2024	PRC
4.	Coolchip Intelligent TOF Passenger Flow Statistics System (酷芯智能TOF客流統計系統)	V2.0.1	Our Company, Shanghai Kuxin Semiconductor	2024SR0520289	April 18, 2024	PRC
5.	Coolchip SDK Graphical Configuration Development System (酷芯SDK圖形化配置開發系統)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520296	April 18, 2024	PRC
6.	Coolchip Infrared Sight Application System (酷芯紅外瞄具應用系統)	V1.0.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520288	April 18, 2024	PRC
7.	Coolchip Product Mass Production Testing Software (酷芯產品量產測試軟件)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520294	April 18, 2024	PRC
8.	Coolchip AR9341 Image Quality Debugging Software (酷芯AR9341圖像質量調試軟件)	V0.16.01	Our Company, Shanghai Kuxin Semiconductor	2024SR0520291	April 18, 2024	PRC

No.	Copyright Name	Version	Owner	Copyright Number	Registration Date	Place of Registration
9.	Coolchip AR9411 Image Quality Debugging Software (酷芯AR9411圖像質量調試軟件)	V0.16.01	Our Company, Shanghai Kuxin Semiconductor	2024SR0520290	April 18, 2024	PRC
10.	Coolchip Studio Toolchain Development Platform (酷芯Studio工具鏈開發平臺)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520287	April 18, 2024	PRC
11.	Coolchip Intelligent Panel Access Control System (酷芯智能面板機門禁系統)	V1.2	Our Company	2022SR1157293	August 17, 2022	PRC
12.	Coolchip FPV Drone Interface Software (酷芯FPV無人機界面軟件)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2025SR2506549	December 26, 2025	PRC
13.	Coolchip AR8030 Android-Tool Management Platform (酷芯AR8030 Android-Tool管理平臺)	V1.0.3	Our Company, Shanghai Kuxin Semiconductor	2025SR2509437	December 26, 2025	PRC
14.	Coolchip Host Computer SDK Software (酷芯AR8030上位機SDK軟件)	V1.0.2	Our Company, Shanghai Kuxin Semiconductor	2025SR2509446	December 26, 2025	PRC

(d) Domain Name

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain name in the PRC which we consider to be or may be material to our business:

No.	Domain	Registered Owner	Registration Date	Expiry Date
1.	artosyn.cn	Our Company	February 25, 2016	February 25, 2028

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

B. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(i) Disclosure of Interests

Save as disclosed below, immediately following completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming that the **[REDACTED]** is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

			As of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Name	**Positions**	**Nature of Interest**	**Description of Shares**	**Number of Shares held[1]**	**Number of Shares held[1]**	**% of shareholding in the H Shares[2]**	**% of shareholding in the total issued share capital of our Company[2]**
Mr. Yao[3]	Director	Beneficial owner	Unlisted Shares	2,130,882	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interests in controlled corporation	Unlisted Shares	900,000	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interest of person acting in concert	Unlisted Shares	7,113,537	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Zhong[3]	Director	Beneficial owner	Unlisted Shares	1,955,154	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interest of person acting in concert	Unlisted Shares	8,189,265	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Unlisted Shares and **[REDACTED]** H Shares in issue immediately upon completion of the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised).

(3) As of the Latest Practicable Date, Mr. Yao, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan directly held 2,130,882 Shares, 1,955,154 Shares, 1,437,066 Shares, 1,365,030 Shares and 900,000 Shares, respectively. Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the "**Concert Parties**"), all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alias, the Company's operation and management, and exercising the Shareholders' rights, including but not limited to the right vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. As such, each of the Concert Parties is deemed to be interested in the Shares the other is interested under the SFO.

(ii) Particulars of Service Contracts

Each of our Directors [has] entered into a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors' Remuneration

For details of the Directors' remuneration, see ''Directors and Senior Management — Remuneration of Directors and Five Highest Paid Individuals'' and Notes 8 and 9 to the Accountants' Report as set out in Appendix I to this Document.

2. Substantial Shareholders

(i) Interest in the Shares of Our Company

For information on the persons who will, immediately following the completion of the **[REDACTED]**, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any meeting of our Company, see ''Substantial Shareholders.''

Save as disclosed in the section headed ''Substantial Shareholders'' in this Document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the **[REDACTED]**, having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

(ii) Interest in the Shares of Our Company's Subsidiaries

As of the Latest Practicable Date, so far as our Directors are aware, no person (other than our Directors or chief executive of our Company) were 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 other member of our Group.

3. Disclaimers

(i) Save as disclosed in "History, Development and Corporate Structure" and this Appendix, none of our Directors or any of the parties listed in "— E. Other Information — 7. Qualifications and Consents of Experts" in this section:

(a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(b) is materially interested in any contract or arrangement subsisting at the date of this Document that is significant in relation to our business;

(ii) Save as disclosed in this Appendix and in connection with the **[REDACTED]**, none of the parties listed in "— E. Other Information — 7. Qualifications and Consents of Experts" in this section:

(a) is interested legally or beneficially in any Shares in any member of our Group; or

(b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(iii) None of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(iv) Save as disclosed in "Substantial Shareholders," none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are **[REDACTED]** on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

C. PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

The following is a summary of the principal terms of a pre-**[REDACTED]** employee incentive scheme (the "**Scheme**"), which was approved and adopted by the Company on September 29, 2019, and last amended on February 9, 2026. Given the underlying Shares under the Scheme had already been issued by the Company to the relevant Pre-**[REDACTED]** Employee Incentive Platforms in accordance with terms of the Scheme, there will not be any dilution effect on the issued share capital at our Company. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Scheme does not involve the grant of share awards by our Company to subscribe for H Shares after the **[REDACTED]**.

Under the Scheme, Eligible Participants (as defined below) were granted partnership interests in the Pre-**[REDACTED]** Employee Incentive Platforms, namely Shanghai Huimou, Shanghai Lingmou, Shanghai Jixuan and Shanghai Yuegan. No further awards will be granted under the Scheme as of the date of this Document. All partnership interests in the Pre-**[REDACTED]** Employee Incentive Platforms have been subscribed to, and fully paid up, by the relevant grantees. And the registration of the relevant grantees as partners of the Pre-**[REDACTED]** Employee Incentive Platforms with corresponding

partnership interests have been completed. For further details of the Pre-**[REDACTED]** Employee Incentive Platforms, please refer to "History, Development and Corporate Structure — Employee Incentive Platforms" in this Document.

(a) Purpose

The main purpose of the Scheme is to improve the governance structure of the Company, establish a long-lasting incentive mechanism of the Company, in order to enhance its cohesion and promote its continued growth, balancing the long-term interests of both employees and the Company.

(b) Administration

The Scheme shall be reviewed, amended and terminated by the Board. A department designated by the chief executive officer of our Company shall serve as the standing executive management body for the Scheme, responsible for their implementations.

The respective general partners of each Pre-**[REDACTED]** Employee Incentive Platform shall be responsible for the administration of each Pre-**[REDACTED]** Employee Incentive Platform and may exercise the voting rights attaching to the Shares held by them.

(c) Eligible Participants

Persons eligible to participate in the Scheme include the following:

i. Current senior management personnel and core research and development staff who have made outstanding contributions to the Company's development;

ii. Current personnel with development potential who are essential for the Company's future sustainable growth;

iii. Senior management personnel and research and development staff whose recruitment is imperative for the Company's future sustainable development; and

iv. Other employees or consultants deemed worthy of incentive by the department designated by the chief executive officer of our Company for their positive impact on the Company's operational performance and future development.

(d) Details of the Grantees

Details of the awards granted to the Eligible Participants under the relevant Pre-**[REDACTED]** Employee Incentive Platforms are set out below as at the Latest Practicable Date.

Shanghai Lingmou

Name	Position	Approximate partnership interests in Shanghai Lingmou as of the Latest Practicable Date	Approximate number of Shares corresponding to the incentives held by Shanghai Lingmou[(2)]	Approximate shareholding percentage corresponding to the incentives held by Shanghai Lingmou in the total number of Shares in issue immediately prior to the [REDACTED][(3)]
Dr. Shen Sha (沈沙)	Executive Director	11.90%	171,010.85	0.55%
Dr. Shen	Chief technology officer	1.00%	14,370.66	0.05%
Mr. Tang Jian (湯儉)	Consultant*Note*	11.21%	161,095.10	0.52%
Other 37 employees		75.89%	1,090,589.39	3.53%
Total		**100.00%**	**1,437,066**	**4.65%**

Note: Mr. Tang, who is an Independent Third Party, entered into a consulting service contract with the Company in August 2011 for providing entrepreneurial consultation and business development suggestions to the Company at its early stage of development. He has extensive experience in providing consultancy service to chip design companies.

Shanghai Huimou

Name	Position	Approximate partnership interests in Shanghai Huimou as of the Latest Practicable Date	Approximate number of Shares corresponding to the incentives held by Shanghai Huimou[(2)]	Approximate shareholding percentage corresponding to the incentives held by Shanghai Huimou in the total number of Shares in issue immediately prior to the [REDACTED][(3)]
Mr. Yao	Executive Director	8.62%	117,665.59	0.38%
Mr. Liu Hongming (劉洪明)	Director[(1)]	4.96%	67,705.49	0.22%
Dr. Shen Sha (沈沙)	Executive Director	4.09%	55,829.73	0.18%
Dr. Shen	Chief technology officer	1.00%	13,650.30	0.04%
Other 47 employees		81.33%	1,110,178.90	3.59%
Total		**100.00%**	**1,365,030**	**4.42%**

Shanghai Jixuan

Name	Position	Approximate partnership interests in Shanghai Jixuan as of the Latest Practicable Date	Approximate number of Shares corresponding to the incentives held by Shanghai Jixuan[(2)]	Approximate shareholding percentage corresponding to the incentives held by Shanghai Jixuan in the total number of Shares in issue immediately prior to the [REDACTED][(3)]
Mr. Yao	Executive Director	1.00%	9,000	0.03%
Dr. Shen	Chief technology officer	8.07%	72,630	0.23%
Other 48 employees		90.93%	818,370	2.65%
Total		**100%**	**900,000**	**2.91%**

Shanghai Yuegan

Name	Position	Approximate partnership interests in Shanghai Yuegan as of the Latest Practicable Date	Approximate number of Shares corresponding to the incentives held by Shanghai Yuegan[(2)]	Approximate shareholding percentage corresponding to the incentives held by Shanghai Yuegan in the total number of Shares in issue immediately prior to the [REDACTED][(3)]
Mr. Xu	Chief financial officer, secretary of the Board, and a joint company secretary	99.00%	786,053.07	2.54%
Other one employee		1.00%	7,939.93	0.03%
Total		**100%**	**793,993**	**2.57%**

Notes:

(1) As of the Latest Practicable Date, Mr. Liu Hongming (劉洪明) was our Director, who will resign from directorship, effective upon **[REDACTED]**.

(2) For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of limited partnership interests in Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan by the total number of Shares held by Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan, respectively.

(3) All the Unlisted Shares held by Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan will be converted into H Shares, subject to the relevant regulatory approvals and registration.

(e) Transfer and Sale Restrictions

Prior to the **[REDACTED]**, in accordance with the terms of the Scheme, no Eligible Participant shall in any way transfer his or her partnership interest in the Pre-**[REDACTED]** Employee Incentive Platforms without the consent of the relevant general partner of each Pre-**[REDACTED]** Employee Incentive Platform.

After the **[REDACTED]** and the Shares are free of other applicable sale restrictions, and subject to applicable laws, rules, regulations and requirements by securities regulators and relevant stock exchange, Eligible Participants shall remain subject to certain sale restrictions as stipulated in the terms of the Scheme, which stipulate that a 10-day written notice is required for any proposed disposal of the Shares representing interests owned by the Eligible Participant.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

3. The Sponsor

The Sole Sponsor has made an application on behalf of our Company to the **[REDACTED]** for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the **[REDACTED]**. All necessary arrangements have been made to enable our H Shares to be admitted into **[REDACTED]**.

The Sole Sponsor has confirmed that they satisfy the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

The total amount of sponsor's fee in connection with the **[REDACTED]** is USD500,000.

4. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong SAR stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong SAR stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

7. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
Jingtian & Gongcheng	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry Consultant
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Commerce & Finance Law Offices	Legal advisors to our Company as to U.S. Outbound Investment Rule, U.S. export control and international sanctions

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Promoters

The promoters of our Company are all of the then Shareholders as of December 11, 2025, immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the **[REDACTED]** and the related transactions described in this Document.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, 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 in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, **[REDACTED]** position or prospects since May 31, 2026 being the date of our consolidated financial statements as set out in "Accountants' Report" in Appendix I to this Document up to the date of this Document.

12. Miscellaneous

(i) Save as disclosed in "History, Development and Corporate Structure" and this Appendix and in connection with the **[REDACTED]**, within the two years immediately preceding the date of this Document:

(a) no share or loan capital of our Company or any of its subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries;

(c) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and

(d) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries;

(ii) We have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(iii) There are no arrangements under which future dividends are waived or agreed to be waived;

(iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this Document;

(vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong SAR from outside Hong Kong SAR;

(vii) No part of the equity or debt securities of our Company or any member of our Group, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) Our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong SAR for registration were:

(a) a copy of the material contract referred to in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 7. Summary of Material Contract"; and

(b) the written consents referred to in "Appendix IV — Statutory and General Information — D. Other Information — 7. Qualifications and Consents of Experts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.artosyn.cn** up to and including the date which is 14 days from the date of this Document:

(a) the Articles of Association of the Company;

(b) the Accountants' Report from KPMG, the text of which is set out in "Appendix I — Accountants' Report" to this Document;

(c) the report on the unaudited **[REDACTED]** financial information of our Group from KPMG, the text of which is set out in "Appendix II — Unaudited **[REDACTED]** Financial Information" to this Document;

(d) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026;

(e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed "Industry Overview" in this Document;

(f) the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of certain aspects of our Group;

(g) the memorandum of advice issued by Commerce & Finance Law Offices, the legal advisors of our Company as to U.S. Outbound Investment Rule, U.S. export control and international sanctions;

(h) the material contract referred to in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 7. Summary of Material Contract" to this Document;

(i) the written consents referred to in "Appendix IV — Statutory and General Information — D. Other Information — 7. Qualifications and Consents of Experts" to this Document;

(j) the service contracts and the letters of appointment referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our Directors and Substantial Shareholders — 1. Directors — (ii) Particulars of Service Contracts" to this Document; and

(k) a copy of each of the Company Law of the PRC, the Securities Law of the PRC, the Overseas Listing Trial Measures and the Guidelines on the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations.