



**Fortior Tech**  
**峰昭科技**

**峰昭科技(深圳)股份有限公司**  
**Fortior Technology(Shenzhen)Co., Ltd.**

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

**Stock code : 1304**

**GLOBAL OFFERING**

**FORTIOR TECH**

 **CICC 中金公司**

Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator,  
Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

 **中銀國際 BOCI**  **廣發證券(香港)**  
GF SECURITIES (HONG KONG)

Overall Coordinators, Joint Global Coordinators,  
Joint Bookrunners and Joint Lead Managers

# IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



## Fortior Technology (Shenzhen) Co., Ltd. 峰昭科技(深圳)股份有限公司

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

### GLOBAL OFFERING

<b>Number of Offer Shares under the Global Offering</b>	<b>: 16,299,500 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)</b>
<b>Number of Hong Kong Offer Shares</b>	<b>: 1,630,000 H Shares (subject to reallocation)</b>
<b>Number of International Offer Shares</b>	<b>: 14,669,500 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)</b>
<b>Maximum Offer Price</b>	<b>: HK\$120.5 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)</b>
<b>Nominal value</b>	<b>: RMB1.00 per H Share</b>
<b>Stock code</b>	<b>: 1304</b>

*Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager*



*Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers*



中銀國際 BOCI



廣發證券(香港)  
GF SECURITIES (HONG KONG)

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display – Documents Delivered to the Registrar of Companies" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission of Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us on or around Monday, July 7, 2025. The Offer Price will be no more than HK\$120.5 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, July 7, 2025, the Global Offering will not proceed and will lapse.

**The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for further details.**

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an available exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

#### ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public.

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortiortech.com](http://www.fortiortech.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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## IMPORTANT

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### IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public.

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at [www.fortioritech.com](http://www.fortioritech.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is an HKSCC Participant to give **electronic application instructions** via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

See “How to Apply for Hong Kong Offer Shares” for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

## IMPORTANT

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$
100	12,171.53	2,000	243,430.49	10,000	1,217,152.43	300,000	36,514,572.76
200	24,343.05	2,500	304,288.10	20,000	2,434,304.86	400,000	48,686,097.00
300	36,514.57	3,000	365,145.72	30,000	3,651,457.28	500,000	60,857,621.26
400	48,686.09	3,500	426,003.35	40,000	4,868,609.70	600,000	73,029,145.50
500	60,857.62	4,000	486,860.96	50,000	6,085,762.13	700,000	85,200,669.76
600	73,029.14	4,500	547,718.59	60,000	7,302,914.56	815,000 <sup>(1)</sup>	99,197,922.63
700	85,200.68	5,000	608,576.21	70,000	8,520,066.98		
800	97,372.19	6,000	730,291.45	80,000	9,737,219.40		
900	109,543.72	7,000	852,006.70	90,000	10,954,371.83		
1,000	121,715.24	8,000	973,721.95	100,000	12,171,524.26		
1,500	182,572.86	9,000	1,095,437.18	200,000	24,343,048.50		

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*Should there be any changes to the dates mentioned in the following expected timetable of the Hong Kong Public Offering, an announcement will be made and published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortiortech.com](http://www.fortiortech.com) of the revised timetable.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on  
Monday, June 30, 2025

Latest time for completing electronic applications under the  
**HK eIPO White Form** service through the designated website at  
[www.hkeipo.hk](http://www.hkeipo.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on  
Friday, July 4, 2025

Application lists open<sup>(3)</sup> . . . . . 11:45 a.m. on  
Friday, July 4, 2025

Latest time for (a) completing payment for **HK eIPO White Form**  
applications by effecting internet banking transfer(s) or PPS  
payment transfer(s) and (b) giving **electronic application**  
**instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on  
Friday, July 4, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to apply for Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions, which may be different from the latest time as stated above.

Application lists close<sup>(3)</sup> . . . . . 12:00 noon on  
Friday, July 4, 2025

Expected Price Determination Date<sup>(5)</sup> . . . . . on or before 12:00 noon,  
Monday, July 7, 2025

Announcement of the final Offer Price, the level of applications in the  
Hong Kong Public Offering, the level of indications of interest in  
the International Offering and the basis of allocation of the Hong  
Kong Offer Shares to be published on the website of the Stock  
Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at  
[www.fortiortech.com](http://www.fortiortech.com) by<sup>(6)</sup> . . . . . 11:00 p.m. on  
Tuesday, July 8, 2025

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Results of allocation in the Hong Kong Public Offering to be available through a variety of channels as described in “How to Apply for Hong Kong Offer Shares – B. Publication of Results,” including through:

- (1) from the “Allotment Results” page at the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) or [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult) with a “search by ID” function on a 24-hour basis from function from . . . . . 11:00 p.m. on Tuesday, July 8, 2025 to 12:00 midnight on Monday, July 14, 2025
- (2) the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. on . . . . . Wednesday, July 9, 2025, Thursday, July 10, 2025, Friday, July 11, 2025 and Monday, July 14, 2025

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before<sup>(7)(8)</sup> . . . . . Tuesday, July 8, 2025

**HK eIPO White Form** e-Auto Refund payment instructions or refund checks in respect of wholly or partially unsuccessful applications (or wholly successful applications, if applicable) to be dispatched on or before<sup>(9)</sup> . . . . . Wednesday, July 9, 2025

Dealings in H Shares on the Stock Exchange to commence at . . . . . 9:00 a.m. on Wednesday, July 9, 2025

*Notes:*

- (1) All dates and times refer to Hong Kong local dates and times.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares – E. Severe Weather Arrangements”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic instructions to HKSCC should refer to “How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application Channels” of this Prospectus.
- (5) The Offer Price is expected to be determined on or before Monday, July 7, 2025 (which, at the earliest, could be Friday, July 4, 2025) and in any event not later than 12:00 noon on Monday, July 7, 2025. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Monday, July 7, 2025, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this prospectus.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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- (7) Applicants being individuals must not authorize any other person to collect on their behalf. Applicants being corporations must attend by their respective authorized representative bearing a letter of authorization from the corporation stamped with the corporation's chop. Evidence of identity acceptable to the H Share Registrar, Tricor Investor Services Limited, must be produced at the time of collection. Uncollected H Share certificate(s) will be sent to the addresses specified in the relevant application instructions by ordinary post at the applicants' own risk. See "How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies".
- (8) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, July 9, 2025, provided that the Global Offering has become unconditional in all respects and the right of termination described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.
- (9) **HK eIPO White Form** e-Auto Refund payment instructions or refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly successful applications in the event that the Offer Price is less than the price payable per H Share on application. Part of the applicant's Hong Kong identity card number, national identification document number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number, national identification document number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number, national identification document number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number, national identification document number or passport number may invalidate or delay encashment of the refund check.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares," respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

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## IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

*This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives or any other person or party involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are an IC design company dedicated to the design and R&D of BLDC motor control ICs and have established a strong market position within the BLDC motor control and driver chip industry. A BLDC motor is a type of brushless motor driven by electronic commutation, which changes the electromagnetic fields to drive the rotor of the motor. According to Frost & Sullivan, compared with traditional motors, BLDC motors offer advantages such as high efficiency, low power consumption, high control precision and low noise, and are widely used in various applications. Our products are designed to help BLDC motors optimize their performance and achieve highly efficient, low-noise, and high-precision operation. According to Frost & Sullivan, our product portfolio covers all key components of a typical motor control system, including (i) motor control chips such as MCUs and ASICs, (ii) motor driver chips such as HVICs, (iii) IPMs, and (iv) power devices such as MOSFETs. According to Frost & Sullivan:

- We are the first Chinese IC design company that focuses on the design of BLDC motor control ICs;
- As of December 31, 2023, we ranked sixth with a 4.8% market share in terms of revenue in the BLDC motor control and driver chip market in China and were the only Chinese company among top ten companies in the same market.

Our R&D efforts focus on three core technological fields, namely (i) IC design, (ii) motor control algorithms and (iii) motor design, and we have achieved several competitive technologies in these fields. The combination of our technologies in these three fields forms the foundation of our core competitiveness in the motor control IC industry. According to Frost & Sullivan, we are the first motor control IC company in China with dedicated teams specializing in all these three technological fields.

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## SUMMARY

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Our main products include MCUs/ASICs, HVICs, MOSFETs, and IPMs, which are the key components of a typical BLDC motor control system. Among them, our MCUs/ASICs, as the motor control chips, receive electrical signals, execute motor control algorithms and generate precise control instructions. Our HVICs serve as driver chips to provide high and low voltage isolation and amplify driving capacity, allowing MCUs/ASICs to drive MOSFETs. Based on the control instructions from the MCUs/ASICs, the MOSFETs, driven by the HVICs, generate specific electromagnetic fields, which drive the rotation of the motor, allowing the BLDC motor to operate efficiently. Please see “Business – Our Products – Overview” for details. In addition, we also provide IPMs, which are modules that combine MCU/ASIC, HVIC and/or MOSFET in a package, thus reducing the number of external components and PCB area, simplifying the design of the motor control system and providing customers with simple and efficient solutions.

Our products are used in BLDC motors that have been widely used in multiple downstream applications, including smart small household appliances, white goods, electric tools, sports and leisure, industrial, and automotive applications. Leveraging our solid R&D capabilities, reliable product quality and cost-efficiency advantages, we have accumulated a broad base of high-quality end customers.

Leveraging the synergies among our IC design, motor control algorithms and motor design, we have the capability to provide system-level services for end customers and address practical technical problems. Our R&D teams in IC design, motor control algorithms and motor design communicate with our end customers and provide comprehensive system-level services. Through this process, we, in turn, also collect information about the downstream market needs and incorporate them in our R&D and technological advancement.

### OUR COMPETITIVE STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth: (i) Leader in advanced motor control technologies with proprietary and innovative ME core; (ii) Synergies in IC design, motor control algorithms and motor design to deliver system-level services; (iii) Highly reliable products with efficient upgrades, broad application versatility and large-scale commercialization capabilities; (iv) Serving a broad base of high-quality end customers and fostering strong, long-term cooperative relationships; and (v) Multidisciplinary team with extensive IC R&D experience.

### OUR GROWTH STRATEGIES

We plan to pursue the following strategies: (i) Continuous investment in R&D to consolidate and enhance our technological advantages; (ii) Consolidating our advantages in consumer applications and collaborating with our business partners to seize opportunities in the industry; (iii) Strategic deployment in emerging applications such as industrial and automotive sectors; (iv) Expanding overseas markets, promoting products globally and developing our business with an international perspective; and (v) Attracting top global talent and continuously building talent teams.

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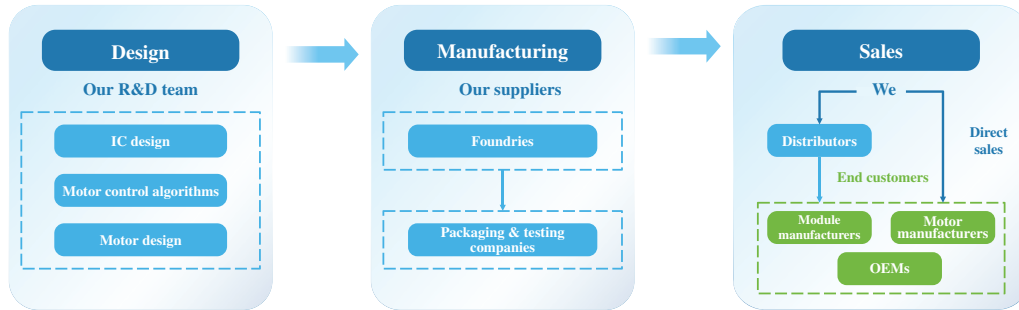
## SUMMARY

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### OUR FABLESS BUSINESS MODEL

We adopt the fabless model, focusing on the design and R&D of our products while outsourcing wafer fabrication, chip packaging and testing to trusted third-party partners. According to Frost & Sullivan, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on design and R&D.

The following diagram illustrates our fabless business model:



### OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of distributors. In 2022, 2023 and 2024, our five largest customers in each year during the Track Record Period together generated RMB182.7 million, RMB208.3 million, and RMB281.2 million of revenues, respectively, accounting for 56.6%, 50.6%, and 46.8% of our total revenue, respectively. Revenue from our largest customer in each year of the Track Record Period accounted for 20.9%, 17.5% and 15.0% of our total revenue, respectively. See “Business—Our Customers” for more details. During the Track Record Period, (i) our customers were, and (ii) our revenue were generated, primarily within China.

During the Track Record Period, our suppliers primarily consisted of (i) foundries, and (ii) companies that provide services in chip packaging and testing. We typically engage reputable suppliers to ensure the quality of our products. In 2022, 2023 and 2024, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB209.8 million, RMB182.2 million, and RMB220.8 million, respectively, representing 89.3%, 86.9%, and 80.4% of our total purchases, respectively. In addition, purchases from our largest supplier in each year during the Track Record Period accounted for 52.4%, 62.8%, and 31.9% of our total purchases in 2022, 2023 and 2024, respectively. See “Business—Our Suppliers” for more details.

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## SUMMARY

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### COMPETITIVE LANDSCAPE

We operate in a highly competitive industry, with increasing demand for innovative and efficient products. We compete with both foreign and domestic companies engaged in the design and production of BLDC motor control and driver chips. Our competition primarily revolves around product performance, technical innovation, cost-efficiency, and market responsiveness. According to Frost & Sullivan, foreign companies maintain a dominant position in the market. However, Chinese companies have achieved rapid growth by leveraging their technological innovation capabilities. These companies have strategically focused on specific market sectors, gradually increasing their market shares and achieving domestic substitution that effectively addresses the needs and requirements of these sectors. In 2023, we ranked sixth with a 4.8% market share in terms of revenue in China's BLDC motor control and driver chip market and were the only Chinese company among top ten companies in the same market. We remain focused on leveraging our technological expertise, customer-centric solutions, and operational efficiency to maintain and enhance our position in the market.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants' Report in Appendix I to this document, including the accompanying notes and the information set out in "Financial Information" in this prospectus.

## SUMMARY

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

The following table sets out key items of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>REVENUE</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>
Cost of sales	(137,774)	(42.7)	(192,678)	(46.8)	(284,303)	(47.4)
<b>Gross profit</b>	<b>185,199</b>	<b>57.3</b>	<b>218,681</b>	<b>53.2</b>	<b>316,022</b>	<b>52.6</b>
Other income and gains	58,967	18.3	84,376	20.5	83,307	13.9
Selling and distribution expenses	(12,605)	(3.9)	(18,396)	(4.5)	(24,670)	(4.1)
Administrative expenses	(24,543)	(7.6)	(27,193)	(6.6)	(35,621)	(5.9)
Research and development expenses	(63,845)	(19.8)	(84,674)	(20.6)	(116,730)	(19.4)
Impairment losses on financial assets, net	35	0.0	(143)	(0.0)	27	0.0
Other expenses	(2)	(0.0)	(1,780)	(0.4)	(785)	(0.1)
Finance costs	(62)	(0.0)	(490)	(0.1)	(513)	(0.1)
<b>PROFIT BEFORE TAX</b>	<b>143,144</b>	<b>44.3</b>	<b>170,381</b>	<b>41.4</b>	<b>221,037</b>	<b>36.8</b>
Income tax (expense)/credit	(1,143)	(0.4)	4,466	1.1	1,325	0.2
<b>PROFIT FOR THE YEAR</b>	<b>142,001</b>	<b>44.0</b>	<b>174,847</b>	<b>42.5</b>	<b>222,362</b>	<b>37.0</b>
OTHER COMPREHENSIVE INCOME/(LOSS)	320	0.1	(1,087)	(0.3)	58	0.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>142,321</b>	<b>44.1</b>	<b>173,760</b>	<b>42.2</b>	<b>222,420</b>	<b>37.0</b>

## SUMMARY

### Revenue

The following table sets forth a breakdown of our revenue by products, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
MCU	232,343	71.9	274,748	66.8	384,574	64.1
ASIC	19,697	6.1	48,254	11.7	84,748	14.1
HVIC	56,261	17.4	66,395	16.1	84,268	14.0
MOSFET	7,828	2.4	3,655	0.9	2,331	0.4
IPM	4,751	1.5	16,929	4.1	43,369	7.2
Others <sup>(1)</sup>	2,093	0.6	1,378	0.3	1,035	0.2
<b>Total</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>

*Note:*

- (1) Others primarily include revenue from sales of other products, including semiconductor demo boards and analog devices, among others.

### Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by products for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Gross Profit RMB'000	Gross Margin (%)	Gross Profit RMB'000	Gross Margin (%)	Gross Profit RMB'000	Gross Margin (%)
<b>Sales of products</b>						
MCU	142,002	61.1	155,703	56.7	214,245	55.7
ASIC	11,931	60.6	25,303	52.4	49,931	58.9
HVIC	26,326	46.8	29,110	43.8	34,272	40.7
MOSFET	1,549	19.8	998	27.3	884	37.9
IPM	1,775	37.4	7,777	45.9	19,542	45.1
Others <sup>(1)</sup>	1,868	89.2	1,076	78.1	730	70.5
<b>Sub-total</b>	<b>185,451</b>	<b>57.4</b>	<b>219,967</b>	<b>53.5</b>	<b>319,604</b>	<b>53.2</b>
Write-down of inventories	(252)		(1,286)		(3,582)	
<b>Total</b>	<b>185,199</b>	<b>57.3</b>	<b>218,681</b>	<b>53.2</b>	<b>316,022</b>	<b>52.6</b>

*Note:*

- (1) Others primarily include gross profit from sales of other products, including semiconductor demo boards and analog devices, among others.

Write-down of inventories increased from 2022 to 2023, primarily because of increase in inventories. Write-down of inventories increased from 2023 to 2024, primarily because of the increase in inventories with inventory age of several years.

## SUMMARY

### Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total non-current assets	145,048	523,242	1,013,070
Total current assets	2,227,883	1,970,446	1,636,181
<b>Total assets</b>	<b>2,372,931</b>	<b>2,493,688</b>	<b>2,649,251</b>
Total non-current liabilities	27,232	9,591	17,362
Total current liabilities	90,640	92,979	78,954
<b>Total liabilities</b>	<b>117,872</b>	<b>102,570</b>	<b>96,316</b>
Net current assets	2,137,243	1,877,467	1,557,227
<b>Net assets</b>	<b>2,255,059</b>	<b>2,391,118</b>	<b>2,552,935</b>
Share capital	92,363	92,363	92,363
Treasure shares	—	—	(193)
Reserves	2,162,696	2,298,755	2,460,765
<b>Total equity</b>	<b>2,255,059</b>	<b>2,391,118</b>	<b>2,552,935</b>

Our net current assets decreased from RMB2,137.2 million as of December 31, 2022 to RMB1,877.5 million as of December 31, 2023, primarily due to the decrease in financial assets at fair value through profit or loss of RMB397.1 million used to increase purchase of debt investment at fair value through other comprehensive income, which was classified as non-current assets, partially offset by increase in cash and cash equivalents of RMB89.1 million.

Our net current assets decreased from RMB1,877.5 million as of December 31, 2023 to RMB1,557.2 million as of December 31, 2024, primarily due to the decrease in financial assets at fair value through profit or loss of RMB246.2 million and the decrease in cash and cash equivalents of RMB311.3 million, used to purchase non-current debt investment at fair value through other comprehensive income, partially offset by the increase in current debt investment at fair value through other comprehensive income of RMB171.1 million.

As of December 31, 2022, we had net assets of RMB2,255.1 million. Our net assets increased to RMB2,391.1 million as of December 31, 2023, primarily due to the increase in our retained profits of RMB111.3 million attributable to our profit for the year of RMB174.8 million, partially offset by the dividends declared of RMB44.3 million in 2023. Our net assets increased from RMB2,391.1 million as of December 31, 2023 to RMB2,552.9 million as of December 31, 2024, primarily attributable to the increase in our retained profits of RMB163.9 million attributable to our profit for the year of RMB222.4 million, partially offset by the dividends declared of RMB56.3 million and the shares we repurchased of RMB20.0 million in 2024. Please see the Consolidated Statements of Changes in Equity to the Accountants' Report included in Appendix I to this prospectus.



## SUMMARY

### Summary of Consolidated Statements of Cash Flows

The following table sets forth selected information from our cash flows for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash flows from operating activities	34,833	111,343	184,730
Net cash flows (used in)/from investing activities	(1,586,008)	28,061	(412,309)
Net cash flows from/(used in) financing activities	1,677,946	(49,244)	(83,922)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>126,771</b>	<b>90,160</b>	<b>(311,501)</b>
Cash and cash equivalents at the beginning of the year	391,773	519,585	608,696
Effect of foreign exchange rate changes, net	1,041	(1,049)	160
<b>Cash and cash equivalents at the end of the year</b>	<b>519,585</b>	<b>608,696</b>	<b>297,355</b>

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2022	2023	2024
Gross profit margin	57.3%	53.2%	52.6%
Net profit margin	44.0%	42.5%	37.0%
Return on equity <sup>(1)</sup>	10.6%	7.5%	9.0%
Return on total assets <sup>(2)</sup>	9.8%	7.2%	8.6%
Current ratio <sup>(3)</sup>	24.6	21.2	20.7

Notes:

- (1) Return on equity was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
- (2) Return on total assets was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (3) Current ratio was calculated based on current assets of the respective year, divided by current liabilities.

See “Financial Information – Key Financial Ratios” for more details.

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## SUMMARY

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### RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to doing business in the country where we operate and (iii) risks relating to the Global Offering. These risks include, among others, the following:

- New scientific and technological outcomes or trends could make our products uncompetitive and obsolete.
- We depend on a limited number of third-party wafer foundry partners to manufacture our products.
- We generated substantially all our revenue through our distribution network. Any decrease in sales from, or loss of our distributors would have adverse impacts on our business, results of operations and financial condition.
- We depend on the continued services and performance of our founder, Directors, senior management and other key employees, including senior R&D personnel and skilled engineers.
- Our products are primarily used by end customers of certain industries and sectors. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations.
- The size of the markets in which we operate and the demand for our products may not increase as quickly as we anticipate due to a variety of factors, which would materially and adversely affect our business, financial condition, results of operations and prospects.
- We may not be able to implement our planned growth plan and our business and results of operations may be adversely affected.
- The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected.
- We may not be able to obtain or maintain adequate intellectual property rights protection for our products, or the scope of such intellectual property rights protection may not be sufficiently broad.

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## SUMMARY

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### U.S. FOREIGN INVESTMENT AND TRADE AND TARIFF POLICIES

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

On October 28, 2024, the U.S. Department of the Treasury (the “**Department of Treasury**”) issued the “Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Final Rule**”) to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities. The Final Rule became effective on January 2, 2025.

The Final Rule applies to certain investments by U.S. persons in entities engaged in activities involving semiconductors and microelectronics, quantum information technologies, and artificial intelligence that pertain to national security technologies and products. Covered transactions under the Final Rule include a range of investment activities, such as equity acquisitions, debt financing, and joint ventures, with some transactions outright prohibited and others subject to notification requirements. Exceptions are available for specific categories of transactions, including investments in publicly traded securities under certain conditions.

After consultation with our legal advisor as to U.S. foreign investment laws and taking into account its view, our Directors are of the view that the impact of the Final Rule is generally limited and manageable because (i) investments by persons other than U.S. persons as defined under the Final Rule are not subject to the Final Rule; (ii) although investments by U.S. persons in us likely constitute “notifiable transactions” under the Final Rule, an exception to the notifiable transactions allows U.S. persons to invest in publicly traded securities as long as certain conditions provided by the Final Rule are met; and (iii) our major shareholders, Directors, and senior management are not U.S. persons pursuant to the Final Rule.

Please see “Regulatory Overview – Final Rule by the U.S. Department of the Treasury” and “Business – Impacts of U.S. Trade – and Investment-Related Laws and Regulations” for details.

#### Trade and Tariff Policies

In 2025, the United States announced a series of tariff increases on imports from China. In response, China also raised tariffs on U.S. goods. The trade tensions temporarily eased in May 2025, with both countries agreeing to a 90-day tariff reduction starting May 14, 2025. As of the date of the prospectus, the U.S. tariff on goods from China was 30%.

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## SUMMARY

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After consultations with our legal advisor as to U.S. tariff laws and taking into account its view, our Directors are of the view that recent U.S.-China trade policies, particularly tariff-related policies, are unlikely to apply to us because (i) the Section 301 investigation by USTR only applies to Chinese chips exported to the U.S., and we do not export to the U.S.; and (ii) the increased tariffs imposed by the U.S. and China do not apply to our wafers imported from non-U.S. regions, such as those supplied by Supplier A, a Singaporean company. Based on this analysis, our Directors believe that current trade restrictions and tariffs will not have any material adverse impact on our business operations or financial performance.

As of the date of this prospectus, the abovementioned tariff policies might remain subject to further adjustments. See “Risk Factors –We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected” for more details.

### LEGAL PROCEEDINGS AND NON-COMPLIANCE

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

### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) 38.06% by Fortior HK, which was majority-controlled by Mr. Bi Lei and his brother, Dr. Bi Chao, and (ii) 1.46% by Xinyun Technology, which was wholly owned by Ms. Gao Shuai, the spouse of Mr. Bi Lei, representing 38.14% and 1.47% of the voting power at general meetings of our Company, respectively (excluding the 193,000 A Shares held by our Company as treasury Shares). Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into, and will continue to renew, the Acting-in-Concert Agreement, pursuant to which they agreed, among other things, to act in concert when voting at general meetings of our Company and meetings of our Board.

Accordingly, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai, through Fortior HK and Xinyun Technology, will collectively be entitled to exercise 33.65% of the voting power at general meetings of our Company (excluding the 193,000 A Shares held by our Company as treasury Shares). Upon Listing, each of Mr. Bi Lei, Dr. Bi Chao, Ms. Gao Shuai, Fortior HK and Xinyun Technology will constitute a group of our Controlling Shareholders under the Listing Rules. See “Relationship with Our Controlling Shareholders” in this prospectus for further details.

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## SUMMARY

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### GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering is completed and 16,299,500 H Shares are newly issued in the Global Offering, (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (iii) no additional Shares are issued pursuant to our Restricted Share Incentive Plans, and (iv) 108,662,880 Shares are issued and outstanding following the completion of the Global Offering:

	<b>Based on the maximum Offer Price of HK\$120.50 per Share</b>
Market capitalization of our Shares immediately after completion of the Global Offering <sup>(1)</sup>	HK\$13,070.6 million
Market capitalization of our H Shares <sup>(2)</sup>	HK\$1,964.1 million
Unaudited pro forma adjusted consolidated net tangible assets per Share <sup>(3)</sup>	HK\$42.70

*Note:*

- (1) The calculation of market capitalization of our Shares immediately after completion of the Global Offering is based on the assumption that 92,170,380 A Shares (excluding 193,000 A Shares as Treasury Shares) have been in issue and that 16,299,500 H Shares are expected to be in issue immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).
- (2) The calculation of market capitalization is based on the assumption that 16,299,500 H Shares are expected to be in issue immediately after completion of the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 108,469,880 Shares (including 92,170,380 A shares (excluding 193,000 A shares as Treasury shares) and 16,299,500 H Shares) in issue assuming the Global Offering has been completed on December 31, 2024 but takes no account of any shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option or any Shares which may be issued or repurchased by the Company for the vesting of restricted Shares under the Restricted Share Incentive Plans.
- (4) If the Company paid 2024 dividend of RMB0.78 for total of 92,170,380 shares, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$41.98 based on the Offer Price of HK\$120.50 per Share.

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## SUMMARY

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### OUR LISTING ON THE STAR MARKET

Since April 2022, our A Shares have been listed on the STAR Market. Our Directors confirm that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the STAR Market and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the STAR Market that should be brought to the attention of the Stock Exchange or potential investors of the Global Offering. Our PRC Legal Advisor is of the view that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the STAR Market and other applicable PRC securities laws and regulations. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of our Company on the STAR Market.

### DIVIDENDS AND DIVIDEND POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we declared dividends of RMB40.6 million, RMB44.3 million and RMB56.3 million in 2022, 2023 and 2024, respectively. In April 2025, our shareholders approved dividend of RMB0.78 for every ordinary share of our Company for the year 2024. The source of funding was from our internal resources.

Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2023年修訂)》), we shall pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

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## SUMMARY

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### FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK\$120.50 per Share (being the maximum Offer Price stated in this prospectus), we estimate that we will receive net proceeds of approximately HK\$1,846.3 million (equivalent to approximately RMB1,686.2 million) from the Global Offering after deducting the underwriting commission and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 34% of the net proceeds, or HK\$627.7 million (equivalent to approximately RMB573.3 million), is expected to be used for enhancing our R&D and innovation capabilities;
- approximately 10% of the net proceeds, or HK\$184.6 million (equivalent to approximately RMB168.6 million), is expected to be used to further enrich our product portfolio and expand downstream application;
- approximately 16% of the net proceeds, or HK\$295.4 million (equivalent to approximately RMB269.8 million), is expected to be used for expanding our overseas sales network and promoting our products in overseas markets;
- approximately 30% of the net proceeds, or HK\$553.9 million (equivalent to approximately RMB505.9 million), is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies; and
- approximately 10% of the net proceeds, or HK\$184.6 million (equivalent to approximately RMB168.6 million), is expected to be used for working capital and general corporate uses.

For further details, see “Future Plans and Use of Proceeds.”

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## SUMMARY

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### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees (such as the discretionary incentive fee) incurred in connection with the Global Offering. We estimate that our Listing expenses will be approximately RMB107.6 million (or HK\$117.8 million, representing 6.0% of the gross proceeds from the Global Offering) (assuming an Offer Price of HK\$120.50 per Offer Share (being the maximum Offer Price) and no exercise of the Offer Size Adjustment Option or the Over-allotment Option), of which (i) approximately RMB102.0 million, directly attributable to the issue of our Offer Shares, will be subsequently charged to equity upon completion of the proposed Listing and (ii) approximately RMB5.6 million is expected to be expensed in our consolidated statements of profit or loss. By nature, our Listing expenses are composed of (i) underwriting commission of approximately RMB71.8 million and (ii) non-underwriting-related expenses of approximately RMB35.8 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately RMB23.4 million, and (b) other fees and expenses of approximately RMB12.4 million. During the Track Record Period, we incurred listing expenses of RMB11.6 million, all of which was directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing.

### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

#### Recent Development

##### *Joint Venture Establishment*

Our business had grown steadily after the Track Record Period and up to the Latest Practicable Date. In February 2025, we established a joint venture with a global manufacturer of refrigeration and air-conditioning control components and leader in automotive thermal management system components, focusing on the research, design, manufacturing, and sales of slotless permanent magnet AC motors and related products.

##### *Unaudited Financial Information for the Three Months Ended March 31, 2025*

Our revenue increased by 47.3% from RMB116.2 million for the three months ended March 31, 2024 to RMB171.2 million for the same period in 2025, primarily as a result of increase in sales of our MCU and ASIC products, which accounted for a majority of our revenue:

- *MCU*: Our revenue from sales of MCU increased by 57.1% from RMB65.5 million for the three months ended March 31, 2024 to RMB102.9 million for the same period in 2025, primarily due to an increase in our sales volume of MCU as a result of increased market demand from smart small household appliances, industrial and white goods sectors;
- *ASIC*: Our revenue from sales of ASIC increased by 63.0% from RMB19.3 million for the three months ended March 31, 2024 to RMB31.5 million for the same period in 2025, primarily due to an increase in our sales volume of ASIC as a result of increased market demand from smart small household appliances (particularly demand for ASIC products used on fans) and automotive sectors;



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## SUMMARY

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Our cost of sales increased by 53.1% from RMB53.7 million for the three months ended March 31, 2024 to RMB82.2 million for the same period in 2025, generally in line with the growth of our revenue.

As a result of the foregoing, our gross profit increased by 42.4% from RMB62.5 million for the three months ended March 31, 2024 to RMB89.0 million for the same period in 2025. Our gross profit margin slightly decreased from 53.8% for the three months ended March 31, 2024 to 52.0% for the same period in 2025, primarily because we strategically adjusted and reduced the prices of certain products amid increased market competition.

Our selling and distribution expenses increased by 119.1% from RMB3.7 million for the three months ended March 31, 2024 to RMB8.1 million for the same period in 2025, primarily due to (i) the increase in share-based payments and (ii) the increase in employee compensation attributable primarily to the increasing sales and marketing personnel salaries and headcounts.

Our administrative expenses increased by 114.9% from RMB5.5 million for the three months ended March 31, 2024 to RMB11.7 million for the same period in 2025, primarily due to (i) the increase in share-based payments, (ii) the increase in professional service fees, (iii) increase in depreciation and amortization, and (iv) increase in expenses in relation to the Global Offering and the Listing.

Our research and development expenses increased by 81.4% from RMB19.3 million for the three months ended March 31, 2024 to RMB35.1 million for the same period in 2025, primarily due to (i) the increase in share-based payments, (ii) the increase in employee compensation paid to our R&D personnel, attributable to primarily to the rising R&D staff headcount and salaries, (iii) increase in R&D materials expenses and (iv) increase in depreciation and amortization.

Primarily as a result of the foregoing, our net profit remained relatively stable at RMB50.6 million for the three months ended March 31, 2024 and RMB50.4 million for the same period in 2025, and our net profit margin decreased from 43.5% for the three months ended March 31, 2024 to 29.4% for the same period in 2025.

Our unaudited interim condensed consolidated financial information for the three months ended March 31, 2025 has been reviewed by our Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certificate Public Accountants. Please see Appendix IA to this prospectus for details of such financial information.

### **No Material Adverse Change**

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in “Glossary of Technical Terms.”*

“2022 Restricted Share Incentive Plan”	our restricted share incentive plan approved by our Shareholders on September 1, 2022
“2024 Restricted Share Incentive Plan”	our restricted share incentive plan approved by our Shareholders on October 15, 2024
“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the STAR Market
“A Shareholder(s)”	holder(s) of our A Share(s)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I to this prospectus
“Acting-in-Concert Agreement”	the acting-in-concert agreement dated March 17, 2021 entered into among Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai, as renewed on January 10, 2025 to extend its term to April 19, 2028, details of which are set out in the section headed “Relationship with Our Controlling Shareholders – Overview” in this prospectus
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“ARM”	ARM Holdings plc, a semiconductor and software design company listed on NASDAQ
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on January 10, 2025 with effect from the Listing Date, as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix V to this prospectus
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of our Company
“Board of Supervisors”	the board of Supervisors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

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## DEFINITIONS

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“Capital Market Intermediaries”	the capital market intermediaries as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China,” “mainland China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and except where the context requires otherwise, references in this prospectus to “China,” “mainland China” or the “PRC” do not apply to Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan, China
“CNIPA”	the China National Intellectual Property Administration (中華人民共和國國家知識產權局)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company,” “our Company,” “we,” “our” or “us”	Fortior Technology (Shenzhen) Co., Ltd. (峰昭科技(深圳)股份有限公司), a company established under the laws of the PRC on May 21, 2010 and converted into a joint stock company with limited liability on June 22, 2020, whose A Shares have been listed on the STAR Market (stock code: 688279)
“Controlling Shareholder(s)”	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to Mr. Bi Lei, Dr. Bi Chao, Ms. Gao Shuai, Fortior HK and Xinyun Technology
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC securities markets and overseas securities activities of PRC entities
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

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## DEFINITIONS

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“FINI”	“Fast Interface for New Issuance,” an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“Fortior HK”	Fortior Technology (HK) Company Limited (峰昭科技(香港)有限公司), a private company limited by shares incorporated under the laws of Hong Kong on February 26, 2010, and one of our Controlling Shareholders
“Fortior International”	Fortior International Pte. Ltd., a private company limited by shares incorporated under the laws of Singapore on December 27, 2022, and our indirect wholly-owned subsidiary
“Fortior Japan”	Fortior Technology Corporation (フォーティオテック株式会社), a limited liability company incorporated under the laws of Japan on November 19, 2024, and our indirect wholly-owned subsidiary
“Fortior Microelectronics”	Fortior Microelectronics (HongKong) Company Limited (峰昭微電子(香港)有限公司), a private company limited by shares incorporated under the laws of Hong Kong on October 4, 2010, and our direct wholly-owned subsidiary
“Fortior Qingdao”	Fortior Technology (Qingdao) Co., Ltd. (峰昭科技(青島)有限公司), a limited liability company established under the laws of the PRC on October 11, 2019, and our direct wholly-owned subsidiary
“Fortior Semiconductor”	Fortior Semiconductor (Shanghai) Co., Ltd. (峰岩半導體(上海)有限公司), a limited liability company established under the laws of the PRC on June 5, 2024, and our indirect wholly-owned subsidiary
“Fortior Shanghai”	Fortior Technology (Shanghai) Co., Ltd. (峰岩科技(上海)有限公司), a limited liability company established under the laws of the PRC on June 8, 2018, and our direct wholly-owned subsidiary
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

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## DEFINITIONS

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“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “we,” “our” or “us”	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“H Share(s)”	overseas listed foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of our H Share(s)
“H Share Registrar”	Tricor Investor Services Limited
“ <b>HK eIPO White Form</b> ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at <a href="http://www.hkeipo.hk"><b>www.hkeipo.hk</b></a>
“ <b>HK eIPO White Form Service Provider</b> ”	the <b>HK eIPO White Form</b> service provider designated by our Company as specified on the designated website at <a href="http://www.hkeipo.hk"><b>www.hkeipo.hk</b></a>
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your <b>broker</b> or <b>custodian</b> who is a HKSCC Participant to give <b>electronic application instructions</b> via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC

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## DEFINITIONS

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“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant(s)”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 1,630,000 H Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation as described in “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this prospectus, as further described in “Structure of the Global Offering – Hong Kong Public Offering” in this prospectus
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 27, 2025 relating to the Hong Kong Public Offering and entered into, among others, our Company, the Sole Sponsor, the Overall Coordinators and the Hong Kong Underwriters, as further described in “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement” in this prospectus
“IFRS”	IFRS Accounting Standards, as issued by the International Accounting Standards Board

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## DEFINITIONS

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“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, is/are not a connected person of our Company
“International Offer Shares”	the 14,669,500 H Shares being initially offered for subscription under the International Offering together with, where relevant, any additional H Shares that may be issued by our Company pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option, subject to reallocation as described in “Structure of the Global Offering” in this prospectus
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S in each case on and subject to the terms and conditions of the International Underwriting Agreement, or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, the Sole Sponsor, the Overall Coordinators and the International Underwriters on or about Monday, July 7, 2025, as further described in “Underwriting – Underwriting Arrangements and Expenses – International Offering – International Underwriting Agreement” in this prospectus
“Japanese yen” or “JPY”	Japanese yen, the lawful currency of Japan
“Joint Bookrunners”	the Joint bookrunners as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the Joint global coordinators as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the Joint lead managers as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Latest Practicable Date”	June 22, 2025, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication

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## DEFINITIONS

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“Listing”	the listing of the H Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Wednesday, July 9, 2025, on which the H Shares are to be listed on the Stock Exchange and on which dealings in the H Shares are to be first permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in “Structure of the Global Offering – Pricing and Allocation” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option
“Offer Size Adjustment Option”	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date, pursuant to which our Company may be required to issue and allot up to an aggregate of 2,444,900 additional new Shares, representing approximately 15.0% of the initial number of the Offer Shares offered under the Global Offering, at the Offer Price to cover any excess demand in the International Offering, if any, without being subject to any reallocation mechanism, details of which are described in the section headed “Structure of the Global Offering – Offer Size Adjustment Option”



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## DEFINITIONS

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“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 2,811,600 additional H Shares (assuming Offer Size Adjustment Option is exercised in full) and up to an aggregate of 2,444,900 additional H Shares (assuming Offer Size Adjustment Option is not exercised at all) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering – Over-allotment Option” in this prospectus
“Overall Coordinator(s)”	the overall coordinators as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisor”	AllBright Law Offices, our legal advisor as to PRC laws
“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Price Determination Date”	the date, expected to be on or before Monday, July 7, 2025 and in any event no later than 12:00 noon on Monday, July 7, 2025, on which the Offer Price is to be fixed for the purposes of the Global Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of China
“Restricted Share Incentive Plans”	the 2022 Restricted Share Incentive Plan and the 2024 Restricted Share Incentive Plan, the principal terms of which are set out in “Statutory and General Information – D. Restricted Share Incentive Plans” in Appendix VI to this prospectus
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

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## DEFINITIONS

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“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Huaxin”	Shanghai Huaxin Venture Capital Partnership (Limited Partnership) (上海華芯創業投資合夥企業(有限合夥)), formerly known as Shanghai Huaxin Venture Capital Enterprise (上海華芯創業投資企業)), a non-company foreign-invested enterprise (Chinese-foreign cooperation) (非公司外商投資企業(中外合作)) established under the laws of the PRC on March 31, 2011 and converted to a limited partnership on January 4, 2025, and one of our Shareholders
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Singapore”	the Republic of Singapore
“Singapore dollars” or “S\$”	Singapore dollars, the lawful currency of Singapore
“Sole Sponsor”	the sole sponsor as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Sponsor-Overall Coordinator”	the sponsor-overall coordinator as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“STA”	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Stabilization Manager”	China International Capital Corporation Hong Kong Securities Limited
“STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and ESG committee of the Board
“Supervisor(s)”	the supervisor(s) of our Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC

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## DEFINITIONS

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“Track Record Period”	the years ended December 31, 2022, 2023 and 2024
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“United Wise”	United Wise Investment Limited (統生投資有限公司), a private company limited by shares incorporated under the laws of Hong Kong on February 26, 1997
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“Xinyun Technology”	Xinyun Technology (Shenzhen) Co., Ltd. (芯運科技(深圳)有限公司), a limited liability company incorporated under the laws of the PRC on November 2, 2015, and one of our Controlling Shareholders
“%”	percent

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

*For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.*

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## GLOSSARY OF TECHNICAL TERMS

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*In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.*

“AEC-Q100”	a failure mechanism based stress test qualification for packaged integrated circuits used in automotive applications
“ASIC”	application-specific IC, a type of motor control chip that is customized to the needs of a specific application
“automotive-grade”	an automotive-grade chip refers to a chip that is specifically designed, manufactured and qualified to meet the stringent requirements and standards of the automotive industry (such as AEC-Q100)
“BDC motor”	brushed direct current motor, a type of motor converting direct current into mechanical energy and incorporating an internal brush mechanism
“BLDC motor”	brushless direct current motor, a type of motor using electronic control, instead of carbon brushes and commutators
“BLDC motor control and driver chips”	encompassing BLDC motor control chips (e.g. MCUs and ASICs) and BLDC motor driver chips (e.g. HVICs)
“BLDC motor control and driver products”	typically encompassing control chips, driver chips, power devices, Intelligent Power Modules (IPMs), and sensors, all functioning synergistically to ensure the stable operation and optimal performance of the BLDC motor
“CAGR”	compound annual growth rate
“CRC”	cyclic redundancy check
“DC”	direct current
“EDA”	electronic design automation
“fabless”	a business model where the entity focuses on R&D and design of ICs and outsources manufacturing to external parties

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## GLOSSARY OF TECHNICAL TERMS

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“Final Rule”	The “Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” issued by the U.S. Department of the Treasury, which implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (the “ <b>Outbound Order</b> ”). The Final Rule became effective on January 2, 2025
“FOC”	field-oriented control
“foundry”	a manufacturer specializing in the production and manufacturing of chips in the field of integrated circuits
“HVIC”	high-voltage IC, a type of motor drive chip that provides high and low voltage isolation while increasing driving capacity to allow motor control chips to indirectly drive MOSFETs through the HVIC chips
“I2C”	a protocol intended to allow multiple peripheral digital integrated circuits to communicate with one or more controller chips
“IC” or “integrated circuit”	a set of electronic circuits on one small plate of semiconductor material
“IPM”	intelligent power module
“square wave”	a periodic non-sinusoidal waveform characterized by rapid switching of the signal value between two fixed levels in one cycle
“LDO”	low dropout regulator, a type of voltage regulator that can operate with a very small input-output differential voltage
“LIN”	local interconnect network
“MCU”	micro controller unit, a type of chip that contains a general-purpose processor core, input/output interfaces and other modules for a variety of applications, such as motor control
“ME core”	abbreviation for Motor Engine core, our proprietary motor control processor core

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## GLOSSARY OF TECHNICAL TERMS

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“MOSFET”	metal-oxide-semiconductor field-effect transistor, a type of transistor used to amplify or switch electronic signals
“OEM”	original equipment manufacturing, where a manufacturer manufactures a product in accordance with the customer’s design and specifications and is marketed and sold under the customer’s brand name or under no specific brand
“op-amp”	an analog circuit block that takes a differential voltage input and produces a single-ended voltage output
“PCB”	printed circuit board, a board with electronic circuits connecting various components
“pre-driver”	a component used to drive motors that converts low-power signals into high-power outputs
“PWM”	pulse width modulation, which adjusts the output and waveform by changing the duty cycle of the pulse width
“R&D”	research and development
“rotor”	the moving/rotating component of the motor
“RPM”	revolution per minute
“sensor”	a device that measures or detects real-world conditions, such as motion, heat or light, and converts the conditions into analog or digital representations
“sensorless”	without the use of sensors
“single-phase”	one electric current. A single-phase BLDC motor is a BLDC motor that operates using one electric current in its coils
“SPI”	serial peripheral interface
“SVPWM”	space vector pulse width modulation, which simulates circular or elliptical rotating magnetic fields by synthesizing space vectors
“stator”	the stationary component of the motor
“three-phase”	three separate electric currents. A three-phase BLDC motor is a BLDC motor that operates using three separate electric currents in its coils

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## GLOSSARY OF TECHNICAL TERMS

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“UART”	universal asynchronous receiver-transmitter
“UAV”	unmanned aerial vehicle
“μs”	microsecond, equaling to one millionth of a second

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.



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## **FORWARD-LOOKING STATEMENTS**

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

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

All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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## RISK FACTORS

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*An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment.*

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

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

#### **New scientific and technological outcomes or trends could make our products uncompetitive and obsolete.**

Our success depends on our ability to develop and integrate our core technologies, including, for instance, our proprietary ME core, to support our products. To remain competitive, we must maintain and enhance our core technologies to meet the latest downstream market needs, technological advancement and industry standards. The development activities related to our core technologies may involve significant time, risks and uncertainties: our R&D team may not be able to coordinate and manage the development projects, the expenses associated with these investments may affect our margins and operating results and these investments may not generate sufficient revenue to offset related liabilities and expenses.

Moreover, our products are used in a variety of application sectors and downstream industries. Technological advancement and new industry standards in these downstream industries may affect the application requirements of our end customers and their products. If we fail to develop new products or refine our technologies to match the different or additional requirements of our end customers, the sale of our products may decrease, and our business, financial condition and results of operation may be adversely affected.

In addition, according to Frost & Sullivan, many of our competitors use Cortex-M series core licensed by ARM for their MCU products. The Cortex-M series core by ARM continues to get upgraded, which may allow competitors to introduce products that offer capabilities surpassing those of our offerings, thereby rendering our products less attractive or even obsolete. In addition, to reduce their reliance on ARM licensing, certain competitors may invest heavily on the development of proprietary MCU cores. If these competitors successfully develop their own advanced proprietary MCU cores or other technologies, they may gain a competitive advantage over our products. We cannot guarantee that our core technologies will maintain their competitiveness in the future compared to alternatives developed by our competitors.

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## RISK FACTORS

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**We depend on a limited number of third-party wafer foundry partners to manufacture our products.**

We currently depend on Supplier A and Supplier B to manufacture most of our wafer products. Purchases from Supplier A accounted for 52.4%, 62.8% and 31.9%, respectively, of our total purchase amount for the years ended December 31, 2022 and 2023 and 2024, respectively. Purchases from Supplier B during the Track Record Period accounted for 23.1%, 6.5% and 27.2%, respectively, of our total purchase amount for the years ended December 31, 2022 and 2023 and 2024, respectively.

Because of the complex proprietary nature of our products, if there were a disaster or other business disruption at any of our foundry partners' facilities, procurement of and transition to new wafer foundry partners would take a significant period of time to complete and would likely adversely affect our inventory, business, results of operations and financial condition. Further, we are vulnerable to the risk that our current wafer foundry partners may be unable to meet the demand for our products or cease operations altogether. Moreover, any shortage in the raw materials used by our wafer foundry partners may result in shortage in their supply of our products. Therefore, we are vulnerable to the risk that our current wafer foundry partners may be unable to meet our demand.

In addition, our ability to receive sufficient supplies of our products could be adversely affected by events such as natural disasters, including earthquakes, drought and typhoons, and geopolitical challenges in locations where our suppliers operate. Our ability to receive sufficient supplies of our products could also be adversely affected by international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. Please see "Risks Relating to Our Business and Industry – We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected" in this section.

Moreover, increased regulation or stakeholder expectations regarding responsible sourcing practices could increase our compliance costs. Any failure by our wafer foundry partners to comply with such regulations or meet such expectations could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our wafer foundry partners, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected.

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## RISK FACTORS

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**We generated substantially all our revenue through our distribution network. Any decrease in sales from, or loss of our distributors would have adverse impacts on our business, results of operations and financial condition.**

During the Track Record Period, substantially all of our revenue was derived from sales to our distributors. For the years ended December 31, 2022 and 2023 and 2024, our total sales to distributors amounted to RMB297.5 million, RMB386.7 million and RMB574.6 million, respectively, accounting for 92.1%, 94.0% and 95.7% of our revenue for the corresponding periods, respectively. Please see “Business – Sales, Marketing and Distribution.” Our revenue and sales volumes depend on our ability to maintain and expand our distribution networks. The effective management and expansion of our distribution network depends on our ability to (i) enter into renewal agreements with existing distributors on terms favorable to us, such as credit periods and (ii) develop new relationship with additional distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors’ business models or for any other reasons would adversely impact our business, results of operations, financial condition and cash flows.

**We depend on the continued services and contributions of our founder, senior management and other key employees, including senior R&D personnel and skilled engineers.**

Our future performance depends on the continued services and contributions of our founder, senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and perform effective product design and R&D. We rely on our experienced senior management team to oversee and conduct our business operations, including maintenance of distributor and supplier relationships, compliance with relevant laws and regulations and facilitation of the commercialization and production of our products. Any loss of the service of or changes in the positions of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. Hiring and integrating suitable replacements into our team also requires significant amount of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in IC design, motor control algorithms and motor design. However, we cannot assure you that we will be able to develop or retain qualified personnel that we will need in order to achieve our strategic objectives. If we fail to respond in a timely manner to the loss of service of or changes in the positions of our key personnel, our business, financial condition and results of operations may be adversely affected.

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## RISK FACTORS

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**Our products are primarily used by end customers of certain industries and sectors. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations.**

Our products are primarily offered to downstream end customers of certain industries, and in applications in smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive sectors. Therefore, factors that adversely affect these industries could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of these industries;
- rising material and labor costs relating to the design and production of motor control and driver chips in these industries;
- the reduction or elimination of preferential tax treatments and economic incentives for manufacturers in these industries;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries from China;
- a downturn in general economic conditions of major countries and regions that import products of these industries; and
- increasing level of competition from motor control and driver chips providers in these industries in other countries and regions.

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## RISK FACTORS

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**The size of the markets in which we operate and the demand for our products may not increase as quickly as we anticipate due to a variety of factors, which would materially and adversely affect our business, financial condition, results of operations and prospects.**

We are pursuing opportunities in markets where it is difficult to predict the timing and size of the opportunities for each of our products. If we fail to compete with our competitors, our business, financial condition and results of operations and prospects may be materially and adversely affected.

Our business, financial condition, results of operations and prospects will depend on our ability to make timely investments in the correct market opportunities in downstream applications including in smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive sectors. Even if the markets in the downstream industries grow substantially, we cannot assure you that we will be able to pursue these opportunities. If one or more of these markets experience a shift in customer demand, our products may not be able to compete as effectively, if at all. We may not be able to adjust our inventory level in response to the decline in the demand of our downstream markets and the price of our products may be adversely affected. If we fail to meet the technological development, industry standards or applicable regulatory requirements, our products may not be incorporated into our end customers' commercialized products. Given the evolving nature of the markets in which we operate, it is difficult to predict end customer demand or the future growth of the markets in which we operate or into which we plan to enter. If we fail to adjust accordingly to changes in the market condition of our downstream industries, our business, financial condition, results of operations and prospects will be adversely affected.

**We may not be able to manage our growth effectively and our business and results of operations may be adversely affected.**

The success of our business depends on our ability to manage our growth effectively, which requires significant human and financial resources. To effectively manage our growth, we need to

- successfully upgrade our existing products or develop new products;
- monitor and control our expenses and investments in anticipation of expanded operations;
- improve our supply chain to support our growth;
- enhance our administrative infrastructure and systems;
- refine our talent management structure and recruit additional key personnel;
- develop business relationship with potential customers in our industry;
- carry out pre-communication/collaboration with our distributor partners in anticipation of expanded operations;
- refine our operational, financial and management internal controls and reporting systems; and
- timely address unforeseen challenges as they arise.

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## RISK FACTORS

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Our current and planned structures, systems and policies may not be adequate to support the growth of our operations. If we fail to effectively and successfully manage our growth, our expenses may increase and we may not respond to challenges or execute our business strategies in a timely manner due to factors beyond our control and our business, financial condition and results of operations may be adversely affected in the future.

In addition, developing international markets requires significant investment of capital and human resources, which may adversely impact our current performance. We may not be able to identify profitable international markets. Even if we identify profitable international markets, we may not be able to enter into or compete in the identified markets due to factors such as, but not limited to:

- our or our distributors' limited business experience in the international markets;
- competition with local competitors who may have greater resources, longer operating history in the local markets and more favorable market positions;
- different demand dynamics of our products;
- diversity of end customer preferences and demand, and our ability to anticipate or respond to such preferences and demand;
- compliance with applicable laws and regulations; and
- potentially adverse tax consequences.

Any of such circumstances could adversely affect our reputation, business, financial condition and results of operations.

**The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected.**

The BLDC motor control and driver chips industry in which we operate are highly competitive. We primarily compete with other companies that focus on developing and commercializing BLDC motor control and driver chips. If we compete with players that have a longer operating history than we do, or if we do not have or in the future fail to gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors.

We may also face competition from new entrants who may offer competitive products at lower prices in the future. Such new entrants may increase industry competition and adversely impact the sales, price, and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

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## RISK FACTORS

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If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our performance is subject to the macrocondition of the semiconductor industry in which we operate. According to Frost & Sullivan, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles, and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by a sudden and unforeseen decline in product demand, accelerated erosion of average selling prices, lower capacity utilization rates, higher inventory levels and lower inventory valuation. Due to the above factors beyond our control, we may not be able to adjust our inventory level to the decline in demand and the price of our products may be adversely affected. We may experience such adverse effects in future fluctuations. If we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, financial condition and results of operation may be adversely affected.

**We may not be able to obtain or maintain adequate intellectual property rights protection for our products, or the scope of such intellectual property rights protection may not be sufficiently broad.**

Our success depends in a large part on our ability to protect our proprietary technology as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of the Latest Practicable Date, we had 108 granted patents in China and overseas, including 72 invention related patents, and several other intellectual properties including but not limited to integrated circuit layout design registrations, software copyrights and registered trademarks in China and overseas. Please see “Business – Intellectual Property.” The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may however fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in any or all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. Moreover, the patent position of motor control and driver chips providers like us may be uncertain because it involves complex legal and factual considerations. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products.



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## RISK FACTORS

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Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with any meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. For example, in China, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. If we fail to extend the life of our patents, we may face competition for any approved products even if we successfully obtain patent protection once the patent life has expired for the product.

Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

**We have limited control over the operations of our distributors. Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.**

We rely on distributors for the marketing and sales of our products. We enter into distributorship agreements with our distributors to regulate their conducts in the marketing and sales of our products. However, there can be no assurance that we will be successful in detecting any non-compliant activities by our distributors violating the provision of our distributorship agreements or the applicable laws and regulations. Specifically, we may be exposed to the risks of misconducts and violations committed by our distributors. Misconducts and violations may occur in the form of unauthorized misrepresentation to our downstream end customers, misappropriation of third-party intellectual property and other proprietary rights and bribery or other unlawful payments during the course of their distribution.

In any such event, we may, as a result, incur liability to our downstream end customers for claims of misconducts committed by such distributor. Any such claim could subject us to litigation and impose a significant strain on our financial resources and divert the management attention, regardless of whether the claims have merit. Additionally, such an event could result in complaints from our downstream end customers and subsequent adverse impact on our business and reputation.

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## RISK FACTORS

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**We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.**

We invest in R&D activities to develop and introduce new and enhanced products. For the years ended December 31, 2022 and 2023 and 2024, our R&D expenses amounted to RMB63.8 million, RMB84.7 million and RMB116.7 million, respectively, accounting for 19.8%, 20.6% and 19.4% of our total revenue for the respective years. The industry in which we operate is subject to rapid technological innovations. To expand our product portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D outcomes. R&D activities are time-consuming and by the time our products are due for commercialization, new technologies could render our products obsolete, in which case we may not be able to recover related R&D costs, which could result in a decline in our revenue, profitability and market share.

Even if our R&D efforts successfully result in the development and commercialization of new products, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

**We may not be able to protect our trade secrets.**

In addition to our existing intellectual property rights and/or applications (such as issued patent and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

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## RISK FACTORS

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Trade secrets are difficult to protect. Our employees or business partners may intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

**We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.**

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. Any claims that we assert against perceived infringers could also result in these parties asserting counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors could dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, depending on the scope of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure. Defendant counterclaims alleging invalidity or unenforceability are common, and can be asserted on numerous grounds. Third parties may also raise similar claims before the CNIPA or other administrative bodies in China or other jurisdictions. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and potentially all, of the patent protection on our products or product candidates. Such loss of patent protection could materially and adversely affect our business.

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## RISK FACTORS

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**Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies.**

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. If our patent rights are compromised, we may lose market share to our competitors, which would materially and adversely affect our business.

**If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products involved.**

The industry in which we operate is patent-intensive. Companies, including us, in this industry routinely seek patent protection for their product designs. Some of our competitors have large patent portfolios with broad rights and may claim that our expected commercial use of our products has infringed their patents. Specifically, these competitors may allege that certain features of our products fall within the coverage of their patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products.

Whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. Although we intend to identify and avoid intellectual property infringement activities, (i) we may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers' proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; (ii) in the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing and (iii) our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed trademark rights that have not been revealed through our searches of relevant public records. Therefore, our efforts to identify and avoid infringement on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive and time-consuming. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products in controversy, redesign, reengineer or rebrand such products, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

In addition, new patents obtained by our competitors could threaten the continued life of the product in the market even after it has already been introduced.

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## RISK FACTORS

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

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other relevant jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will be issued as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future are issued as patents, they may not be issued in a form that will provide us with any meaningful protection or competitive advantage, or prevent competitors or other third parties from competing with us and gaining competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

**Increases in costs of the materials and other components used in our products would adversely affect our business, results of operations and financial condition.**

Significant changes in the markets in which our suppliers purchase materials, components and supplies for the production of our products may adversely affect our profitability. As a result of the global semiconductor shortage and inflationary pressures, we may in the future experience increases in the cost of our products. We price our products based on a variety of factors, including costs, gross margin and market conditions. Given the competitive nature and pressure of the market in which we operate, we may not be able to pass on the cost increase to our customers by increasing the price of our products. Therefore, any significant increase in the cost of our products may have an adverse impact on our gross margin, business, results of operations and financial condition. In addition, as our prices vary across our products, our products have different margin profiles depending on the amount, number, and type of components that we deliver. If we fail to maintain our products mix or maintain our gross margin and operating margin, our business, results of operations and financial condition would be adversely affected.

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## RISK FACTORS

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**We may not be able to fully maintain quality control over our products.**

The quality of our products depends on the effectiveness of our quality control and quality assurance protocol, which in turn depend on factors such as the quality and reliability of equipment used, the quality of related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, our quality control and quality assurance protocol may not be effective in preventing and resolving deviations from our quality standards. Any failure to execute our quality control and quality assurance protocol could render our products unsuitable for use within the service life of the BLDC motors or adversely impact our market reputation and relationship with business partners.

In addition, the quality of our products or services provided by our suppliers is beyond our control. We cannot assure you that the products manufactured by suppliers are safe and free of defects or can meet the relevant quality standards. We depend on the quality control procedures of our suppliers. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcome. Any such issues may materially and adversely affect our business, results of operations and financial condition.

**We partner with third-party packaging and testing service providers for the packaging and testing of foundry-manufactured chips. Any disruption in the operation of these companies could adversely affect our business.**

We partner with third-party packaging and testing service providers for the packaging and testing of the foundry-manufactured products. The stability of operations and business strategies of these third-party packaging and testing service providers are beyond our control. The lack of necessary materials, equipment, or services can disrupt the packaging and testing processes of our products. Additionally, we cannot assure you that we will be able to maintain good relationship or renew our agreements with these third-party packaging and testing service providers on commercially reasonable terms, if at all. If we fail to continue our cooperation with these companies, or if their business or operations are interrupted or fail due to factors beyond our control, including natural disasters including earthquakes, drought and typhoons, and geopolitical challenges in locations where they operate, and we fail to find comparable alternatives on reasonable terms, our business and results of operations may be materially and adversely affected. Given that we do not directly control the procurement or employment practices of our packaging and testing service providers, we could be subject to financial or reputational risks as a result of their conducts that violate applicable laws and regulations. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected.

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## RISK FACTORS

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**Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition.**

During the Track Record Period, we received government grants, many of which are non-recurring in nature or are subject to periodic review. In 2022, 2023 and 2024, the government grants we recognized as other income and gains amounted to RMB16.9 million, RMB24.3 million and RMB25.1 million, respectively. In addition, we and certain Subsidiaries of ours are subject to preferential income tax treatments. Please see “Financial Information – Principal Components of Consolidated Statements of Profit or Loss – Income Tax Expense/(Credit)” for details.

If we cease to be entitled to such government grants or preferential tax treatment or if the relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, financial condition and prospects.

**Fair value change for financial assets at fair value through profit or loss and debt investments at fair value through other comprehensive income may adversely affect our results of operations and financial condition.**

We made investments in certain financial products during the Track Record Period and recorded a carrying amount of financial assets at fair value through profit or loss (“FVPL”) of RMB1,467.6 million, RMB1,070.6 million and RMB824.4 million as of December 31, 2022, 2023 and 2024, respectively, accounting for 61.8%, 42.9% and 31.1% of the total assets as of the same dates. Our financial assets primarily consist of wealth management products and principal-guaranteed structured deposits issued by banks in China. Please see Note 24 to the Accountants’ Report in Appendix I to this prospectus for further details. Our debt investments at fair value through other comprehensive income (“FVTOCI”) amounted to RMB110.9 million, RMB471.7 million and RMB976.2 million as of December 31, 2022, 2023 and 2024, respectively, accounting for 4.7%, 18.9% and 36.8% of the total assets as of the same dates. Our debt investments at FVTOCI primarily consist of negotiable certificate of deposit. Please see Note 19 to the Accountants’ Report in Appendix I to this prospectus for further details.

We face exposure to fair value change for the financial assets at FVPL and debt investments at fair value through other comprehensive income. Going forward, we may continue to invest in financial products. The fair values of these financial products may be highly volatile and subject to substantial fluctuations due to various factors beyond our control, such as general economic and market conditions, changes in market interest rates, creditworthiness of counterparties, liquidity constraints, stability of the capital markets and regulatory environment. These uncertainties contribute to the challenges in accurately valuing these investments and may result in significant fair value losses. If we incur such fair value losses, our results of operations and financial condition may be materially and adversely affected.



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## RISK FACTORS

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These investments may earn yields substantially lower than anticipated, and the fair values of these financial products may fluctuate significantly, which contribute to the uncertainties in valuation. Moreover, methodologies used to determine the fair values of these financial products involve subjective judgments, assumptions and estimates, and there can be no assurance that these valuations will accurately reflect the actual realizable values of the underlying assets. Any failure to realize the benefits we expected from these financial products may materially and adversely affect our business and financial condition. In the event that we fail to address any and all uncertainties and risks, we may have limited or no recourse and the value in our investments may decrease. Such losses could strain our financial resources and force us to seek alternative funding sources at unfavorable terms, which may further exacerbate our financial difficulties.

To mitigate these risks, we have implemented internal control policies and measures related to our investments in financial products. Please see “Financial Information – Selected Balance Sheet Items – Net Current Assets/Liabilities – Financial Assets at Fair Value Through Profit or Loss”. However, there can be no assurance that our internal control policies and measures will be effective in preventing or detecting all risks associated with these investments. Our internal control measures may be subject to inherent limitations, such as human error, circumvention of controls or inadequate design, which could expose us to additional risks and potential losses. We also cannot assure you that our internal controls will prevent losses arising from adverse market movements or other unforeseen circumstances.

**We are subject to credit risk related to delay in payment and defaults of customers or related parties, which would adversely affect our liquidity and financial condition.**

We are exposed to credit risk related to delay in payment and defaults of our customers or related parties. As of December 31, 2022, 2023 and 2024, our trade receivables amounted to RMB1.4 million, RMB5.8 million and RMB5.6 million, respectively, and our prepayments, deposits and other receivables amounted to RMB55.6 million, RMB38.9 million and RMB50.0 million, respectively. We may not be able to collect any, if not all, such trade receivables and prepayments and other receivables due to a variety of factors that are beyond our control, including long payment cycle, adverse operating condition or financial condition of our customers, and our customers’ inability to pay caused by their end customers’ delay in payment. In such circumstances, we may have to make impairment provisions and our liquidity and financial condition will be adversely affected.

**We may be subject to inventory obsolescence risk.**

Our inventories were RMB156.2 million, RMB173.0 million and RMB160.5 million as of December 31, 2022, 2023 and 2024, respectively. For the same periods, our inventory turnover days were 287.3 days, 311.8 days and 214.1 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials, outsourced processing materials and finished products. We maintain our inventory levels based on our internal forecasts of customer demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.



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## RISK FACTORS

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**Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly.**

Our products are based on industry standards that are continually evolving. The development of existing industry standards and emergence of new industry standards could render our products obsolete or incompatible with other products used in the BLDC motor driver or control system. To identify and comply with these industry standards, we may need to redesign our products, which may be time-consuming and costly, and the outcomes of which may be uncertain. If we cannot successfully redesign our products, our products may not be able to comply with new industry standards or compete with the products offered by our competitors. In this circumstance, we could miss opportunities to achieve crucial design wins and lose market share to our competitors, which in turn could have a material adverse effect on our business, financial condition and results of operations.

**Our business is primarily based in China and is susceptible to any policy changes in China affecting the semiconductor industry which may materially and adversely affect our business.**

During the Track Record Period, substantially all of our business operations were based in China and substantially all of our revenue was derived from our sales in China. As such, we are dependent on policies affecting the semiconductor industry in China. In recent years, the PRC government has implemented policies or policy changes to stimulate growth in the semiconductor industry. Many semiconductor companies, including us, have leveraged such favorable policies. Our success, continuous growth and prospects depend and will continue to depend on policies favorable to the semiconductor industry in the foreseeable future. However, we cannot assure you that the PRC government will implement additional policies favorable to us, or maintain the policies currently in effect with regards to the semiconductor industry that benefit us. As a result, if such policies change or terminate in the future, our business, financial condition, results of operations and future business growth could be materially and adversely affected.

**We may be subject to product liability claims if our products contain defects. We could incur significant expenses remediating such defects, and, as a result, our reputation and market shares may be adversely affected.**

Products within the industry, such as the ones we develop, are complex and may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite the verification and testing procedures in place, our products may contain serious errors, defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our end customers. Under these circumstances, we may incur additional remedial costs to recall, repair or replace and additional development costs to redesign our products. Furthermore, because we may be subject to warranty and indemnification provisions based on certain of our agreements with our customers, we may be subject to claims or threats of claims by our customers for their financial loss related to defects in our products. Any such claims would be time-consuming and costly for us to defend and divert our management attention, thereby adversely affecting our business, financial condition and results of operations. Additionally, our customers may terminate the business relationship with us altogether and as a result, our business and prospects may be adversely affected. These claims and terminations by our customers may generate negative publicity on us and adversely impact our reputation, business and results of operations.

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## RISK FACTORS

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**Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.**

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including

- disclosure or misappropriation of proprietary information;
- defaults including breach of covenants, non-performance by the counterparty; and
- negative publicity related to these third-parties or such strategic alliances.

In addition, we may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. Future acquisitions and the subsequent integration of new assets and businesses into our own may entail a number of risks, including:

- increased operating expenses and capital need;
- share dilution from the issuance of additional securities;
- incurrence of debt, goodwill impairment charges, amortization expenses for other intangible assets and contingent or unforeseen liabilities;
- diversion of our management's attention and resources from our existing business in the pursuit of such acquisition;
- frictions in the assimilation of operations, talents, intellectual property and products of an acquired business; and
- loss of key personnel and business relationships as a result of such acquisition.

If we fail to address the risks related to our future acquisitions and subsequent integration of new assets and businesses, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

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## RISK FACTORS

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**We are subject to valuation risks associated with potential acquisitions and investments.**

We intend to use a portion of the net proceeds from the Global Offering for strategic investments and/or acquisition to achieve our long-term growth strategies. Please see “Future Plans and Use of Proceeds” for details. While we believe such investments and acquisitions will support our growth strategy and enhance our competitive position, there are inherent valuation risks associated with these potential transactions. The semiconductor industry is characterized by rapid technological advancements, intense competition and dynamic market conditions. Consequently, the valuations of companies operating in this industry can be highly volatile and subject to significant fluctuations based on various factors, including market sentiment, technological breakthroughs, and regulatory changes. If we overestimate the value of a target company or fail to identify key risks during the due diligence process, we may overpay for the investment or acquisition, which could negatively impact our financial performance and prospects.

**Failure to fulfill our contractual obligations could adversely affect our liquidity and financial condition.**

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB0.5 million, RMB1.0 million and RMB1.3 million as of December 31, 2022, 2023 and 2024. Please see “Financial Information – Selected Balance Sheet Items – Contract Liabilities.” There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

**We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.**

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability. Margins on the sales of products that include components obtained from certain suppliers from other countries and regions could be materially and adversely affected by international trade regulations, including custom duties, tariffs and antidumping penalties. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

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## RISK FACTORS

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In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (“**BIS**”), which includes a list of foreign persons on which certain trade restrictions are imposed (the “**Entity List**”). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

In addition, on August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern granting the U.S. government the authority to establish and enforce an outbound investment screening regime. On October 28, 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”) to implement the Executive Order of August 9, 2023. The Final Rule has become effective on January 2, 2025. The Final Rule applies to investments by U.S. person as to “covered transactions” involving “covered foreign person” associated with a “country of concern” in “covered activities” in three sectors pertaining to national security technologies and products: (1) semiconductors and microelectronics, (2) quantum information technologies and (3) artificial intelligence. For details of the Final Rule, please see “Regulatory Overview – Final Rule by the U.S. Department of the Treasury”.

After consultation with our legal advisor as to U.S. foreign investment laws and taking into account its view, our Directors are of the view that, although we are a “covered foreign person” and investments by U.S. persons in us likely constitute “notifiable transactions” under the Final Rule, following the completion of the Global Offering, it is expected that U.S. persons will be able to invest in our H Shares based on the publicly traded securities exception under the Final Rule as long as the investment made does not afford a U.S. person certain rights that are not standard minority shareholder protections. However, the Final Rule nonetheless may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, affecting the investor sentiment towards us, and therefore negatively impacting our ability to raise capital. For details, please see “Business – Impacts of U.S. Trade- and Investment-Related Laws and Regulations – Impact of the Final Rule.”

During the Track Record Period, our products are offered to our downstream customers in China and overseas. However, we cannot assure you that our downstream customers will not engage in the export of their goods incorporating our products into the U.S. or other countries and regions, and that such export will not be subject to the restrictions introduced by the U.S. or other states and political entities. Furthermore, if we export our products to other countries and regions which are or become subject to sanctions or export controls, our business, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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Further, we have no control over the countries to which the downstream customers will sell and/or export their end products. If the export sales of the downstream customers' end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the downstream customers' demand in our products may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

**Our business growth and results of operations may be adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.**

Uncertainties about global and regional macroeconomic conditions including fluctuation of interest rates, inflation level, conditions in the industries in which we operate, unemployment, labor and healthcare costs, access to credit, consumer confidence and other factors beyond our control may pose risks and materially and adversely affect the demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, financial condition, results of operations and prospects.

**If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, financial condition and results of operations may be materially and adversely affected.**

The industry we operate in is highly regulated. For example, under the current PRC regulatory scheme, a number of governmental authorities jointly regulate major aspects of our industry. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. Please see "Regulatory Overview" and "Business – Licenses, Approvals and Permits" for more details. Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner as the licenses may only be valid for a limited period of time. Neither can we assure you that these licenses are sufficient to conduct all of our present or future business. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

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## RISK FACTORS

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**Any failure to offer high-quality support services for our customers or end customers may harm our relationships with them and, consequently, our business.**

We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit customer support specialists with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, our operational expense may increase and adversely impact our financial condition and results of operations. Our ability to attract new customers is highly dependent on our business reputation and on recommendations from our existing customers. If we are unable to provide efficient maintenance and support services with results satisfactory to our customers, our reputation and business may be harmed. In addition, our distributors provide customer service to our indirect downstream customers. Although we require our distributors to follow relevant standards and protocols established by us, we may not be able to continuously monitor or control the quality of customer service provided by our distributors. If our distributors fail to conform to our standards and protocols or provide satisfactory services on our products, our reputation and business may be adversely affected.

If the quality of our products deteriorates, we will incur higher costs associated with returns and exchanges. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customer, they also subject us to additional costs and expenses that may not be offset by increased revenue. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied. Customer dissatisfaction may result in loss of existing customers or failure to acquire new users, which may materially and adversely affect our business and results of operations.

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## RISK FACTORS

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

We have maintained insurance policies to cover various aspects of our business, including property loss and damage and cargo transportation to secure our business continuity. However, the amount of coverage, depending on the insurance policies to which we subscribe, may not be adequate to fully compensate all types of loss, damage and liability we may suffer in the future. For example, insurances covering loss from acts of war, terrorism, or natural disasters may be unavailable or cost prohibitive. In addition, we cannot guarantee that our policies can be renewed on similar or acceptable terms, or at all. If we suffer unexpected severe losses or losses that far exceed the policy limits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**We may not be able to obtain additional capital when desired, on favorable terms or at all.**

To remain competitive and expand our business, we may need additional capital to support our operations. The amount of additional capital we need depends on factors including, but not limited to:

- our R&D expenses;
- our relationships with our customers and suppliers;
- our ability to control the cost and increase the sale of our products;
- sales and marketing expenses;
- enhancements to our infrastructure and systems;
- potential acquisitions of businesses and product lines; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact on the downstream industries.



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## RISK FACTORS

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Our ability to obtain additional capital depends on factors, including, but not limited to:

- our market position and competitiveness in the BLDC motor control and driver chips industry;
- our overall financial condition, results of operations and future profitability;
- general market conditions for financing activities in China; and
- general economic and political conditions in China and internationally.

If our capital need is materially different from those currently planned, we may initiate financing activities for additional capital sooner than anticipated. Such financing may not be available on favorable terms on a timely basis, or at all. If we cannot obtain adequate capital on terms favorable to us, or at all, we may not be able to continue our operations, R&D and sales and marketing efforts, take advantage of future opportunities or respond to competitive pressures. Under these circumstances, our business, financial condition, results of operations and prospects may be adversely affected.

**Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business.**

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationship with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

**Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.**

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.



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## RISK FACTORS

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**Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.**

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties could materially and adversely affect our business.

**Our risk management and internal control systems may not be adequate or effective.**

We have designed and implemented risk management and internal control systems in relation to our business operations, financial reporting and general compliance which we believe are appropriate for our business operations. Please see “Business – Internal Control and Risk Management” for more details. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate report of our financial results and prevention of fraud. Since our risk management and internal control systems depend on the implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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## RISK FACTORS

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**We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.**

We may be involved in commercial or contractual disputes, legal and administrative proceedings, and claims arising out of the ordinary course of our business. We cannot assure you that we will not be involved in various disputes in the future, which may expose us to additional risks and losses. In addition, existing or future disputes, proceedings and claims may be costly to defend or resolve. We may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. Any claims, disputes, inquiries, investigations and proceedings may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, financial condition and results of operations.

**Our legal right to some leased properties may be challenged.**

We lease properties mainly for offices and employee dormitories. As of the Latest Practicable Date, with respect to our eight out of nine leased properties in China, we have not received real estate ownership certificates or proof of authorizations from the lessors or the property owners and the lease filing procedures of the eight leased properties have not been completed. Under the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit, and may be subject to a fine ranging from RMB1,000 to RMB10,000 for such non-registration exceeding such time limit. Moreover, if the lessor was not the owner of the property and the lessor had not obtained consent from the owner or their lessor, our lease could be invalidated or terminated as a result of challenges by third parties. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially adversely affect our business, financial condition and results of operations.

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## RISK FACTORS

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### RISKS RELATING TO CONDUCTING BUSINESS IN CHINA AND OTHER JURISDICTIONS

**Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial condition, results of operations and prospects.**

The majority of our business assets are located in China and substantially all of our sales and revenue is currently derived from China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. Please see “Regulatory Overview” for details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

**Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.**

We conduct business in multiple geographic markets that adopt different legal systems. These jurisdictions in which we operate adopt either the civil law system or the common law system. In the civil law system, prior court decisions may be cited for reference and may have limited precedential value. For example, in recent years, the PRC government has passed reformative laws and regulations related to economic affairs such as protection to various forms of foreign investments in China. However, many of these laws and regulations are relatively new with few published cases and judicial interpretations. Therefore, it may be difficult to evaluate the level of legal protection we have in many of the geographic markets in which we operate. Any failure to comply with these laws and regulations may result in substantial costs and the diversion of resources and management attention, thereby adversely affecting our business, financial condition and results of operations.

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## RISK FACTORS

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**Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.**

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, results of operations and financial condition, may be affected.

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

Most of our revenue and expenditures were denominated in Renminbi. We recorded net foreign exchange gain of RMB2.4 million in 2022 and net foreign exchange loss of RMB0.3 million and RMB0.8 million in 2023 and 2024, respectively. Any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations.

Additionally, the proceeds from the Global Offering will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the proceeds from the Global Offering. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial condition or results of operations.

**Our operations are subject to PRC tax laws and regulations.**

As a company incorporated in China, we are subject to PRC tax laws and regulations. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

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## RISK FACTORS

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region (“HKSAR”) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our H Shares may be materially affected.

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## RISK FACTORS

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**You may experience difficulties in effecting service of legal process and enforcing judgments against us, our most Directors, Supervisors and senior management.**

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. The majority of our Directors, Supervisors and senior management reside within China. The assets of these Directors, Supervisors and senior management also may be located within China. As a result, it may be complex and difficult to effect service of process upon or to enforce judgements against us, most of our Directors, Supervisors and senior management outside China.

**Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.**

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share listed company upon the completion of the Global Offering. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional H shares incentive plans for our directors, executive officers and employees under PRC law. In addition, the STA has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

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## RISK FACTORS

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### **RISKS RELATED TO THE GLOBAL OFFERING**

**We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.**

As our A Shares are listed on the STAR Market and our H Shares will be listed on the Stock Exchange, we will be required to comply with the applicable listing rules and other regulatory regimes of both jurisdictions unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources to ensure our compliance with the listing rules of both jurisdictions.

**The characteristics of the A share and H share markets may differ.**

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

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

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the Global Offering. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Overall Coordinators and us, and may not be an indication of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares may be materially and adversely affected. The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.



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## RISK FACTORS

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

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

**Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse impact on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.**

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

In addition, while investors subscribing shares in the Global Offering are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the Global Offering for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the Listing Date. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the trading volume of our H Shares.



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## RISK FACTORS

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**The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.**

Our Controlling Shareholders have substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Immediately following the completion of the Global Offering and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no Shares are issued pursuant to our Restricted Share Incentive Plans, our Controlling Shareholders will hold approximately 33.65% of the issued share capital of our Company (excluding the 193,000 A Shares held by our Company as treasury Shares). This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

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

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

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## RISK FACTORS

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**You should not place any reliance on any information released by us in connection with the listing of our A Shares on the STAR Market.**

As our A Shares are listed on the STAR Market, we have been subject to periodic reporting and other information disclosure requirements in China. As a result, from time to time, we publicly release information relating to us on the STAR Market or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in China, which are different from those applicable to the Global Offering. The presentation of financial and operational information for the Track Record Period disclosed on the STAR Market or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the Global Offering.

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

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

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## RISK FACTORS

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

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

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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In preparation of the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### MANAGEMENT PRESENCE IN HONG KONG

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

Since our principal business and operations are substantially located, managed and conducted in the PRC, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong 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 put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Bi Lei, our executive Director, chairman of our Board, general manager and chief executive officer and Mr. Hou Haowen (“**Mr. Hou**”), one of our joint company secretaries. Mr. Bi Lei and Mr. Hou confirm that they possess valid travel documents and can readily travel to Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;
- (c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;
- (d) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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- (e) our Company has appointed Altus Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the listing of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and
- (f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

### APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing “relevant experience,” the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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We have appointed Ms. Jiao Qianqian (“**Ms. Jiao**”) as one of our joint company secretaries. Ms. Jiao joined our Group in December 2021 and is the secretary of our Board. She is primarily responsible for Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group. Although our Company believes, having regard to Ms. Jiao’s past experience in handling corporate matters, that she has a thorough understanding of our Company and the Board, Ms. Jiao does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Mr. Hou who possesses such qualifications, to be a joint company secretary to assist Ms. Jiao in the compliance matters for the Listing as well as other Hong Kong regulatory requirements for a period of three years commencing from the Listing Date. For the biographies of our joint company secretaries, see “Directors, Supervisors and Senior Management – Joint Company Secretaries” in this prospectus. Over such three-year period, we will implement measures to assist Ms. Jiao to satisfy the requisite qualifications as prescribed in Rule 3.28 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 8.17 and 3.28 of the Listing Rules in relation to Ms. Jiao’s appointment as a joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

- (a) Ms. Jiao must be assisted by Mr. Hou, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and
- (b) the waiver is valid for a period of three years from the Listing Date and will be revoked immediately if and when Mr. Hou ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Ms. Jiao will gain experience with the assistance of Mr. Hou. Before the end of the initial three-year period, we will evaluate the then experience of Ms. Jiao in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Ms. Jiao, having had the benefit of Mr. Hou’s assistance for three years, would then have acquired the “relevant experience” within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

### INVESTMENT AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants’ report to be included in a listing document must include the results and the statement of financial position of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document, or in respect of each of the financial years since commencement of such business or the incorporation or other establishment of such subsidiary (as the case may be) if this occurred less than three years prior to such issue or such shorter period as may be acceptable to the Stock Exchange.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. According to Note (4) to Rule 4.04 of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and Rule 4.04(4) taking into account on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Shanghai Huake Zhixin Venture Capital Partnership (Limited Partnership) (上海華科致芯創業投資合夥企業(有限合夥), “**Huake Zhixin**”) is a limited partnership established in February 2025 with an investment focus on the semiconductor industry and related fields in the upstream and downstream of the semiconductor industry chain, including automobile, new energy, high technology and electronics. On April 1, 2025, our Company resolved to subscribe for RMB28,000,000 in the total capital in Huake Zhixin as a limited partner (the “**Investment**”). Such subscription amount, which was determined after arm’s-length negotiation, would be settled with our internal resources and represents 9.06% of the equity interest in Huake Zhixin upon completion. As of the Latest Practicable Date, RMB8,400,000 of the consideration had been settled. Upon the completion of Investment, Huake Zhixin will not be accounted for or consolidated in our audited consolidated accounts as a subsidiary.

Upon completion of the Investment, the other partners of Huake Zhixin consist of (i) Shanghai Huake Zhiyuan Consulting Management Partnership (Limited Partnership) (上海華科致遠諮詢管理合夥企業(有限合夥), “**Huake Zhiyuan**”) (as the general partner with 0.32% equity interest), (ii) Shanghai Huake Tongxin Consulting Management Partnership (Limited Partnership) (上海華科同芯諮詢管理合夥企業(有限合夥), “**Huake Tongxin**”) (as a limited partner with 9.71% equity interest), (iii) 3peak Incorporated (思瑞浦微電子科技(蘇州)股份有限公司, “**3peak**”) (688536.SH) (as a limited partner with 9.71% equity interest), and (iv) seven other limited partners none of whom hold more than 20% of the equity interest in Huake Zhixin. As of the Latest Practicable Date, Huake Zhiyuan was held as to 10% by Shanghai Huadeng High Tech Private Equity Fund Management Co., Ltd. (上海華登高科私募基金管理有限公司, “**Huadeng High Tech**”) (which is also the manager designated by Huake Zhiyuan to provide management service to Huake Zhixin) as the general partner, and 30% by each of its limited partners, Mr. Wang Lin (王林) (our former Director until January 10, 2025), Mr. Zhang Yu (張聿) and Ms. Peng Gui’e (彭桂娥). Huadeng High Tech was held as to 60% by Ms. Peng Gui’e, 20% by Mr. Wang Lin and 20% by Mr. Zhang Yu. Huake Zhiyuan was also the general partner (with 3.33% of its equity interest) of Huake Tongxin, which in turn was held by Mr. Wang Lin as to 23.33%, Mr. Zhang Yu as to 23.33%, Ms. Peng Gui’e as to 23.33% and three other limited partners none of whom hold more than 20% of its equity interest. In addition, 3peak was held as to 16.68% by Shanghai Huaxin, our Shareholder and Mr. Wang Lin served as a director of 3peak as of the Latest Practicable Date. Save as disclosed above, to the best knowledge of our Company, each of the partners of Huake Zhixin and their respective ultimate beneficial owners is an Independent Third Party.

Our Directors believe that, by leveraging the experience and resources of professional investment institutions, the Investment allows us to broaden our investment methods and channels, seize investment opportunities in innovation fields relating to our industry, and optimize our investment structure. In addition, the Investment could strengthen our synergy with business partners, enabling the high-quality development of our principal business, and enhance our overall competitiveness. Accordingly, our Directors believe that the terms of the Investment are fair and reasonable and in the interests of our Shareholders as a whole.



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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the Investment on the following grounds:

**(i) Immateriality of the Investment**

The scale of businesses of Huake Zhixin is immaterial as compared to that of our Group. Based on the financial information of Huake Zhixin available to us, all applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Investment are less than 5% by reference to the most recent audited financial year of the Trading Record Period.

**(ii) Historical financial information is unavailable and unduly burdensome to obtain**

As Huake Zhixin was only established in February 2025, no historical financial information of Huake Zhixin is available for the Track Record Period. In addition, as we only hold a minority equity interest in Huake Zhixin, we are unable to exercise any control nor have any significant influence over Huake Zhixin. Hence, we are unable to provide our reporting accountants with access to Huake Zhixin's books and records to prepare the historical financial information required under the Listing Rules. As such, it would be impracticable and unduly burdensome for us to disclose the financial information of Huake Zhixin in strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules.

**(iii) Alternative disclosure in this prospectus**

We have disclosed information on the Investment in this prospectus. Such information includes that which would be required for the announcement for a discloseable transaction under Chapter 14 of the Listing Rules, including, among other things, (i) a description of the principal business activities of Huake Zhixin, (ii) date of the Investment, (iii) value of the consideration for the Investment and how it is being and is to be satisfied, (iv) the basis upon which the consideration was determined, and (v) the reasons for entering into the transaction and the benefits which are expected to accrue to the Company as a result of the Investment. In view of the immateriality of the Investment as demonstrated above, we believe the current disclosure is adequate for potential investors to form an informed assessment of us.

### **ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES**

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the following conditions in Rule 10.03 of the Listing Rules are fulfilled:

- (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and
- (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.



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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Paragraph 5(2) of Appendix F1 to the Listing Rules provides that, without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Our A Shares have been listed on the STAR Market (stock code: 688279) since April 20, 2022. As such, our A Shares are widely held and actively traded.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 of, and consent under Paragraph 5(2) of Appendix F1 to, the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of our Company's voting rights prior to the completion of the Global Offering; and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons (as defined in the Listing Rules) of our Company or the close associates of any such core connected person (together, the "**Existing Minority Shareholders**," and each an "**Existing Minority Shareholder**") on the following conditions:

- (i) each Existing Minority Shareholder to whom our Company may allocate the H Shares in the International Offering holds less than 5% of our Company's voting rights prior to the completion of the Global Offering;
- (ii) each Existing Minority Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;
- (iii) none of the Existing Minority Shareholders has the right to appoint any Directors and/or any other special rights;
- (iv) allocation to the Existing Minority Shareholders and/or their close associates will not affect our Company's ability to satisfy the public float requirement as prescribed under Rule 8.08 of the Listing Rules;
- (v) each of our Company, the Sole Sponsor and the Overall Coordinators shall confirm to the Stock Exchange in writing that, to the best of its knowledge and belief, it has no reason to believe that the Existing Minority Shareholders or their close associates received any preferential treatment in any allocation in the International Offering by virtue of their relationship with our Company; and
- (vi) details of the allocation to the Existing Minority Shareholders holding more than 1% of the issued share capital of our Company immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement, as the case may be.

We expect to satisfy all the conditions set out in paragraph 13 of Chapter 4.15 of the Guide for New Listing Applicants so that no actual or perceived preference will be given to the Existing Minority Shareholders and/or their close associates due to their existing shareholdings in our Company.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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### DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Appendix D1A to the Listing Rules provides that the issue price or offer price of each security must be disclosed in the prospectus. Pursuant to Paragraph 12 of the Guide, the Stock Exchange also allows an indicative offer price range to be included in the prospectus, as an alternative to the disclosure of a fixed offer price.

We have applied to the Stock Exchange a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules so that the Company will only disclose the maximum Offer Price in the Prospectus on the below basis:

- (a) The Offer Price will be determined with reference to, among other factors, the closing price of the Company's A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date. Our Company is unable to control the trading price of our A Shares on the Shanghai Stock Exchange;
- (b) Setting a fixed offer price or an offer price range with a low-end may adversely affect our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Hong Kong Offer Shares;
- (c) Pursuant to paragraphs 9 and 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the amount payable on application and allotment on each share, and the price to be paid for shares subscribed for, shall be specified in the Prospectus, respectively. Disclosure of a maximum offer price complies with the requirements prescribed under paragraphs 9 and 10(b) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance by providing a clear indication of the maximum subscription consideration a potential investor shall pay for the Offer Shares; and
- (d) A maximum Offer Price will be disclosed in this Prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

The Stock Exchange has granted to us a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules on the conditions that the Prospectus will disclose:

- (a) the maximum Offer Price;
- (b) the time for the determination of the Offer Price and the form of its publication;
- (c) the historical prices of the Company's A Shares and trading volume on the Shanghai Stock Exchange during the Track Record Period and up to the Latest Practicable Date;
- (d) the determinants of the final Offer Price; and
- (e) the source for investor to access the latest market price of the Company's A Shares.

See "Structure of the Global Offering – Pricing and Allocation" in this prospectus for the historical prices of our A Shares and trading volume on the Shanghai Stock Exchange.

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# INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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## DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## CSRC FILING

The CSRC issued a notification on May 28, 2025 confirming our completion of the filing procedures for the Listing and the Global Offering. In issuing such notification, the CSRC accepts no responsibility for our financial soundness or the accuracy of any of the statements made or opinions expressed in this prospectus.

## INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the H Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering,” and the procedures for applying for the Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares” in this prospectus.

### **OFFER SIZE ADJUSTMENT OPTION, OVER-ALLOTMENT OPTION AND STABILIZATION**

Details of the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and stabilization are set out in “Structure of the Global Offering” in this prospectus.

### **RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his or her acquisition of Hong Kong Offer Shares to, confirm that he or she is aware of the restrictions on the offer and sales of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). Dealings in the H Shares on the Stock Exchange are expected to commence on Wednesday, July 9, 2025. Other than our A Shares, which are currently listed on and dealt in on the STAR Market and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our equity or debt securities is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

### **H SHARE REGISTER OF MEMBERS AND STAMP DUTY**

All Offer Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our headquarters in China.

Dealings in the H Shares registered in our H Share register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

Unless determined otherwise by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on the H Share register of members of our Company in Hong Kong, by ordinary post, at the H Shareholders' risk, to the registered address of each H Shareholder of our Company.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the H Shares or your exercise of any rights attaching to the H Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Renminbi or U.S. dollars have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates: RMB0.9133: HK\$1.00 and US\$1.00: HK\$7.8501.

No representation is made that any amounts in Renminbi or U.S. dollars were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

### ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

### LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of inconsistency, the Chinese versions shall prevail.

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**DIRECTORS**

<b>Name</b>	<b>Residential address</b>	<b>Nationality</b>
<b>Executive Directors</b>		
Mr. Bi Lei (畢磊)	504, Building A Guangcai Shanju Time Home Nanshan District, Shenzhen Guangdong PRC	Singaporean
Dr. Bi Chao (畢超)	296 Beach Road #18-02 Concourse Skyline Singapore	Singaporean
<b>Independent Non-Executive Directors</b>		
Dr. Lin Mingyao (林明耀)	Room 702, Building 18 122 Taiping North Road Xuanwu District, Nanjing Jiangsu PRC	Chinese
Dr. Niu Shuangxia (牛雙霞)	14E, Block 5 Willow Mansions Whampoa Garden Hong Kong	Chinese (Hong Kong)
Mr. Chen Jingyang (陳井陽)	Room 901, Building 2 South District, Begonia Apartments 38 Ximen Road Zhuji City, Shaoxing Zhejiang PRC	Chinese

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## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### SUPERVISORS

Name	Residential address	Nationality
Ms. Wang Yuhong (汪鈺紅)	24F, Pisces Building, Building 2 Xinhe Freedom Plaza East of Nanyou Avenue Nanshan District, Shenzhen Guangdong PRC	Chinese
Ms. Liu Haimei (劉海梅)	2804, Building B Shanghai Mansion Intersection of Bao'an Avenue and Gongda Road Bao'an District, Shenzhen Guangdong PRC	Chinese
Mr. Bai Yuhong (柏玉宏)	103, No. 3, West 8 Lane Nanchang Second New Village Bao'an District, Shenzhen Guangdong PRC	Chinese

Further information about our Directors and Supervisors are set out in “Directors, Supervisors and Senior Management” in this prospectus.

### PARTIES INVOLVED IN THE GLOBAL OFFERING

<b>Sole Sponsor</b>	<b>China International Capital Corporation</b> <b>Hong Kong Securities Limited</b> 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
<b>Sponsor-Overall Coordinator</b>	<b>China International Capital Corporation</b> <b>Hong Kong Securities Limited</b> 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong



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## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Overall Coordinators

#### **China International Capital Corporation**

#### **Hong Kong Securities Limited**

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

#### **BOCI Asia Limited**

26/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

#### **GF Securities (Hong Kong) Brokerage Limited**

27/F, GF Tower

81 Lockhart Road

Wan Chai

Hong Kong

### Joint Global Coordinators

#### **China International Capital Corporation**

#### **Hong Kong Securities Limited**

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

#### **BOCI Asia Limited**

26/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

#### **GF Securities (Hong Kong) Brokerage Limited**

27/F, GF Tower

81 Lockhart Road

Wan Chai

Hong Kong

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## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Joint Bookrunners

#### **China International Capital Corporation**

#### **Hong Kong Securities Limited**

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

#### **BOCI Asia Limited**

26/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

#### **GF Securities (Hong Kong) Brokerage Limited**

27/F, GF Tower

81 Lockhart Road

Wan Chai

Hong Kong

### Joint Lead Managers

#### **China International Capital Corporation**

#### **Hong Kong Securities Limited**

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

#### **BOCI Asia Limited**

26/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

#### **GF Securities (Hong Kong) Brokerage Limited**

27/F, GF Tower

81 Lockhart Road

Wan Chai

Hong Kong

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## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Capital Market Intermediaries

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

**BOCI Asia Limited**  
26/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**GF Securities (Hong Kong) Brokerage Limited**  
27/F, GF Tower  
81 Lockhart Road  
Wan Chai  
Hong Kong

### Legal Advisors to our Company

*As to Hong Kong and U.S. laws:*

**Paul Hastings**  
22/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

*As to PRC law:*

**AllBright Law Offices**  
21, 22, 23/F, Excellence Century Centre  
Fu Hua 3 Road  
Futian District  
Shenzhen  
PRC

### Legal Advisors to the Sole Sponsor and the Underwriters

*As to Hong Kong and U.S. laws:*

**Sullivan & Cromwell (Hong Kong) LLP**  
20/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*As to PRC law*

**Beijing Jingtian & Gongcheng Law Firm**  
Room 1401A  
Tower 2, Kerry Center Qianhai  
Qianhai Avenue, Nanshan District  
Shenzhen  
PRC

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## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Auditor and Reporting Accountants**

**Ernst & Young**  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

**Industry Consultant**

**Frost & Sullivan (Beijing) Inc.,  
Shanghai Branch Co.**  
2504 Wheelock Square  
1717 Nanjing West Road  
Shanghai 200040  
PRC

**Receiving Bank**

**Bank of China (Hong Kong) Limited**  
1 Garden Road  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered Office</b>	203, Building 11 Software Park (Phase II) 1 Keji Central Road II, Gaoxin Central Zone Nanshan District, Shenzhen Guangdong PRC
<b>Headquarters and Principal Place of Business in the PRC</b>	203, Building 11 Software Park (Phase II) 1 Keji Central Road II, Gaoxin Central Zone Nanshan District, Shenzhen Guangdong PRC
<b>Place of Business in Hong Kong</b>	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
<b>Company's Website</b>	<u><a href="http://www.fortiortech.com">www.fortiortech.com</a></u> <i>(The information on the website does not form part of this prospectus)</i>
<b>Joint Company Secretaries</b>	<b>Ms. Jiao Qianqian (焦倩倩)</b> 27A-B, Building 6 Dachong City Garden 12 Kefa Road Nanshan District, Shenzhen Guangdong PRC  <b>Mr. Hou Haowen (侯皓文)</b> Room 8H, Building B5 TCL International E City Zhongshanyuan Road Nanshan District, Shenzhen Guangdong PRC

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## CORPORATE INFORMATION

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**Authorized Representatives**

**Mr. Bi Lei (畢磊)**  
504, Building A  
Guangcai Shanju Time Home  
Nanshan District, Shenzhen  
Guangdong  
PRC

**Mr. Hou Haowen (侯皓文)**  
Room 8H, Building B5  
TCL International E City  
Zhongshanyuan Road  
Nanshan District, Shenzhen  
Guangdong  
PRC

**Audit Committee**

Mr. Chen Jingyang (陳井陽) (*Chairperson*)  
Dr. Lin Mingyao (林明耀)  
Dr. Niu Shuangxia (牛雙霞)

**Remuneration and Appraisal Committee**

Mr. Chen Jingyang (陳井陽) (*Chairperson*)  
Mr. Bi Lei (畢磊)  
Dr. Niu Shuangxia (牛雙霞)

**Nomination Committee**

Dr. Niu Shuangxia (牛雙霞) (*Chairperson*)  
Mr. Bi Lei (畢磊)  
Dr. Lin Mingyao (林明耀)

**Strategy and ESG Committee**

Mr. Bi Lei (畢磊) (*Chairperson*)  
Dr. Bi Chao (畢超)  
Dr. Niu Shuangxia (牛雙霞)

**H Share Registrar**

**Tricor Investor Services Limited**  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**Compliance Advisor**

**Altus Capital Limited**  
21 Wing Wo Street  
Central  
Hong Kong

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## CORPORATE INFORMATION

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### Principal Banks

#### **Bank of China, Shenzhen Shenzhen Bay Branch**

1/F, Kingkey Banner Center

Nanshan District, Shenzhen

Guangdong

PRC

#### **Ping An Bank, Shenzhen Xiangmi Lake Branch**

2/F, Sunshine Golf Mansion

7008 Shennan Avenue

Futian District, Shenzhen

Guangdong

PRC

#### **Bank of Ningbo, Shenzhen Nanshan Branch**

1/F–2/F, Building A

Lotus Square

3168 Nanshan Avenue

Nanshan District, Shenzhen

Guangdong

PRC

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## INDUSTRY OVERVIEW

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*The information and statistics presented in this section and other sections of this prospectus, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

### SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China's BLDC motor control and driver chip industry for the use in this prospectus (the "**F&S Report**"), which was commissioned by us for a fee of RMB550,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China's government policies on BLDC motor control and driver chip industry will remain consistent during the forecast period, (iii) global and China's BLDC motor control and driver chip industry will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The F&S 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 and 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 company reports, independent research reports and data based on its own research database.

### ANALYSIS OF GLOBAL AND CHINA'S BLDC MOTOR INDUSTRY

#### Definition and Comparison among Different Types of Motors

Motors are devices that utilize the principles of electromagnetic induction to achieve mutual conversion between electrical energy and mechanical energy, which can be categorized into direct current (DC) motors and alternating current (AC) motors. DC motors can be further divided into brushless DC (BLDC) motors and brushed DC (BDC) motors, while AC motors can be further divided into synchronous motors and asynchronous motors.

Compared with other types of motors, BLDC motors have several advantages, including higher output power, higher efficiency, longer life span, lower power consumption, and ease of maintenance. While their disadvantages include the relatively higher R&D costs, higher control complexity, and higher requirements on algorithms.



# INDUSTRY OVERVIEW

## Comparison among Major Types of Motors

	BLDC	DC Motor BDC	Synchronous Motor	AC Motor Asynchronous Motor
<b>Definition</b>	A BLDC motor is a type of motor that uses electronic control, instead of carbon brushes and commutators, to manage power supply commutation for motor operation.	A BDC motor converts direct current into mechanical energy and incorporates an internal brush mechanism.	A synchronous motor is an AC motor where the rotor speed matches the rotating magnetic field speed of the stator.	An asynchronous motor is an AC motor where the rotor speed does not match the speed of the rotating magnetic field produced by the stator.
<b>Output Power per Unit Volume</b>	High	Medium	Medium	Medium
<b>Efficiency</b>	High	Low	High	Low
<b>Control Complexity</b>	High	Low	High	Medium
<b>Requirement on Algorithms</b>	High	Low	High	Medium
<b>Life Span</b>	Long	Short	Long	Long
<b>R&amp;D Costs</b>	High	Low	High	Low
<b>Maintenance Costs</b>	Low	High	High	Low

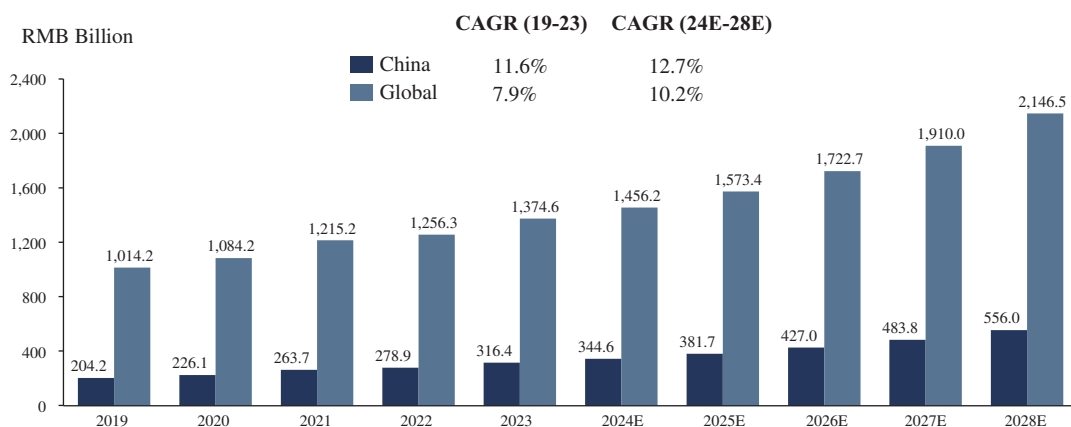
Source: Frost & Sullivan

## Global and China's Market Size of Motors

The global motor market grew from RMB 1,014.2 billion in 2019 to RMB 1,374.6 billion in 2023, with a CAGR of 7.9%, attributed to the progress of chip technology and the growth of downstream market demand. The market is expected to increase from RMB 1,456.2 billion in 2024 to RMB 2,146.5 billion in 2028, with a CAGR of 10.2%, driven by the increased investment in infrastructure construction globally.

As for the Chinese market, its size is expected to grow from RMB 344.6 billion in 2024 to RMB 556.0 billion in 2028, with a CAGR of 12.7%.

## Market Size of Motors (by sales value), Global and China, 2019-2028E



Source: Frost & Sullivan

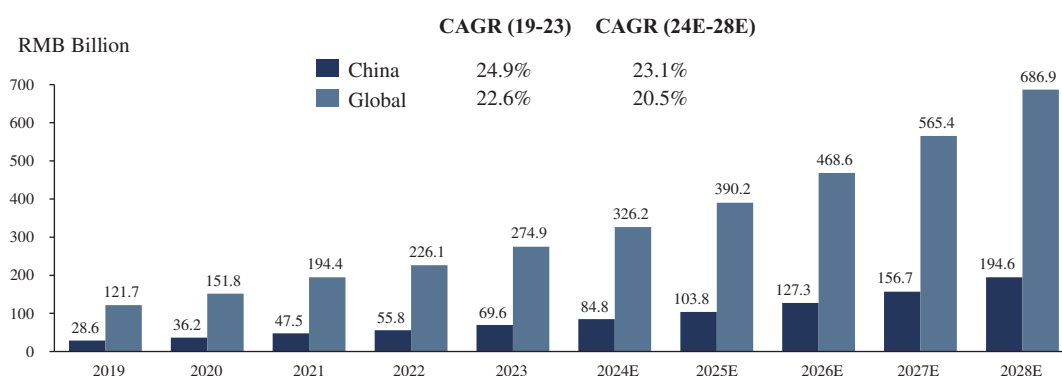
## INDUSTRY OVERVIEW

### Global and China's Market Size of BLDC Motors

Due to higher energy efficiency and lower power consumption compared with other types of motors, BLDC motors meet the needs of energy conservation and emission reduction from downstream industries. Therefore, they have been more widely used in multiple fields such as home appliances, electric tools, intelligent robots and EVs. The global BLDC motor market increased rapidly from RMB121.7 billion in 2019 to RMB274.9 billion in 2023, with a CAGR of 22.6%, and is expected to further increase from RMB326.2 billion in 2024 to RMB686.9 billion in 2028, representing a CAGR of 20.5%. The global BLDC motor market accounts for 12% and 20% of the global motor market in 2019 and 2023 respectively. With the widespread use of BLDC motors in downstream applications, the penetration rate is expected to increase to 32% in 2028.

China's BLDC motor market increased from RMB28.6 billion in 2019 to RMB69.6 billion in 2023, with a CAGR of 24.9%, and is expected to further grow from RMB84.8 billion in 2024 to RMB194.6 billion in 2028, representing a CAGR of 23.1%. China's BLDC motor market accounted for 14% and 22% of China's motor market in 2019 and 2023 respectively, and such a share is expected to increase to 35% in 2028.

#### Market Size of BLDC Motor Market (by sales value), Global and China, 2019-2028E



Source: Frost & Sullivan

### DOWNSTREAM APPLICATIONS OF BLDC MOTORS

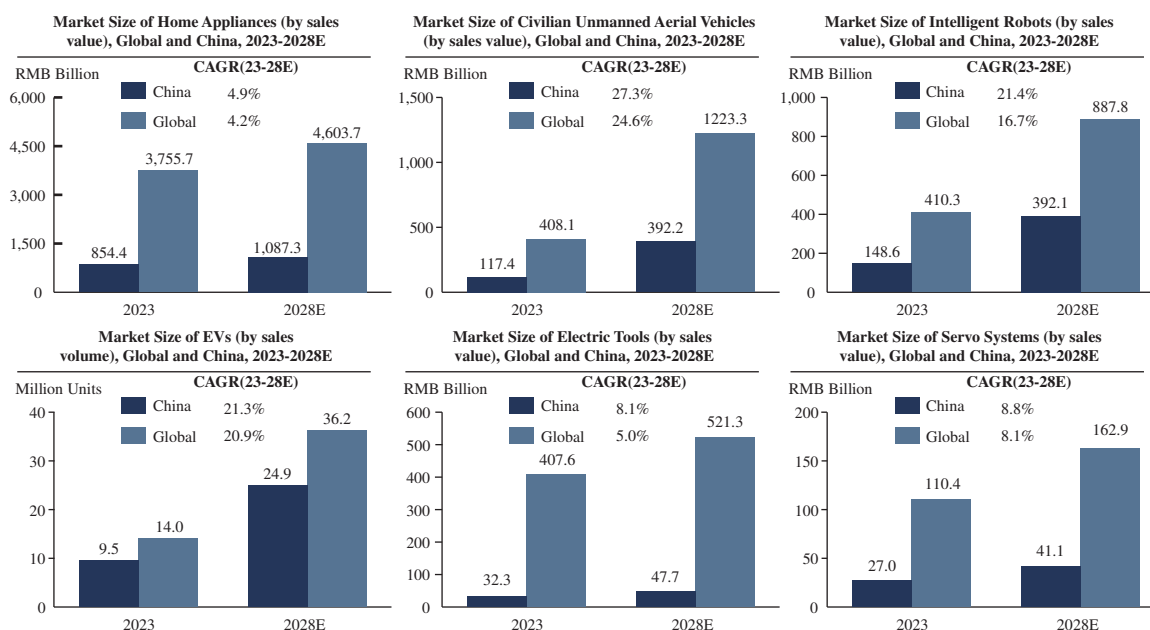
Downstream applications of BLDC motors mainly include home appliances, civilian unmanned aerial vehicles, intelligent robots, electric vehicles, electric tools, and servo systems.

- **Home Appliances.** With the intelligent development trend of home appliances and the continuous improvement of consumer purchasing power, the global household appliances market, including smart small household appliances and white goods, is expected to reach RMB4,603.7 billion by 2028 with a CAGR of 4.2% from 2023 to 2028. Similar to the global market, China's market is also expected to grow from RMB854.4 billion in 2023 to RMB1,087.3 billion in 2028, at a CAGR of 4.9%. The penetration rate of BLDC motors in home appliances in the China market is expected to increase from approximately 40% in 2023 to approximately 60% in 2028. Particularly, the penetration rate of BLDC motors in white goods in the China market is expected to reach approximately 90% in 2028.
- **Civilian Unmanned Aerial Vehicles.** BLDC motors are used in almost all civilian unmanned aerial vehicles. Driven by the continuous development of new intelligent technologies, including 5G, artificial intelligence, IoT, cloud computing, and big data, the global civilian unmanned aerial vehicles market size is expected to grow from RMB408.1 billion in 2023 to RMB1,223.3 billion by 2028 with a CAGR of 24.6%. As for China's market, its size is expected to grow from RMB117.4 billion in 2023 to RMB392.2 billion in 2028, with a CAGR of 27.3%.

## INDUSTRY OVERVIEW

- Intelligent Robots.** BLDC motors are used in almost all intelligent robots. Driven by the industrial chain improvement and coordinated development, the global intelligent robot market size is expected to increase from RMB410.3 billion in 2023 to RMB887.8 billion in 2028, with a CAGR of 16.7%. And the China's market size is expected to increase from RMB148.6 billion in 2023 to RMB392.1 billion in 2028, with a CAGR of 21.4%.
- Electric Vehicles.** Driven by longer driving ranges with increasing battery capacity, decreasing costs and prices of EVs, more mature and convenient charging infrastructure, improving experiences of intelligent cabins, and stronger environmental consciousness of consumers, the penetration rate of EVs over total vehicles is expected to continue to grow in the forecast period. The global sales volume of EVs is expected to further increase to 36.2 million units by 2028, representing a 20.9% CAGR from 14.0 million units in 2023. EV will be an important application scenario and demand driver for BLDC motors. And the sales volume in China is expected to grow from 9.5 million units in 2023 to 24.9 million units in 2028, at a CAGR of 21.3%. The penetration rate of BLDC motors in EVs in the China market is expected to increase from approximately 50% in 2023 to approximately 80% in 2028.
- Electric Tools.** Driven by growing demand from downstream sectors including industrial manufacturing and agriculture, the global market size of electric tools is expected to grow from RMB407.6 billion in 2023 to RMB521.3 billion in 2028, representing a CAGR of 5.0%. With the expanding application scenarios of electric tools, China's market size is also expected to grow from RMB32.3 billion in 2023 to RMB47.7 billion in 2028, with a CAGR of 8.1%. The penetration rate of BLDC motors in electric tools in the China market is expected to increase from approximately 40% in 2023 to approximately 75% in 2028.
- Servo Systems.** With the promotion of industrial automation and intelligent manufacturing, the servo system is expected to expand its applications in various areas including industrial automation and robots. The global market size of servo systems is expected to grow from RMB110.4 billion in 2023 to RMB162.9 billion in 2028, with a CAGR of 8.1%. As for the Chinese market, its size is expected to reach RMB27.0 billion in 2023 and RMB41.1 billion in 2028, with a CAGR of 8.8%. The penetration rate of BLDC motors in servo systems in the China market is expected to increase from approximately 90% in 2023 to approximately 98% in 2028.

The following charts show the global and China's market size trends of BLDC motors' major downstream applications.



Source: China Association of Automobile Manufacturers, International Federation of Robotics, Frost & Sullivan

### ANALYSIS OF GLOBAL AND CHINA'S BLDC MOTOR CONTROL AND DRIVER PRODUCT INDUSTRY

#### Definition and Categorization of BLDC Motor Control and Driver Products

The BLDC motor control and driver product constitutes a comprehensive suite of components specifically engineered for the precise regulation, driving, and safeguarding of BLDC motors. Such a product typically encompasses control chips, driver chips, power devices, Intelligent Power Modules (IPMs), and sensors, all functioning synergistically to ensure the stable operation and optimal performance of the BLDC motor.

- **Control chips.** The “brains” of the BLDC motor control system, and are responsible for electrical signal detection, motor driver control algorithm processing and control instruction generation. They can be classified into MCUs and ASICs. MCUs contain a general-purpose processor core, memory, input/output interfaces, and other modules for a variety of applications. And ASICs are a type of motor control chips that are customized to the needs of a specific application.
- **Driver chips.** Responsible for converting the low-power signal from the motor control chips into a high-power output signal to drive the motor. HVICs are a typical type of motor driver chips that can convert the low voltage control signal of the control chips into a high voltage signal to drive the power devices and realize the control of the motor.
- **Power Devices.** Used to convert electrical energy into mechanical energy to drive motors. Common power devices include MOSFETs and IGBTs.
- **IPMs.** Modules that combine power devices, drive circuits and protection circuits into a compact package to simplify the design of BLDC motor control systems. IPMs can reduce the number of components and system costs, as well as improve the stability and reliability of the BLDC motor driver system.
- **Sensors.** Used to detect status of BLDC motors, including rotor position and speed, and transmit the data back to the chips, in order to realize accurate control and stable operation of motors.

#### Technology Analysis of BLDC Motor Control and Driver Products

- **Specific-Purpose Chips and General-Purpose Chips.** In terms of the coverage of applications, BLDC motor control chips can be classified into specific-purpose control chips and general-purpose control chips. General-purpose chips refer to chips with a general-purpose core as well as software algorithms, while specific-purpose chips convert software algorithms to hardware. And specific-purpose chips are designed specifically for the BLDC motor application area. Compared with general-purpose chips which execute algorithms through software, specific-purpose chips can complete the same computing task in a shorter time through hardware algorithms. Therefore, the operating frequency needed to ensure the processing speed is lower for specific-purpose chips. And thus, the power consumption of specific-purpose chips is also lower. Furthermore, specific-purpose chips have more advanced real-time performance, as they are able to complete one round of FOC computation in 6-7  $\mu$ s, which is faster than the general-purpose chips. By contrast, general-purpose chips have higher flexibility as customers can independently select the software algorithms, and have broader applicability as they can be applied to other application scenarios beyond BLDC motors.

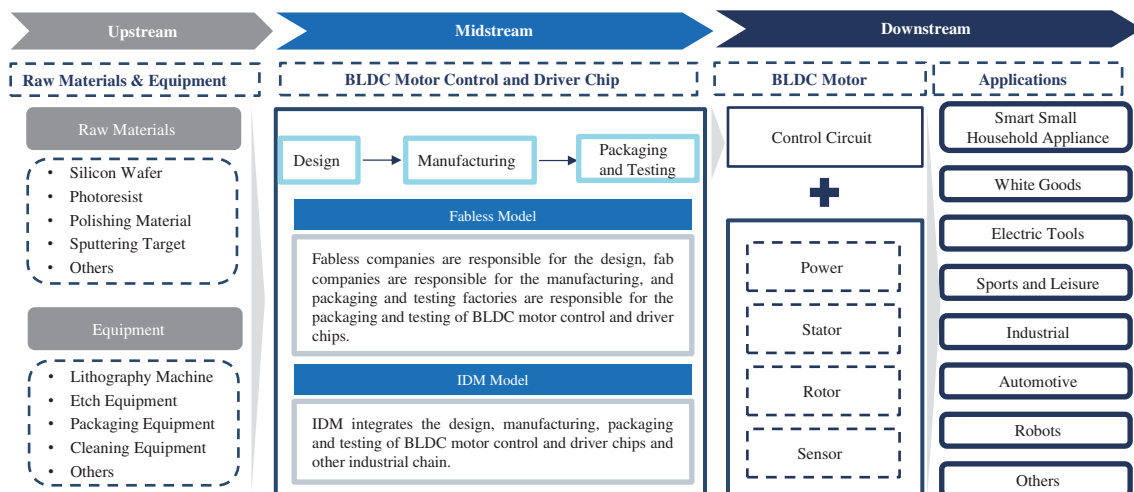
## INDUSTRY OVERVIEW

- Sensorless FOC and Other Algorithms.** Based on the different position sensors and control methods, BLDC control chip algorithms can be classified into sensed square wave, sensorless square wave, sensed SVPWM, sensed FOC and sensorless FOC. Comparing sensed algorithms with sensorless algorithms, sensed ones obtain the precise position information of the rotor in the motor through the position sensor, while sensorless ones estimate the position of the rotor through algorithms. Therefore, sensorless algorithms can avoid system failures caused by sensor failures and improve the reliability of the system. Compared with other types of control algorithms, FOC control algorithms can accurately control the size and direction of the magnetic field, improving the efficiency of the motor and the overall efficiency of the system. Sensorless FOC algorithms combine the dual characteristics of sensorless algorithms and FOC algorithms, and have the advantages of high system reliability and high system efficiency. Meanwhile, sensorless FOC algorithms are more complex and therefore have higher requirements on chip design companies.
- Control Chips with Different Levels of Integration.** Some control chips can integrate a large number of functions of other components such as LDOs and op-amps, and even those of HVICs and MOSEETs. Such a design reduces the number of connection points between components, thereby improving system stability and reliability. By contrast, there are also control chips that do not integrate a large number of functions of other components. Such a design allows downstream customers to select the most suitable components for specific application requirements with greater flexibility.

### Value Chain of BLDC Motor Control and Driver Product Industry

Major participants in the upstream of the BLDC control and driver product industry include raw material and equipment suppliers. The BLDC control and driver product companies in the midstream of the value chain are responsible for designing, manufacturing, packaging and testing of the BLDC control and driver chips. There are primarily two business models in the midstream, namely integrated device manufacturer (IDM) model and fabless model. In the downstream, the control circuits which include the BLDC motor control and driver chips are integrated with power supply, stators, rotors and sensors into BLDC motors. BLDC motors can be used in a wide range of application scenarios, including smart small household appliance, white goods, electric tools, sports and leisure, industrial, automotive and robots, etc.

### Value Chain of BLDC Motor Control and Driver Product Industry



Source: Frost & Sullivan

## INDUSTRY OVERVIEW

### Global and China's Market Size of Chips

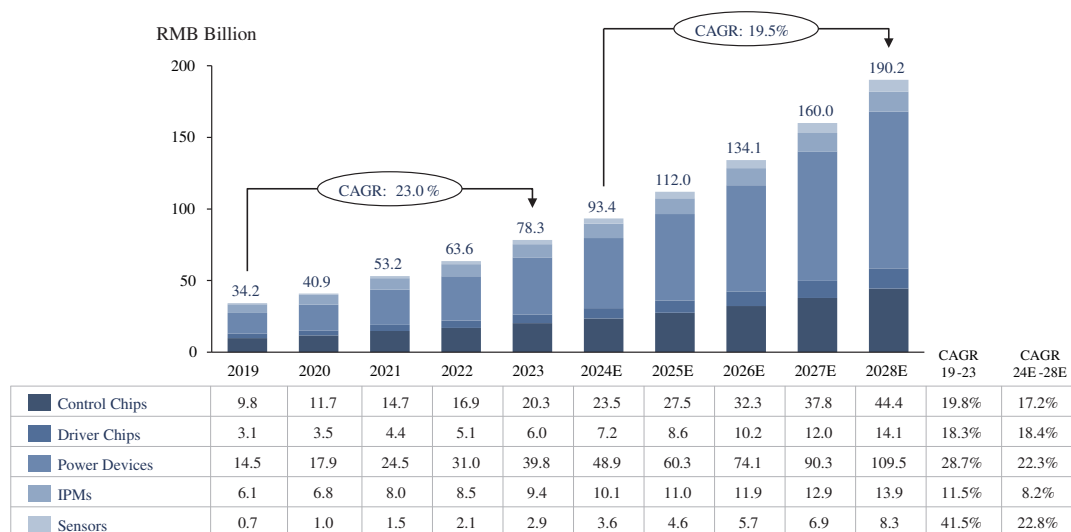
Benefiting from advancements and innovations in chip technology, as well as growing market demand, the overall size of the global chip market exhibited an upward trend, rising from RMB2,302.2 billion in 2019 to RMB3,195.9 billion in 2022. However, in 2023, due to the stockpiling of downstream companies, and the short-term decline in consumer demand caused by the global economic downturn, the size of the global chip market decreased to RMB3,030.9 billion. During the forecast period, the global chip market still possesses vast development prospects and significant market potential, with its market size expected to grow from RMB3,660.6 billion in 2024 to RMB5,844.0 billion in 2028, at a CAGR of 12.4%. As for the Chinese market, its size is also expected to grow at a CAGR of 8.8% between 2024 and 2028 to reach RMB1,441.0 billion in 2028, driven by favourable government policies, increasing downstream demands, and technology improvements.

### Global and China's Market Size of BLDC Motor Control and Driver Products

The BLDC motor control and driver product market encompasses control chips, driver chips, power devices, IPMs, and sensors. Benefiting from various driving factors including technological innovation, growing downstream demand, favorable policy environment, etc., BLDC motor control and driver product market has shown broad development prospects worldwide. The global BLDC motor control and driver product market increased rapidly from RMB34.2 billion in 2019 to RMB78.3 billion in 2023, with a CAGR of 23.0%, and is expected to further increase from RMB93.4 billion in 2024 to RMB190.2 billion in 2028, representing a CAGR of 19.5%. In 2023, power devices and control and driver chips accounted for 50.8% and 33.6% of global BLDC control and driver product market, respectively.

The downstream application scenarios of specific-purpose and general-purpose chips are interchangeable. Customers from different downstream application scenarios can choose from the two types of chips based on specific requirements such as real-time performance and flexibility. Within the global BLDC motor control chip market which size reached RMB20.3 billion in 2023, specific-purpose chips accounted for about 30%.

**Market Size of BLDC Motor Control and Driver Product Market (by sales value), Global, 2019-2028E**

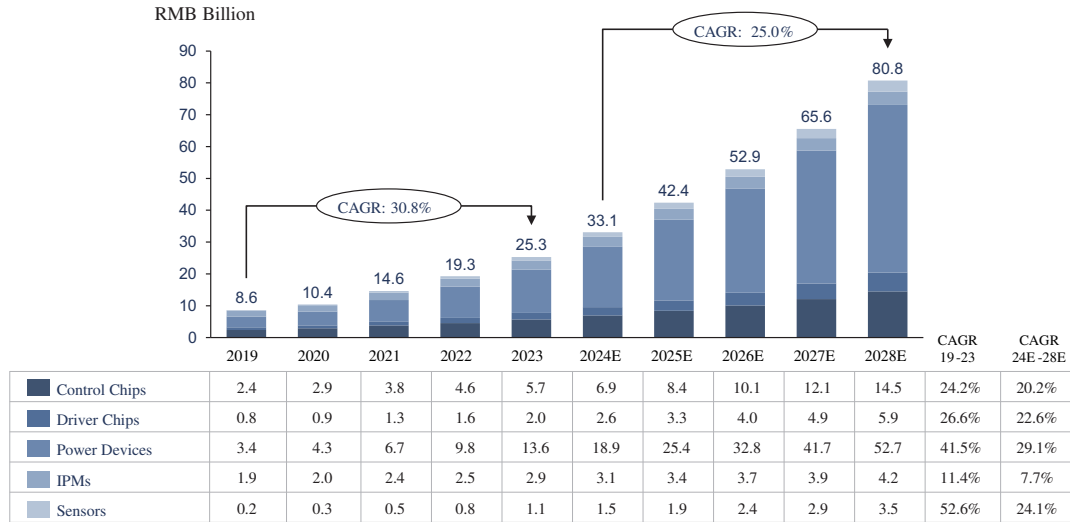


Source: Frost & Sullivan

## INDUSTRY OVERVIEW

The China BLDC motor control and driver product market increased from RMB8.6 billion in 2019 to RMB25.3 billion in 2023, with a CAGR of 30.8%, and is expected to further grow from RMB33.1 billion in 2024 to RMB80.8 billion in 2028, representing a CAGR of 25.0%. Power devices and control and driver chips occupy the largest market share in the market. In 2023, power devices and control and driver chips accounted for 53.8% and 30.6% of China's BLDC control and driver product market, respectively.

### Market Size of BLDC Motor Control and Driver Product Market (by sales value), China, 2019-2028E



Source: Frost & Sullivan

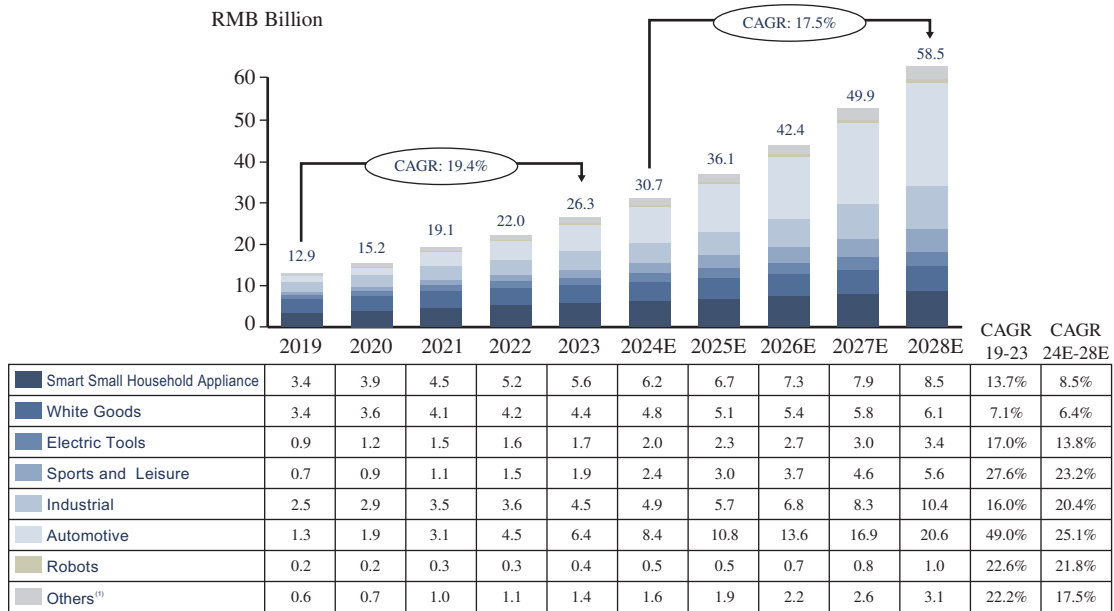
## INDUSTRY OVERVIEW

### Global and China's Market Size of BLDC Motor Control and Driver Chips

The BLDC motor control and driver chip market encompasses BLDC motor control chips (e.g. MCUs and ASICs) and BLDC motor driver chips (e.g. HVICs). It is also common practice in the industry to use BLDC motor control ICs to refer to BLDC motor control and driver chips.

Driven by the increasing penetration of BLDC motors in downstream industries, as well as the advantages of BLDC motor control and driver chips including high efficiency, high reliability, low vibration, low noise, and quick response, the global BLDC motor control and driver chip market grew promptly from RMB12.9 billion in 2019 to RMB26.3 billion in 2023, with a CAGR of 19.4%, and the market is expected to grow from RMB30.7 billion in 2024 to RMB58.5 billion in 2028, with a CAGR of 17.5%.

**Market Size of BLDC Motor Control and Driver Chip Market (by sales value),  
Global, 2019-2028E**



Source: Frost & Sullivan

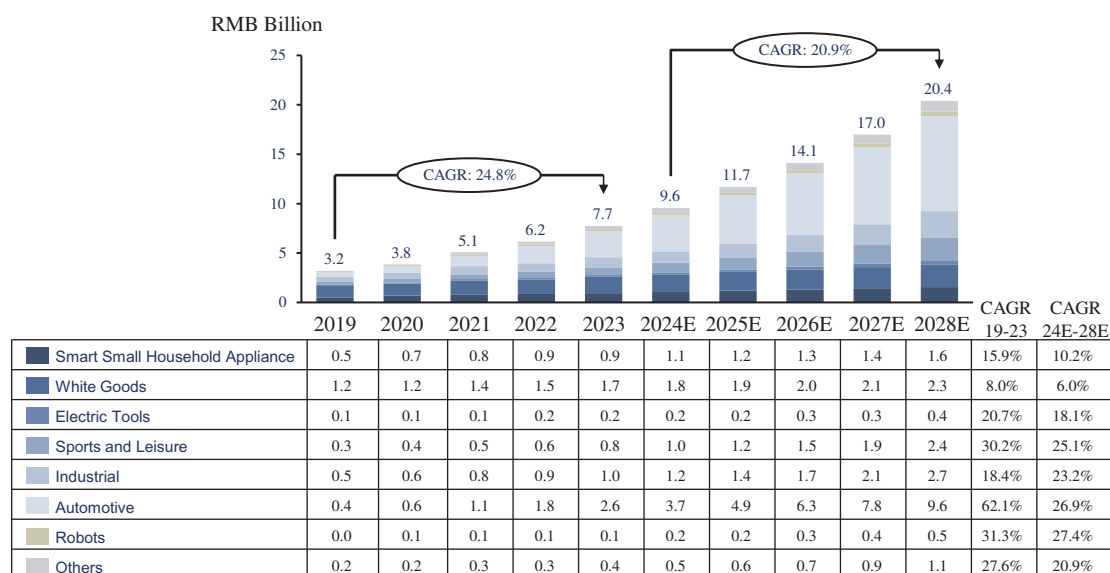
Note: Others mainly include applications in the medical field, such as surgical equipment, ventilators and CT scanners.



## INDUSTRY OVERVIEW

China's BLDC motor control and driver chip market grew significantly from RMB3.2 billion in 2019 to RMB7.7 billion in 2023 with a CAGR of 24.8%, and is expected to grow from RMB9.6 billion in 2024 to RMB20.4 billion in 2028 with a CAGR of 20.9%.

**Market Size of BLDC Motor Control and Driver Chip Market (by sales value),  
China, 2019-2028E**



Source: Frost & Sullivan

- Smart Small Household Appliance and White Goods.** China's BLDC motor control and driver chip market in the smart small household appliance and white goods sectors grew steadily from RMB0.5 billion and RMB1.2 billion in 2019 to RMB0.9 billion and RMB1.7 billion in 2023, respectively, with CAGRs of 15.9% and 8.0%, respectively. And the two markets are expected to further grow to RMB1.6 billion and RMB2.3 billion in 2028, respectively, with CAGRs of 10.2% and 6.0% between 2024 and 2028, respectively. The growth is mainly attributed to the ability of BLDC motor control and driver chips to improve energy efficiency and performance of home appliances, as well as consumers' demand for better performance of home appliances with the advancement of technology.
- Electric Tools.** China's BLDC motor control and driver chip market in the electric tools sector increased from RMB0.1 billion in 2019 to RMB0.2 billion in 2023, with a CAGR of 20.7%. Since BLDC motors are better suited to meet the demand for integrated control and wireless operation in electric tools, the market is expected to further grow from RMB0.2 billion in 2024 to RMB0.4 billion in 2028, with a CAGR of 18.1% during the period.
- Sports and Leisure.** China's BLDC motor control and driver chip market in the sports and leisure sector increased from RMB0.3 billion in 2019 to RMB0.8 billion in 2023, with a CAGR of 30.2% during the period. Due to the advantages in high efficiency, low energy consumption, long life and low noise, BLDC motors are gradually replacing traditional motors in the fields of UAVs, electric bikes, treadmills, and intelligent balance bikes. Therefore, the market is expected to further grow from RMB1.0 billion in 2024 to RMB2.4 billion in 2028, with a CAGR of 25.1% in the forecast period.

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## INDUSTRY OVERVIEW

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- **Industrial.** China's BLDC motor control and driver chip market in the industrial sector grew swiftly from RMB0.5 billion in 2019 to RMB1.0 billion in 2023, with a CAGR of 18.4%. The market is expected to grow further from RMB1.2 billion in 2024 to RMB2.7 billion in 2028 with a CAGR of 23.2%, primarily due to the widespread use of BLDC motors in the fields of servo system, PC, and data center.
- **Automotive.** In the automotive sector, China's BLDC motor control and driver chip market grew rapidly from RMB0.4 billion in 2019 to RMB2.6 billion in 2023, with a CAGR of 62.1%. Benefiting from the increasing penetration rate of BLDC motor in the automotive field and the expansion of BLDC motor application scenarios to areas including main drive and auxiliary components, the market size of BLDC motor control and driver chips in automotive is expected to increase rapidly from RMB3.7 billion in 2024 to RMB9.6 billion in 2028, with a CAGR of 26.9%.
- **Robots.** In the robots sector, China's BLDC motor control and driver chip market increased from RMB0.05 billion in 2019 to RMB0.14 billion in 2023, with a CAGR of 31.3%. With the rapid development of China's intelligent robotics market, the demand for high-performance motors is also increasing. And with advantages such as high energy efficiency and control accuracy, BLDC motors have great application potential in the field, which greatly drive the demand for BLDC motor control and driver chips in the future. The market is expected to grow from RMB0.18 billion in 2024 to RMB0.47 billion in 2028, with a CAGR of 27.4% during the period.

### Market Drivers of BLDC Motor Control and Driver Chip Market

- **Increasing Penetration Rate of BLDC Motor.** BLDC motor control and driver chips are expected to be more widely used in downstream application fields in the forecast period, including automotive, household appliances, and UAVs. Firstly, BLDC motors can meet the higher requirements of automotives for reliability, energy consumption, and power density, thus are expected to gradually replace traditional motors and expand application into more scenarios, including main drive, auxiliary components (EPS, electronic suspension system, vehicle stability control system, body system, etc.), and air-conditioning systems. In the field of automotive, the penetration rate of BLDC motors in EV in the China market is expected to increase from approximately 40% in 2019 to approximately 80% in 2028. Secondly, consumers' requirements for home appliances are continuously increasing, with a greater focus on the intelligence and high-end nature of the products. The advantages of BLDC motors in terms of control precision and noise levels make them an indispensable part of high-end products. Benefiting from consumption upgrades and the iteration and upgrading of the household appliance market, the BLDC motor market is expected to have a broader space in smart small household appliance industry. For instance, the penetration rate of BLDC motors in vacuum cleaners in the China market is expected to increase from approximately 30% in 2019 to approximately 90% in 2028. Furthermore, BLDC motors are widely used in UAVs due to their performance advantages such as high reliability, low vibration, high efficiency, and low noise. Its integration and customization trends help reduce the size and weight of UAVs while improving efficiency and response speed. As BLDC motor expands its application to more downstream markets, the demand for BLDC motor control and driver chips is also expected to experience explosive growth.

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## INDUSTRY OVERVIEW

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- ***Growing Downstream Industries.*** Downstream industries of the BLDC motor control and driver chip market has been continuously expanding. In China, with the increase in domestic residents' disposable income as well as technological improvements in products, the overall home appliances market is expected to grow from RMB60.4 billion in 2023 to RMB76.9 billion in 2028. Besides, driven by longer driving range with increasing battery capacity, decreasing price, more mature and convenient charging infrastructure and the stronger environmental consciousness of consumers, the sales volume of EVs in China is expected to grow from 9.5 million units in 2023 to 24.9 million units in 2028, at a CAGR of 21.3%. Additionally, with the continuous development of new intelligent technologies, including 5G, AI, and big data, etc., China's civilian UAV market is expected to grow from RMB117.4 billion in 2023 to RMB392.2 billion in 2028, with a CAGR of 27.3%. The growing development of these downstream markets provides opportunities for the development of the BLDC motor market and the BLDC motor control and driver chip market.
- ***Technological Advancement and Innovation of BLDC Motor Control and Driver Chips.*** The realm of BLDC motor control and driver chips has made significant advancements in technological innovation and algorithmic refinement. For instance, leading companies in the industry have developed proprietary ME (Motor Engine) core and hardware-based motor control algorithms, effectively improving the operation speed of algorithm and the reliability of control and driver chip reliability. In addition, advanced control and driver technologies such as highly integrated chip solutions and intelligent control algorithms are constantly emerging, further improving the performance of BLDC motors and driving the continuous expansion of the BLDC motor control and driver chip market.
- ***Supportive Policies.*** Governments in different countries have shown strong support for energy efficiency improvement, especially for high-efficiency and low-energy-consumption equipment such as BLDC motors. In March 2024, China's MIIT and other departments issued the "Implementation Program for Promoting the Modernization of Equipment in the Industrial Sector," which clearly emphasizes the promotion of energy efficiency upgrading of key energy-using equipment including motors, focusing on energy efficiency level upgrading. In October 2019, the European Commission issued the "Commission Regulation (EU) 2019/1781," which sets clear requirements for the energy efficiency of the electric motors and variable speed drives pursuant. The scope of the regulation has been further expanded and the requirements have been raised from July 1, 2023. Therefore, it further promotes the technological progress and energy efficiency improvement of the motor and variable speed drive industry, and the development of the BLDC motor industry. Furthermore, various countries have also introduced supportive policies in the field of chips. In 2023, China released "the Action Program for Stabilizing Growth of Electronic Information Manufacturing Industry in 2023-2024", which proposes to focus on improving chip supply capacity and actively promoting the cooperation between chip enterprises and downstream application industries. In 2023, the UK released the "National Semiconductor Strategy", which aims to reduce the cost of integrated circuits and boost the resilience of the UK chip industry. In 2021, the Japanese government released the "Semiconductor and Digital Industry Strategy", which proposes to strengthen the design and development of cutting-edge semiconductor manufacturing technologies and promote green innovation. The development of the BLDC motor control and driver chip market, as a rapidly growing sub-segment of the chip industry, has been promoted by these supportive policies.

### Development Trends of BLDC Motor Control and Driver Chip Market

- ***Increasing Domestic Substitution.*** In January 2024, China's MIIT and other departments issued the "Implementation Opinions on Promoting Innovation and Development of Future Industries," which promotes industrial terminal products that adapt to the general intelligent trend. With the support of government policies and the technological innovation made by domestic companies in the industry, their market share has gradually increased. In 2023, the domestic supplying rate of China's BLDC motor control and driver chip market was 23.1%, increasing from 9.2% in 2019. In the forecast period, with technological advancements and the continuous growth of market demand, the domestic supplying rate is expected to further increase to 48.2% in 2028.

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## INDUSTRY OVERVIEW

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- ***Higher Integration Level and Further Improving Performance.*** With increasing performance requirements from terminal markets on motor control, BLDC motor control and driver chips are developing towards higher integration levels and further improving performance. Highly integrated chip design can integrate more devices and functions on a single chip, thereby greatly simplifying peripheral circuits, reducing the number of peripheral devices, reducing the overall size of the control system, as well as its cost. By reducing the number of connection points between system components, they can greatly improve the stability and reliability of the system. Furthermore, highly integrated solutions can also effectively reduce the difficulty of designing subsequent application programs for chip products. In addition, the sensorless FOC control algorithm has been widely adopted especially in the fields of white goods, smart small household appliance and industrial automation due to its advantages of high efficiency, low vibration, low noise and high response speed.
- ***Intelligent Development Trend.*** With the continuous development of AI technology, new intelligent functions such as intelligent algorithms and adaptive control are constantly being applied into the BLDC motor industry. BLDC motors are accelerating their penetration into multiple emerging application fields, such as smart homes, EVs, industrial automation, etc., and such fields have put forward higher requirements on the performance, efficiency and intelligence level of motors. By introducing AI and intelligent algorithm technology, BLDC motors can achieve more efficient energy management, more precise position control and smarter fault diagnosis.
- ***Provision of System-level Services.*** As downstream end customers have increasingly higher requirements on the diversity and complexity of BLDC motor control and driver systems, suppliers that only provide BLDC motor chips can no longer meet their needs. Therefore, it is expected to be a trend in the industry that BLDC motor control and driver chip companies provide system-level motor control services, which includes not only IC design, but also motor control algorithms and motor design technologies. And companies with such comprehensive system-level service capabilities are poised to gain a competitive edge in the market.

## COMPETITIVE ANALYSIS OF GLOBAL AND CHINA'S BLDC MOTOR CONTROL AND DRIVER CHIP MARKET

### Competitive Landscape of Global and China's BLDC Motor Control and Driver Chip Market

In the Global and China's BLDC motor control and driver chip market, foreign companies hold the major market share, leveraging on their technical accumulation from other segments of the semiconductor market. While Chinese companies have experienced rapid growth in recent years, and have advantages in providing tailored products that meet specific industry requirements.

# INDUSTRY OVERVIEW

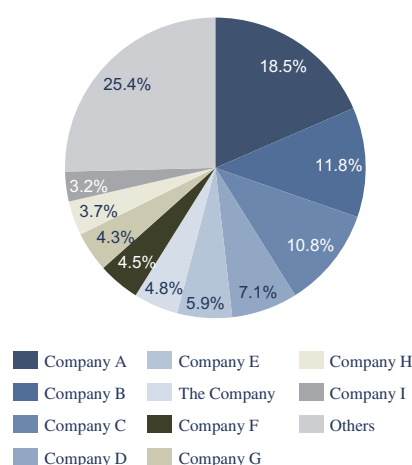
## Ranking of BLDC Motor Control and Driver Chip Companies in the Chinese Market

The Company's MCU, ASIC and HVIC segments constitute its BLDC motor control and driver chip business. In 2023, the Company's revenue generated from sales of MCU, ASIC and HVIC products to customers in China amounted to RMB373 million. Based on BLDC motor control and driver chip revenue in 2023, the Company ranked sixth in the Chinese market, including domestic and overseas companies, with a market share of 4.8%. Based on BLDC motor control and driver chip revenue in 2023, the Company is the largest domestic company in the Chinese market.

BLDC motor control and driver product companies adopt either IDM model or fabless model. Based on BLDC motor control and driver chip revenue in 2023, six out of the top ten companies in the Chinese market adopt IDM model, and the remaining four companies adopt the fabless model. Semiconductor giant companies in the market generally adopt the IDM model.

Furthermore, based on BLDC motor control and driver chip revenue in 2023, six out of the top ten companies in the Chinese market fully provide general-purpose chips. The other four companies are able to provide specific-purpose chips, and among them, the Company fully provides specific-purpose chips, and Company E mainly provides specific-purpose chips.

### TOP 10 BLDC MOTOR CONTROL AND DRIVER CHIP COMPANIES (BY REVENUE), CHINA, 2023



Rank	Company	Country	BLDC Motor Control and Driver Chip Revenue (in RMB Million)	Market Share
1	Company A	Germany	1,431	18.5%
2	Company B	US	910	11.8%
3	Company C	Switzerland	835	10.8%
4	Company D	Netherlands	550	7.1%
5	Company E	Japan	454	5.9%
6	The Company	China	373	4.8%
7	Company F	Belgium	350	4.5%
8	Company G	US	333	4.3%
9	Company H	Germany	286	3.7%
10	Company I	Japan	251	3.2%
Others			1,964	25.4%
Total			7,738	100.0%

Source: Company Reports, Frost & Sullivan

Company A, a company headquartered in Germany and listed on the Frankfurt Stock Exchange, was established in 1999 and primarily offers semiconductors, system solutions, and others.

Company B, a company headquartered in the US and listed on the NASDAQ Exchange, was established in 1951 and primarily offers semiconductors, calculators, and other electronic components.

Company C, a company headquartered in Switzerland and listed on the New York Stock Exchange, Euronext Paris Exchange, and Borsa Italiana Exchange, was established in 1987 and primarily offers semiconductors, power ICs, and others.

Company D, a company headquartered in the Netherlands and listed on the NASDAQ Exchange, was established in 2006 and primarily offers semiconductors, embedded systems, and others.

Company E, a company headquartered in Japan and listed on the Tokyo Stock Exchange, was established in 1958 and primarily offers semiconductors, power devices, and others.

Company F, a company headquartered in Belgium and listed on the Euronext Brussels Exchange, was established in 1988 and primarily offers semiconductor-based sensor ICs, signal conditioning devices, and others.

Company G, a company headquartered in the US and listed on the NASDAQ Exchange, was established in 1990 and primarily offers power ICs, sensors, and others.

Company H, a company headquartered in Germany and listed on the Frankfurt Stock Exchange, was established in 1984 and primarily offers analog ICs, sensors, and others.

Company I, a company headquartered in Japan and listed on the Tokyo Stock Exchange, was established in 2002 and primarily offers semiconductors, microcontrollers, and others.

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## INDUSTRY OVERVIEW

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### Entry Barriers of BLDC Motor Control and Driver Chip Market

- **Technology Barrier.** The BLDC motor control and driver chip industry is a highly specialized, technology-intensive field with applications across various sectors. Leading companies have accumulated extensive technical expertise and proprietary designs, while new entrants would face significant challenges, particularly in mastering complex motor control algorithms and achieving high-performance chip integration. Therefore, the gap in technologies between new entrants and leading companies would be a huge challenge for new entrants in their early stages of development. And companies that have accumulated technological advantages hold a first-mover advantage within the competitive landscape.
- **Product Reliability Barrier.** In the BLDC motor control and driver chip industry, product reliability is a critical determinant of consistent operational performance. Established companies benefit from extensive testing, product refinement, and accumulated performance data, ensuring high reliability and minimizing failure rates. Such companies possess a clear first-mover advantage in the competitive landscape. While new entrants face considerable challenges in achieving similar levels of product reliability.
- **Customer Stickiness Barrier.** The number and quality of downstream clients have significant impact on the long-term growth of BLDC motor control and driver chip companies. Customer stickiness in the industry is high because companies in the industry have to undergo rigorous evaluations before entering the supply chain of major clients and securing long-term partnerships. Moreover, large-scale clients, especially recognized brands, have low willingness in changing suppliers due to the lengthy qualification process and high switching costs. As a result, the lack of established customer relationships creates a substantial barrier for new entrants, establishing a significant first-mover advantage for existing industry leaders.
- **Talent Barrier.** The BLDC motor control and driver chip industry requires a highly specialized talent pool covering complex hardware, software, and production processes. Moreover, some of the leading companies in the industry have built talent teams in IC design, motor control algorithms, and motor design, so as to provide system-level services. As the BLDC motor control and driver chip market continues to expand, the demand for high-end talent with both technical knowledge and practical experience is increasing. For new entrants, recruiting and retaining the necessary technical expertise across multiple areas poses a significant challenge.



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## REGULATORY OVERVIEW

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### THE PRC LAWS, REGULATIONS AND POLICIES

This section sets out summaries of certain aspects of PRC laws, regulations and policies, which are relevant to business operations of our Company.

### LAWS, REGULATIONS AND POLICIES RELATING TO THE INTEGRATED CIRCUIT INDUSTRY

From 2010 to 2020, 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 Innovation-driven Development Strategy (國家創新驅動發展戰略綱要), the Outline of the National Informatization Development Strategy (國家信息化發展戰略綱要), the Notice of the State Council on the “13th Five-Year Plan” for the Development of National Strategic Emerging Industries (國務院關於印發“十三五”國家戰略性新興產業發展規劃的通知), the Notice of the State Council on the “13th Five-Year Plan” for National Scientific and Technological Innovation (國務院關於印發“十三五”國家科技創新規劃的通知), 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 (國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知), the Notice of the State Council on the “14th Five-Year Plan” for the Development of Digital Economy (國務院關於印發“十四五”數字經濟發展規劃的通知).

On July 27, 2020, the Notice on Administrative Measures on Import Tax Policies to Support the Development of Integrated Circuit Industry and Software Industry by the Ministry of Finance, the National Development and Reform Commission, the Ministry of Industry and Information Technology and Other Departments (財政部、國家發展改革委、工業和信息化部等關於支持集成電路產業和軟件產業發展進口稅收政策管理辦法的通知) became effective. On the same day, the Notice of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Import Tax Policies to Support the Development of Integrated Circuit Industry and Software Industry (財政部、海關總署、稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知) took effect. The above notices relating to importing tax for the integrated circuit industry have made some installment tax payment policies and import tariff exemption policies.

On December 11, 2020, the Ministry of Finance (the “MOF”), the STA, the National Development and Reform Commission (the “NDRC”) and the Ministry of Industry and Information Technology (the “MIIT”) jointly promulgated the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告). Pursuant to the foregoing provisions, key integrated circuit design enterprises and software enterprises encouraged by the State will be exempted from enterprise income tax from the first to the fifth year from the profit-making year and will be subject to enterprise income tax at a reduced tax rate of 10% in subsequent years.

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On March 12, 2021, the National People's Congress (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), proposing to 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 May 21, 2022, the STA issued the Guidelines on Tax and Fee Preference Policies for Software and Integrated Circuit Enterprises (軟件企業和集成電路企業稅費優惠政策指引). For the purpose of facilitating timely knowledge of applicable tax preference policies, the foregoing guidelines have clearly demonstrated preference contents, conditions, and policy basis for integrated circuit enterprises.

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

### LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

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

The Foreign Investment Law, which was promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. “Pre-access national treatment” means that foreign investors and their investments shall be treated no less favorably than domestic investors and their investments at the stage of investment access; “negative list” refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Regulation for Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the “**Implementation Regulations**”), which came into effect on January 1, 2020, further stipulates that the PRC shall, according to the needs of national economic and social development, formulate a catalogue of encouraged foreign-invested industries, and specify the specific industries, fields and regions in which foreign investors are encouraged and guided to invest.



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The NDRC and the MOFCOM jointly revised and issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)) (the “**Negative List**”) on September 6, 2024, which came into effect on November 1, 2024, to replace the previous negative list thereunder (the NDRC and MOFCOM commonly revise the list every 1-3 years). Pursuant to the Foreign Investment Law, the Implementation Regulations and the Negative List, overseas investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments.

### REGULATIONS IN RELATION TO OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Overseas Investments (境外投資管理辦法) which was promulgated by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and provincial competent commerce departments shall conduct filing or approval management depending on different circumstances of overseas investments of enterprises. Overseas investments involving any sensitive country or region, or any sensitive industry shall be subject to approval management, overseas investments under other circumstances shall be subject to filing management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) which was promulgated by the NDRC on December 26, 2017 and came in effect on March 1, 2018, an enterprise located within the territory of the PRC (the “**Investor**”) making an outbound investment shall go through such formalities as the approval and filing for the outbound investment project (the “**Project(s)**”), the reporting of relevant information, and the cooperation in the supervision and inspection over the outbound investment. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, the non-sensitive Projects involving Investors’ direct investment of assets and equities or the provision of financing or guarantees shall be subject to filing. The aforementioned “sensitive project” means a project involving a sensitive country or region or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Industries for Outbound Investment (Edition 2018) (境外投資敏感行業目錄(2018年版)), effective on March 1, 2018 to list the current sensitive industries in detail.

SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) on 13 February 2015, abolishing the verification and approval of foreign exchange registration of overseas direct investment. The banks shall directly examine and handle foreign exchange registration of overseas direct investment. SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via banks.

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## REGULATORY OVERVIEW

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### LAWS AND REGULATIONS RELATING TO CYBERSECURITY AND DATA SECURITY

On July 1, 2015, the Standing Committee of the National People's Congress (the "SCNPC") promulgated the State Security Law of the PRC (中華人民共和國國家安全法), which became effective on the same day, pursuant to which the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, projects relating to national security matters and other important activities that are likely to impact national security of China. According to the State Security Law of the PRC, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state, and the capability to maintain a sustained security status are not faced with any danger and not threatened internally or externally.

The SCNPC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法) on June 10, 2021, which became effective on September 1, 2021, for the establishment of a data classification and hierarchical protection system to conduct classified and hierarchical protection of data. Entities carried out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

### LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

#### Patent

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (the "**Patent Law**") promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) (the "**Implementing Rules**") promulgated by the State Council on June 15, 2001 and latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely "invention," "utility model" and "design". "Invention" refers to a new technical scheme proposed for a product, a process or the improvement thereof; "utility model" refers to an applicable and practical new technical scheme proposed for the shape or structure of a product or a combination thereof; and "design" refers to a new design of the whole or partial shape or pattern of a product or a combination thereof as well as a combination of color with shape or pattern, which creates an aesthetic feeling and is fit for industrial application. The duration of patent rights for an invention shall be 20 years, the duration of patent rights for a utility model shall be 10 years and the duration of patent rights for a design shall be 15 years, commencing from the filing date. Following the grant of patent rights for an invention or a utility model, unless otherwise stipulated in this Law, no organization or individual shall implement the patent without licensing from the patentee, i.e. shall not manufacture, use, offer to sell, sell or import such patented products for manufacturing and business purposes, or use the patented method and use, offer to sell, sell or import products obtained directly according to the patented method. Following the grant of design patent rights, no organization or individual shall implement the patent without licensing from the patentee, i.e. shall not manufacture, offer to sell, sell or import the design patented products for manufacturing and business purposes.

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## REGULATORY OVERVIEW

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### Trademark

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982 and latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002 and latest amended on April 29, 2014 and came into effect on May 1, 2014, trademarks approved and registered by the Trademark Bureau are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks; trademark registrants enjoy exclusive rights to use trademark and are protected by the law. The Trademark Bureau is responsible for trademark registration and administration nationwide and grants a term of 10 years to registered trademarks, commencing from the date of registration. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities pursuant to the provisions within the 12-month period before the expiry date; where renewal formalities are not completed within the stipulated period, a six-month extension may be allowed. The validity period of each renewal shall be 10 years, commencing from the date following expiry of the preceding validity period of the said trademark. Where renewal formalities are not completed upon expiry of the validity period, the registered trademark shall be cancelled.

### Copyright

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and came into effect on March 1, 2013, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, in accordance with this Law. Works refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, including written works, oral works, musical, dramatic, opera, dance, acrobatic artistic works, fine arts, architectural works, photographic works, audio-visual works, graphic works and model works, such as engineering design plan, product design plan, map, schematic diagram, etc., computer software and any other intellectual achievements which comply with the characteristics of the works. A copyright holder shall enjoy a number of personal rights and property rights, including publication right, the right of authorship, the right of revision, the right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right and any other rights enjoyed by a copyright holder.

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## REGULATORY OVERVIEW

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Pursuant to the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on December 20, 2001, last amended on January 30, 2013 and became effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on February 20, 2002, “computer software” (the “**software**”) refers to computer programs and related files. Chinese citizens, legal persons or other organizations enjoy the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organization shall be 50 years, concluding on 31 December of the 50th year after the software’s initial release. But if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive protection.

### **Layouts Design of Integrated Circuit**

Pursuant to the Protection of the Layout Design of Integrated Circuits (集成電路布圖設計保護條例) (the “**Regulations on the Protection**”) promulgated by the State Council on April 2, 2001 and became effective on October 1, 2001, where Chinese natural persons, legal persons or other organizations create layout designs, they shall enjoy the proprietary rights in the layout designs in accordance with the Regulations on the Protection. Proprietary rights in layout designs shall become valid after being registered with the administrative department of the State Council responsible for intellectual property. Unregistered layout designs are not protected by the Regulations on the Protection. The protection period of the proprietary rights in a layout design is 10 years, commencing from the date of the application for registration of the layout design or the date that it is put into commercial use anywhere in the world, whichever is earlier. However, regardless of whether or not a layout design is registered, or whether or not it is put into commercial use, it shall no longer be protected by the Regulations on the Protection after 15 years from the time of its creation.

### **Domain Name**

Pursuant to the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the main regulatory authority responsible for implementing supervision and administration over domain name services nationwide. Domain names registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

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## REGULATORY OVERVIEW

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### LAWS AND REGULATIONS ON LAND, PLANNING AND PROJECT CONSTRUCTION LAND

#### Land

According to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019, and became effective on January 1, 2020, the Implementing Regulation for the Land Administration Law of the PRC (中華人民共和國土地管理法實施條例) promulgated by the State Council on December 27, 1998, latest amended on July 2, 2021, and became effective on September 1, 2021, and the Provisional Regulations of the PRC for the Grant and Assignment of the Right to Use the State-owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated by the State Council on May 19, 1990 and latest amended on November 29, 2020, the land in the PRC is either State-owned or collectively-owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of the land is collectively-owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

#### Planning

According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) promulgated by the SCNPC on October 28, 2007, latest amended and became effective on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

#### Project Construction

According to the Construction Law of the PRC (中華人民共和國建築法) promulgated by the SCNPC on November 1, 1997, latest amended and became effective on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

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## REGULATORY OVERVIEW

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### REGULATIONS RELATING TO PROPERTY LEASING

Pursuant to 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, latest amended on August 26, 2019, and became effective on January 1, 2020, the lessor and the lessee shall enter into a written lease contract for leasing of building to stipulate the term of lease, purpose of the lease, lease price, maintenance and repair liability etc., and any other rights and obligations of both parties; the lease contract shall be registered and filed with the real estate administration authorities.

In addition, according to the Management Measures for the Lease of Commercial 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 became effective on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Individuals or organizations who violate the foregoing provisions shall be ordered by the development (real estate) department of the People's Governments of centrally-administered municipalities, municipalities or counties to make correction within a stipulated period; where the individual failed to make correction within the stipulated period, a fine of not more than RMB1,000 shall be imposed; where the organization failed to make correction within the stipulated period, a fine ranging from RMB1,000 to RMB10,000 shall be imposed.

### LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (中華人民共和國產品質量法) (the “**Product Quality Law**”) promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018, producers and sellers shall establish a sound internal product quality control system, strictly adhere to a job responsibility system in relation to quality standards and quality liabilities, and implement corresponding examination and inspection measures. The forgery or imitation of quality marks such as certification marks is prohibited; falsifying the place of origin of product, and falsifying or imitating the name or address of another factory is prohibited; adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties, including suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (ii) criminal liabilities if the illegal activity constitutes a crime.

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### LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the Standing Committee of the NPC on May 12, 1994, and latest amended on December 30, 2022 and the Regulations on the PRC on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) issued by the State Council of the PRC on December 10, 2001, became effective on January 1, 2002, and last amended on March 10, 2024, the State Council of the PRC shall allow free importation and exportation of goods, and maintain fair, free and orderly import and export trade in goods except for the goods which is explicitly prohibited or restricted by laws or administrative regulations.

The Provisions on the Registration of Customs Declaration Entities of the People's Republic of China (中華人民共和國海關報關單位備案管理規定) which was promulgated by the General Administration of Customs of the PRC (the "GAC") on November 19, 2021 and took effect on January 1, 2022, the consignee or consignor of imported or exported goods or a customs declaration enterprise needs only to apply for record-filing to the customs, with no registration with the GAC necessary any longer. The record-filing information shall be made public via the Import and Export Credit Information Publicity Platform of the Customs of China.

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on May 12, 1994, and latest amended on December 30, 2022, the requirements for foreign trade operators engaging in goods or technology import and export to go through the record-filing registration with the foreign trade department of the State Council or its authorized agencies have been abolished.

### LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION AND FIRE SAFETY

#### Regulations on Environment Protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The environmental protection department of the State Council is authorized to issue national standards for environmental quality and pollutant emissions, and to implement unified supervision and administration of environmental protection work nationwide. Meanwhile, local environment protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.



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### Regulations on Fire Safety

According to the Fire Protection Law of the People's Republic of China (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998 and last amended on April 29, 2021, the fire prevention design and construction of a construction project must conform to the national fire prevention technical standards for project construction. For construction projects that require fire prevention design in accordance with the national fire prevention technical standards for project construction, the fire prevention design review and acceptance system for construction projects shall be implemented. Upon completion of a construction project that is required to apply for fire control acceptance inspection by the competent department of housing and urban-rural development under the State Council, the construction entity shall apply to the competent department of housing and urban-rural development for fire control acceptance inspection. For construction projects other than those specified in the preceding paragraph, the construction entity shall report to the competent department of housing and urban-rural development for filing after the acceptance, and the competent department of housing and urban-rural development shall conduct spot checks. Construction projects which are subject to fire control acceptance inspection according to law shall not be put into use without fire control acceptance inspection or failing to pass fire control acceptance inspection. Other construction projects which fail to pass the legal spot checks shall cease to be used.

### LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

#### Labor Law and Labor Contract Law

According to the Labor Law of the PRC (中華人民共和國勞動法), promulgated by the SCNPC on July 5, 1994 and latest amended on December 29, 2018, and the Labor Contract Law of the PRC (中華人民共和國勞動合同法), promulgated by the SCNPC on June 29, 2007, latest amended on December 28, 2012 and became effective on July 1, 2013, a labor contract shall be concluded for establishment of work relationships. Wages paid by the employers to their employees shall not be less than the local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions.



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### Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法), promulgated by the SCNPC on October 28, 2010 and last amended on December 29, 2018, the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on January 22, 1999 and last amended on March 24, 2019, and the Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers in mainland China 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, penalty may be imposed or an application may be made to a people's court for enforcement.

### LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

#### Securities Laws and Regulations

The Securities Law of the PRC (中華人民共和國證券法) (the “**Securities Law**”), promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and came into effect on March 1, 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

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## REGULATORY OVERVIEW

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### Overseas Listings

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and relevant guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023 (the “**Trial Measures**”), a domestic company that seeks to offer and list securities in overseas markets shall fulfill the filing procedure with the CSRC as per requirement of the Trial Measures. Initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

According to Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the “**Provisions on Strengthening Confidentiality and Archives Administration**”) jointly issued by the CSRC and other relevant departments on February 24, 2023 and effective on March 31, 2023, in the course of overseas issuance and listing of domestic enterprises, domestic enterprises and securities companies and securities service agencies which provide the corresponding services shall strictly comply with the relevant laws and regulations of the PRC and the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, strengthen legal awareness of confidentiality of State secrets and archives administration, establish a sound system for confidentiality and archives work, adopt the requisite measures to perform the responsibilities of confidentiality and archives administration, and shall not divulge State secrets and work secrets of State agencies or harm State and public interests. To provide or publicly disclose to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals, or to provide or publicly disclose, through its overseas listing entities, any document or material involving State secrets or work secrets of State agencies, a domestic enterprise shall apply to the competent department with examination and approval authority for approval in accordance with the law, and file the same with the secrecy administration at the same level for the record. To provide or publicly disclose to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals, or to provide or publicly disclose, through its overseas listing subjects, other documents and materials, the disclosure of which will cause adverse impact on the national security or public interests, a domestic enterprise shall strictly go through the corresponding procedures pursuant to the relevant provisions of the State.

### U.S. EXPORT CONTROL LAWS AND REGULATIONS

#### Export Control Laws

The export, re-export, and transfer (in-country) of commodities, software, and technology (collectively as “**items**”) in the United States is controlled primarily through the Export Administration Regulations (“**EAR**”). The EAR is administered by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”). The EAR is the primary means of regulating trade in civil, dual use items regulated by the U.S.

The EAR controls a wide range of items. Restrictions on a particular export of these items depend primarily on the specific export control classification code (“**ECCN**”) of the item, the destination of the export, and in some cases, end-use or end-user. In determining how an item should be classified and whether it can be exported, the EAR requires an assessment of what the item is, where it is going to be, how it will be used, and who will use it.

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## REGULATORY OVERVIEW

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Even if an item is manufactured outside the jurisdiction of the U.S., it may still be considered “subject to the EAR” if the item incorporates more than a *de minimis* amount of U.S. controlled content (the “**De Minimis Rule**”) or falls under the EAR’s foreign direct product rules (the “**FDPR**”).

Under the EAR, parties to a transaction may be listed as restricted end users, meaning that there would be a strict export prohibition, a specific license requirement, or the presence of a “red flag” when exporting, re-exporting, or transferring (in-country) items to these parties. The names of these restricted end users can be found in various lists managed by BIS, including the Denied Person List, the Entity List, the Unverified List, and the Military End-User list (together, “**Restricted End Users**”).

In October 2022, BIS issued an Interim Final Rule, “Implementation of Additional Export Controls: Certain Advanced Computing and Semiconductor Manufacturing Items; Supercomputer and Semiconductor End Use; Entity List Modification Interim Final Rule” (the “**October IFR**”), which amended the EAR to implement controls on two sets of items and activities, including (1) advanced computing integrated circuits (“**ICs**”), computer commodities including such ICs, and supercomputers; (2) certain semiconductor manufacturing equipment (“**SME**”). Specifically, the October IFR

- Expanded export controls on the two sets of items and activities. Specifically, it added new ECCNs to the Commerce Control List (“**CCL**”), including 3A090, 4A090, 4D090, and 3B090. In addition, the October IFR revised the FDPR under Section 734.9 of the EAR by adding two new FDPRs for advanced computing and supercomputers, covering items produced outside of the U.S. that are advanced ICs, commodities containing such ICs (and related technology) and items based primarily on end-use involving supercomputers;
- Revised the Entity List FDP Rule by expanding controls over foreign-produced items linked to designated entities;
- Instituted a new end-use and end-user control for supercomputer and semiconductor manufacturing, which added new controls on items meeting both the “product scope” and “end-use” scope set forth in Section 744.23 of the EAR; and
- Added Section 744.6(c) to restrict U.S. persons from supporting the development or production of ICs that meet certain specified criteria.

In October 2023, BIS released two new Interim Final Rules, respectively, the “Export Controls on Semiconductor Manufacturing Items” (the “**SME IFR**”) and the “Implementation of Additional Export Controls: Certain Advanced Computing Items; Supercomputer and Semiconductor End Use; Updates and Corrections” (the “**AC/S IFR**”), to update the controls imposed by the October IFR. The SME IFR

- Expanded the scope of SMEs subject to the EAR by including additional types of SMEs to those previously described under ECCN 3B090 and controls all such items under ECCNs 3B001 and 3B002;
- Revised the De Minimis Rule, specifically establishing a 0% U.S. content threshold for items classified under the newly designated ECCN 3B001.f.1.b.2.b (Photolithography Deep Ultraviolet); and

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## REGULATORY OVERVIEW

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- Added two newly defined terms to the EAR for “Extreme Ultraviolet” and “Advanced Node Integrated Circuits” (the “**Advanced Node-ICs**”). Specifically, the SEM IFR defined the “Advanced Node ICs” as ICs that meet any of the following criteria: (1) logic integrated circuits using a non-planar transistor architecture or with a “production” “technology node” of 16/14 nanometers or less; (2) NOT AND (“**NAND**”) memory integrated circuits with 128 layers or more; or (3) dynamic random-access memory (“**DRAM**”) integrated circuits using a “production” “technology node” of 18-nanometer half-pitch or less.

The AC/S IFR adjusted parameters for advanced computing ICs that are critical for advanced computing and AI applications and imposed new measures to address the risks of circumvention of the controls. Specifically, the AC/S IFR

- Included, among others, 3A090 control parameters to ensure ICs for AI training are controlled; and
- Added five new red flags to assist exporters, re-exporters, and transferors as part of their compliance programs for the October IFR. Among the five new red flags, the new red flag 19 addresses how semiconductor fabrication facilities can identify whether an item to be produced is likely a “direct product” of advancing computing-related technology or software that will be subject to the EAR under Section 734.9(h) when they received an order of IC production from a company that is headquartered in China. The criteria specifies that if the item that is or will be produced is an IC that incorporates more than 50 billion transistors and high-bandwidth memory (“**HBM**”), it raises a red flag that there is a high degree of likelihood that a license is required under the EAR.

In December 2024, BIS released another new Interim Final Rule, the “Foreign-Produced Direct Product Rule Additions, and Refinements to Controls for Advanced Computing and Semiconductor Manufacturing Items” (the “**FDP IFR**”), which introduced new controls for certain SMEs and related items and created new Foreign Direct Product Rule rules for certain SMEs that are essential to or support producing “advanced-node ICs” (the “**SME FDP Rule**”). In addition, to address the national security and foreign policy concerns regarding the production of “advanced-node ICs”, the FDP IFR amended the De Minimis Rule under Section 734.4(a)(8) and 734.4(a)(9) of the EAR by linking this rule with the SME FDP Rule. There is no De Minimis threshold level of U.S. controlled content for commodity specified in certain ECCNs when the commodity is incorporated in a U.S.-origin IC or contains a U.S.-origin IC specified under Category 3, 4, or 5 of the CCL, and the commodity is destined for specific destinations unless license exceptions are provided. The FDP IFR expanded the items subject to the EAR and revised the ECCN classification. In particular, it revised the definition of “advanced-node ICs” by specifying that DRAM ICs meet the definition of “Advanced-Node IC” when the IC either has (i) a memory cell area of less than 0.0019  $\mu\text{m}^2$ ; or (ii) a memory density greater than 0.288 gigabits per square millimeter.

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## REGULATORY OVERVIEW

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In January 2025, BIS released two new Interim Final Rules, respectively, the “Framework for Artificial Intelligence Diffusion” (the “**AI Framework**”) and the “Implementation of Additional Due Diligence Measures for Advanced Computing Integrated Circuits; Amendments and Clarifications; and Extension of Comment Period” (the “**DD IFR**”) to further update the EAR to enhance the effectiveness of controls on advanced computing ICs and artificial intelligence (“**AI**”) model weights for certain advanced closed-weight dual-use AI models. The AI Framework revised the EAR by adding new worldwide license requirements for advanced ICs and computers classified as 3A090.a, 4A090.a, and related “.z” items under Section 742.6(a)(6)(iii)(A) of the EAR, and updated certain end-users and license exceptions. The DD IFR added controls related to advanced ICs by expanding the scope of the determination of advanced ICs.

Based on these latest AI Framework, IFRs, and the previous chip-related updates since October 2022, the framework for U.S. export controls on semiconductors is as follows:

- ***License requirements specified under the CCL:*** The CCL includes multiple ECCNs related to ICs and sets forth various license requirements for specific ECCNs.
- ***License requirement specified under Section 744.23:*** Under Section 744.23, “supercomputer,” “advanced-node integrated circuits,” and semiconductor manufacturing equipment subject to the EAR described under the sections are generally prohibited from exporting, re-exporting, or transferring (in-country) without a license from BIS. Specifically, for the export controls of “advanced-node integrated circuits”, Section 744.23(a)(2) provides that a license would be required for, among the others:
  - o Any items subject to the EAR that will be used in the “development” or “production” of ICs destined to a “facility” located in China or other applicable destination;
  - o Any item subject to the EAR specified in an ECCN in Product Groups B, C, D, or E in Category 3 of the CCL (i.e., test, inspection and product equipment, materials, software or technology of electronics) when the item will be used in the “development” or “production” of ICs destined to a “facility” located in China or other applicable destination where “production” of integrated circuits occurs, but whether “production” of “advanced-node ICs” occurs at such “facility” is unclear; and
  - o Any Electronic Computer-Aided Design (“**ECAD**”) or Technology Computer-Aided Design (“**TCAD**”) “software” and “technology” subject to the EAR when an exporter, re-exporter or transferor “know” it will be used in the design of an “advanced-node integrated circuit” that will be “produced” in Macau or a destination specified in China or other applicable destination.

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## REGULATORY OVERVIEW

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### FINAL RULE BY THE U.S. DEPARTMENT OF THE TREASURY

On October 28, 2024, the U.S. Department of the Treasury (the “**Department of Treasury**”) issued the “Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Final Rule**”) to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Outbound Order**”). The Final Rule became effective on January 2, 2025.

#### *Application Scope of the Final Rule*

The Final Rule applies to investments by U.S. persons as to “covered transactions” involving “covered foreign person” associated with a “country of concern” in “covered activities.”

- “Covered activities” include activities in (1) semiconductors and microelectronics sectors, (2) quantum information technologies sectors and (3) artificial intelligence sectors that pertain to national security technologies and products.
- “Covered transactions” under the Final Rule include (1) acquisition of equity (including purchases of shares in an initial public offering) or contingent equity, (2) debt financing, (3) conversion of contingent equity interest, (4) greenfield and brownfield investments, (5) joint ventures, and (6) investments made as a limited partner.
- “Covered foreign person” means (1) a person of a country of concern who or who is engaged in activities involving one or more of the three sectors of semiconductors and microelectronics, quantum information technologies, and artificial intelligence, and (2) a person that directly or indirectly holds a board seat on, a voting or equity interest in, or any contractual power to direct the management or policies of a person of a country of concern.
- “Country of concern” for now is the People’s Republic of China, including Hong Kong and Macau.

#### *Major Components of the Final Rule*

Under the Final Rule, a “covered transaction” may be a “prohibited transaction” which is outright prohibited or a “notifiable transaction” which are subject to notification requirements. In addition, certain transactions that would have been considered prohibited or notifiable transactions may be exempted from the prohibition or notification requirements and may be considered an “excepted transaction” under the Final Rule if certain conditions are met. Details of the prohibited transactions, notifiable transactions and excepted transactions are set forth below.

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## REGULATORY OVERVIEW

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### *Prohibited Transactions*

Prohibited transactions refer to the prohibition on certain U.S. investments in a covered foreign person engaged in covered activities pertaining to specified categories of advanced technologies and products. A U.S. person may not engage in such transaction unless an exemption for that transaction has been granted. For instance, investments by U.S. persons in covered foreign persons engaged in the following activities in the semiconductor industry reach the threshold for “prohibited transactions” under the Final Rule:

- Developing or producing any electronic design automation software for the design of integrated circuits or advanced packaging;
- Developing or producing specified front-end semiconductor fabrication equipment, equipment for performing volume advanced packaging, or commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment;
- Designing integrated circuits that meet or exceed the performance parameters listed in ECCN 3A090.a (under the EAR), or integrated circuits for operation at or below 4.5 Kelvin;
- Fabricating certain advanced integrated circuits with specified parameters; or
- Packaging any integrated circuit using advanced packaging techniques.

### *Notifiable Transactions*

Notifiable transactions refer to the transactions where the business activities conducted by a covered foreign person do not reach the threshold for prohibited transactions but still require notification by a U.S. person of their transactions to the Department of Treasury. For instance, transactions are notifiable if the covered foreign person in the semiconductor sector is engaged in the design, fabrication and packaging of ICs that do not meet the specific threshold mentioned above. A U.S. person shall file a notification of their covered transactions with the Department of Treasury.

### *Excepted Transactions*

The Final Rule provided certain categories of excepted transactions from coverage, provided that such transactions did not afford the U.S. person certain rights beyond standard minority shareholder protection. Excepted transactions include (1) investments in publicly traded securities, (2) securities issued by investment companies, (3) certain limited partner or equivalent investments, (4) derivatives, (5) full buyouts from a person of a country of concern, (6) intracompany transactions, (7) certain syndicated debt financings, (8) equity-based compensation, and (9) certain transactions involving a person of a country or territory outside of the U.S. based on a determination by the U.S. Secretary of the Treasury.

Notably, under the Final Rule, the “publicly traded security” exception exempts the investments in publicly traded securities of covered foreign persons. However, any acquisition of an equity interest in a covered foreign person that is not yet publicly traded for the purpose of facilitating an initial public offering would not be an excepted transaction of the Final Rule.



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## REGULATORY OVERVIEW

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### Other Recent Trade Policies

In addition to the U.S. export controls and the Final Rule, the U.S. and China have recently imposed some trade policies or actions in the semiconductor industry. Specifically –

On September 13, 2024, the United States Trade Representative (“USTR”) announced final modifications concerning the statutory review of the tariff actions in the Section 301 investigation of the People’s Republic of China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation. Tariffs on Chinese semiconductors exported to the U.S. will increase from 25% to 50% in 2025.

On December 23, 2024, the USTR announced the initiation of an investigation regarding China’s acts, policies, and practices related to targeting the semiconductor industry for dominance. The investigation will be conducted under Section 301 of the Trade Act of 1974, as amended. The investigation will initially focus on China’s manufacturing of foundational semiconductors (also known as legacy or mature node semiconductors), including to the extent that they are incorporated as components into downstream products for critical industries like defense, automotive, medical devices, aerospace, telecommunications, and power generation and the electrical grid.

On February 1, 2025, the U.S. government announced a baseline 10% tariff on all Chinese imports. China responded by imposing a 15% tariff on certain imported products originating from the United States, among other measures. The trade tension between the U.S. and China has further escalated since February 2025. Successive adjustments of tariffs were made by the U.S. government in March and April 2025. As of April 11, 2025, the tariff rate on imports from China imposed by the U.S. government had increased to 145%. In response to the tariff tensions initiated by the United States, China implemented reciprocal measures, including raising tariffs on U.S.-origin goods to 125%, effective on April 12, 2025. In addition, there are recent developments in the semiconductor industry relating to the application or interpretation of these tariffs. On April 11, 2025, the China Semiconductor Industry Association issued an Urgent Notice on Origin Determination Rules for Semiconductor Products clarifying the rules for determining the country of origin for semiconductors in connection with import declarations and tariff charges. According to the notice, the country where the wafer was fabricated will be deemed the “country of origin”, regardless of subsequent packaging or testing locations.

The Sino-U.S. trade tension temporarily eased in May 2025. On May 12, 2025, the U.S. and China agreed to a 90-day reduction in tariffs. The U.S. reduced its reciprocal tariffs on Chinese goods from 125% to 10%, effective May 14, 2025. As a result, the U.S. tariff on goods from China was 30% as of the date of the prospectus. China also lowered its reciprocal tariffs from 125% to 10%, effective May 14, 2025.

As of the date of this prospectus, the abovementioned tariff policies might remain subject to further adjustments. See “Risk Factors –We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected” for more details.



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## HISTORY AND CORPORATE STRUCTURE

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### OVERVIEW

The history of our Company began in May 2010, when it was established by our founder, Mr. Bi Lei, through Fortior HK. Leveraging his expertise in electronic engineering and extensive industry experience, Mr. Bi Lei has led us in the research and development of BLDC motor control ICs. For his biography, see “Directors, Supervisors and Senior Management” in this prospectus.

We are an IC design company specializing in the design and R&D of BLDC motor control ICs. Empowered by our proprietary technologies and deep industry knowledge, our product portfolio covers all key components of a typical motor control system, catering to the diverse needs of our customers in complex motor control scenarios. According to Frost & Sullivan, as of December 31, 2023, we ranked sixth with a 4.8% market share in terms of revenue in the BLDC motor control and driver chip market in China and were the only Chinese company among top ten companies in the same market.

In April 2022, our A Shares were listed on the STAR Market under the stock code 688279.

### BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2010	Our Company was established in Shenzhen and commenced its exploration into BLDC motor control ICs.
2013	Our Company was recognized as a “National High-Tech Enterprise” (國家高新技術企業) by the Technology Innovation Committee of Shenzhen Municipality (深圳市科技創新委員會), the Finance Committee of Shenzhen Municipality (深圳市財政委員會), the State Taxation Bureau of Shenzhen Municipality (深圳市國家稅務局) and the Domestic Taxation Bureau of Shenzhen Municipality (深圳市地方稅務局).
2015	We unveiled dual-core driver control IC, our flagship product.
2017	We obtained ISO 9001:2015 quality control system certification.
2018	The accumulative shipment volume of our motor driver control ICs exceeded 100 million units.  Our Company became a member of the Shenzhen Semiconductor Industry Association (深圳市半導體行業協會).
2019	We obtained UL certification for our FU68 series ICs.  Our Company served as the Vice President Unit of Guangdong Mechanical Engineering Society Electrical Machinery and Appliance Branch (廣東省機械工程學會電機電器分會).

## HISTORY AND CORPORATE STRUCTURE

Year	Event
2020	We were awarded the “IC Unicorn Enterprise” (IC獨角獸企業) by China Semiconductor Industry Association (中國半導體行業協會) and China Center for Information Industry Development (中國電子信息產業發展研究院).
2021	We were recognized as the “Guangdong Provincial Research Center for High-Performance Motor Driver and Control IC Engineering Technology” (廣東省高性能電機驅動控制芯片工程技術研究中心) by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳).
2022	Our A Shares were listed on the STAR Market (stock code: 688279).  Our Company was awarded the “China Patent Excellence Award” (中國專利優秀獎) by the China National Intellectual Property Administration (中國國家知識產權局).
2023	We obtained ISO 26262 functional safety management system certification.
2024	We joined the Guangdong Provincial Embodied AI Robotics Innovation Center (廣東省具身智能機器人創新中心).

### OUR MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of establishment and date of establishment and commencement of business of our subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Fortior Shanghai	PRC	June 8, 2018	100%	R&D, design and sales
Fortior Qingdao	PRC	October 11, 2019	100%	R&D, design and sales

As of the date of this prospectus, our Company had six subsidiaries, all of which were wholly owned by us. For further details of these subsidiaries, see “– Corporate Structure” in this section. For changes in the registered capital of our subsidiaries, see “Statutory and General Information – A. Further Information about Our Group – 3. Changes in the Share Capital of Our Subsidiaries” in Appendix VI to this prospectus.

## HISTORY AND CORPORATE STRUCTURE

### MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

#### Early Development and Conversion into a Joint Stock Company

On May 21, 2010, our Company was established by Fortior HK, one of our Controlling Shareholders, under the laws of the PRC as a limited liability company with an initial registered capital of RMB5,000,000. Between 2012 and 2020, our Company underwent several rounds of capital increases and transfers, upon completion of which our registered capital increased to RMB69,272,530.

On June 22, 2020, our Company was converted into a joint stock company. Upon completion of the conversion, our Company had a total share capital of RMB69,272,530 divided into 69,272,530 Shares. The shareholding structure of our Company immediately following our conversion into a joint stock company was as follows:

Shareholder	Number of Shares	Percentage shareholding
Fortior HK	35,154,431	50.75%
Shanghai Huaxin	13,465,723	19.44%
Shenzhen Xinqi Investment Enterprise (Limited Partnership) (深圳市芯齊投資企業(有限合夥), “ <b>Xinqi Investment</b> ”) <sup>(1)</sup>	4,812,900	6.95%
Shenzhen Weihe Investment Co., Ltd. (深圳微禾投資有限公司, now known as Weihe Venture Capital (Zhuhai Hengqin) Co., Ltd. (微禾創業投資(珠海橫琴)有限公司), “ <b>Weihe</b> ”) <sup>(2)</sup>	2,702,050	3.90%
Xinyun Technology	1,350,716	1.95%
Ms. Peng Ruitao (彭瑞濤) <sup>(2)</sup>	908,068	1.31%
Shenzhen Xinsheng Investment Enterprise (Limited Partnership) (深圳市芯晟投資企業(有限合夥), “ <b>Xinsheng Investment</b> ”) <sup>(1)</sup>	287,052	0.41%
Other Shareholders <sup>(3)</sup>	10,591,590	15.29%
<b>Total</b>	<b>69,272,530</b>	<b>100.00%</b>

Notes:

- (1) Xinqi Investment and Xinsheng Investment were our employee share incentive platforms prior to our A Share listing.
- (2) Weihe was wholly owned by Ms. Peng Ruitao (彭瑞濤), an Independent Third Party, at the time of our conversion into a joint stock company.
- (3) Other Shareholders represent 13 Shareholders at the time of our conversion into a joint stock company, each of whom/which held no more than 3% of our Shares and was an Independent Third Party.

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## HISTORY AND CORPORATE STRUCTURE

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### Listing on the STAR Market

On April 20, 2022, our A Shares were listed on the STAR Market under the stock code 688279. In connection with the A Share listing, we issued an aggregate of 23,090,850 A Shares, accounting for approximately 25.0% of our then enlarged share capital, raising net proceeds of approximately RMB1,728.5 million. The shareholding structure of our Company immediately following our A Share listing was as follows:

Shareholder	Number of Shares	Percentage shareholding
Fortior HK	35,154,431	38.06%
Shanghai Huaxin	13,465,723	14.58%
Xinqi Investment	4,812,900	5.21%
Weihe	2,702,050	2.93%
Xinyun Technology	1,350,716	1.46%
Ms. Peng Ruitao	908,068	0.98%
Xinsheng Investment	287,052	0.31%
Other A Shareholders	33,682,440	36.47%
<b>Total</b>	<b>92,363,380</b>	<b>100.00%</b>

In connection with our A Share listing, A Shares held by Fortior HK and Xinyun Technology, our Controlling Shareholders, are subject to a lock-up period of 42 months since the listing date of our A Shares. As of the Latest Practicable Date, no other A Shares of our Company were subject to any lock-up arrangements in connection with our A Share listing.

### MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

On April 1, 2025, our Group resolved to subscribe for RMB28,000,000 in the total capital in Shanghai Huake Zhixin Venture Capital Partnership (Limited Partnership) (上海華科致芯創業投資合夥企業(有限合夥)). See “Waivers from Strict Compliance with the Listing Rules – Investment after the Track Record Period” for details. Save as the foregoing, we had not acquired, agreed to acquire or proposed to acquire any business or subsidiary after the Track Record Period and up to the Latest Practicable Date.

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## HISTORY AND CORPORATE STRUCTURE

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### OUR A SHARE LISTING AND REASONS FOR THE H SHARE LISTING

Since April 2022, our A Shares have been listed on the STAR Market. Our Directors confirm that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the STAR Market and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the STAR Market that should be brought to the attention of the Stock Exchange or potential investors of the Global Offering. Our PRC Legal Advisor is of the view that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the STAR Market and other applicable PRC securities laws and regulations. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of our Company on the STAR Market.

We seek to list our H Shares on the Stock Exchange to raise additional capital for business growth and expansion, diversify our fundraising channels, reinforce our industry standing, enhance global brand awareness and competitiveness, and optimize our capital structure and shareholder composition to support sustainable development and governance. See "Business – Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus for more details.

### PUBLIC FLOAT

So far as our Directors are aware, upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the following Shareholders will be our core connected persons and Shares held by them will not be counted towards the public float pursuant to Rule 8.24 of the Listing Rules. For the purpose of this sub-section, the following percentages to our total issued Shares exclude the 193,000 A Shares held by our Company as treasury Shares as of the Latest Practicable Date.

- Fortior HK and Xinyun Technology, our Controlling Shareholders, which will collectively hold 33.65% of our total issued Shares;
- Shanghai Huaxin, which will hold 10.31% of our total issued Shares;
- Xinqi Investment, with Ms. Wang Yuhong (chairperson of our Board of Supervisors) as its general partner, which will hold 2.22% of our total issued Shares; and
- Xinsheng Investment, with Ms. Wang Yuhong as its general partner, which will hold 0.14% of our total issued Shares.

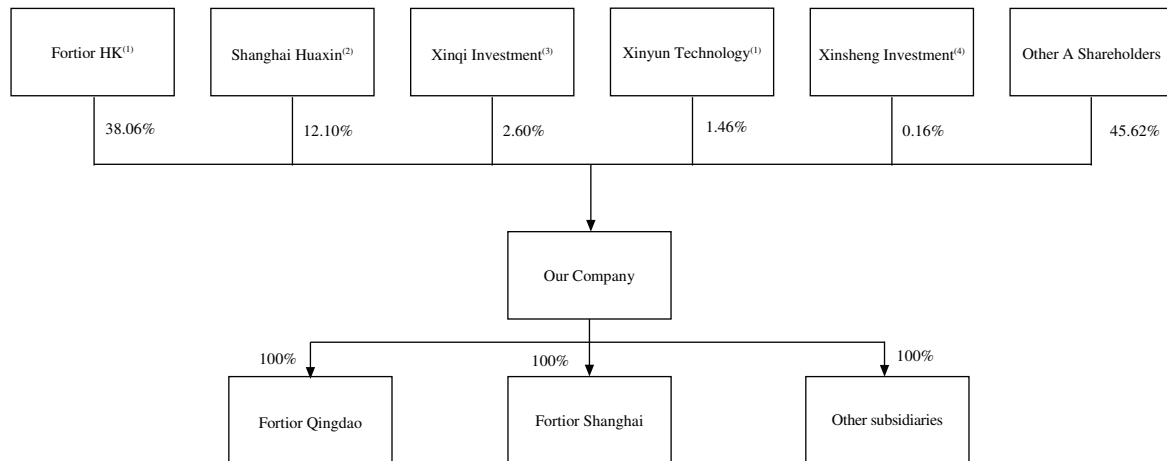
Accordingly, upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), 53.68% of our total issued Shares (excluding the 193,000 A Shares held by our Company as treasury Shares as of the Latest Practicable Date) will be counted towards the public float for the purpose of Rules 8.08(1)(b) and 19A.13A of the Listing Rules.

# HISTORY AND CORPORATE STRUCTURE

## CORPORATE STRUCTURE

### Corporate Structure Immediately Before the Global Offering

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the Global Offering.



#### Notes:

- (1) As of the Latest Practicable Date, Fortior HK was held by Mr. Bi Lei and Dr. Bi Chao, our Controlling Shareholders and executive Directors, as to 35.25% and 30.55%, respectively. The remaining shares in Fortior HK were held as to 18.89% by United Wise (which is ultimately owned by Mr. Yao Jianhua (姚建華) and his spouse, Ms. Zhu Chongyun (朱崇憚), each holding 50%), 8.81% by Mr. Zhang Qun (the spouse of Ms. Peng Ruitao), 4.70% by Mr. Soh Cheng Su (our former employee) and 1.80% by Mr. Chan Hung Ngan. As of the Latest Practicable Date, Ms. Peng Ruitao indirectly held 2,395,080 A Shares, representing 2.59% of our total issued Shares through Weihe (her directly wholly owned investment vehicle), among which 500,000 A Shares were pledged in favor of a PRC commercial bank. Each of United Wise, Mr. Zhang Qun, Mr. Soh Cheng Su and Mr. Chan Hung Ngan (collectively, the “**Minority Investors**”) is an Independent Third Party and a passive financial investor in Fortior HK. With no intention to consolidate control of the Company through holding interests in Fortior HK together with Mr. Bi Lei and Dr. Bi Chao, the Minority Investors have had no voting or concert-party arrangement or understanding (whether formal or informal) with Mr. Bi Lei or Dr. Bi Chao, nor any special rights in connection with their shareholding in Fortior HK. Considering the Minority Investors’ minority interest in Fortior HK and the fact that they did not and will not participate in our daily management and operation, their influence is minimal at both Fortior HK and the Company levels. As such, the Minority Investors do not constitute members of the group of our Controlling Shareholders.

Xinyun Technology was wholly owned by Ms. Gao Shuai, the spouse of Mr. Bi Lei and one of our Controlling Shareholders. Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into, and will continue to renew, the Acting-in-Concert Agreement, pursuant to which they agreed, among other things, to act in concert when voting at general meetings of our Company and meetings of our Board until April 19, 2028. For further details, see “Relationship with Our Controlling Shareholders” in this prospectus.

- (2) As of the Latest Practicable Date, Shanghai Huaxin was owned as to approximately 1.00% by Moselle Limited (香港摩澤爾責任有限公司), an Independent Third Party, as its general partner. The remaining partnership interest in Shanghai Huaxin was distributed among 21 limited partners, each an Independent Third Party and holding less than 20% thereof.
- (3) As of the Latest Practicable Date, Xinqi Investment was owned as to 3.87% by Ms. Wang Yuhong (chairperson of our Board of Supervisors) as its general partner. The remaining partnership interest in Xinqi Investment was distributed among 37 limited partners, each holding less than 30% thereof, including Ms. Gao Shuai (one of our Controlling Shareholders), Ms. Liu Haimei (our employee representative Supervisor), Mr. Yao Xiaojun (姚曉軍) (director of Fortior Shanghai) and other Independent Third Parties.
- (4) As of the Latest Practicable Date, Xinsheng Investment was owned as to 0.69% by Ms. Wang Yuhong (chairperson of our Board of Supervisors) as its general partner. The remaining partnership interest in Xinsheng Investment was distributed among 13 limited partners, each holding less than 30% thereof, including Ms. Gao Shuai (one of our Controlling Shareholders), Mr. Bai Yuhong (our Supervisor) and other Independent Third Parties.

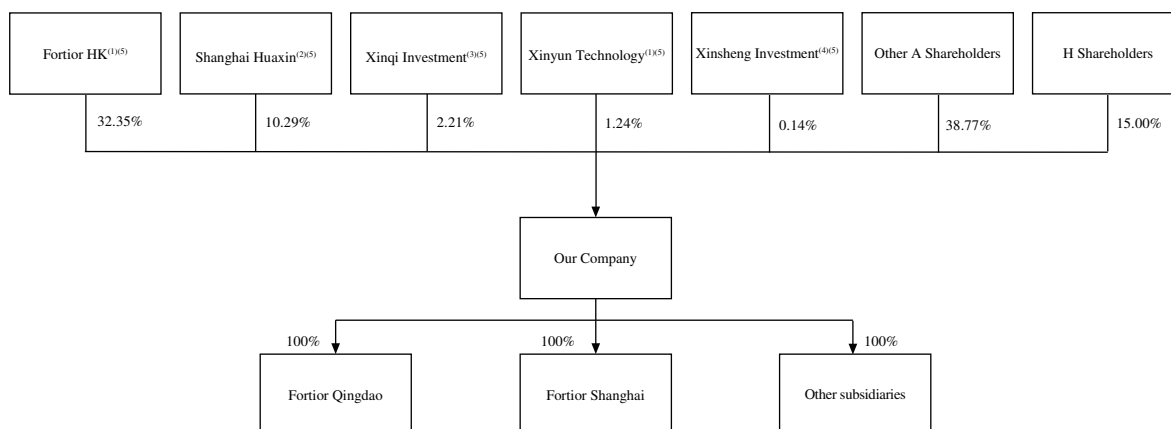
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## HISTORY AND CORPORATE STRUCTURE

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### Corporate Structure Immediately After the Global Offering

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans.



*Notes:*

(1)-(4) See “– Corporate Structure – Corporate Structure Immediately Before the Global Offering” in this section.

(5) Shares held by Fortior HK, Shanghai Huaxin, Xinqi Investment, Xinyun Technology and Xinsheng Investment will not be counted towards the public float for the purpose of Rules 8.08(1)(b) and 19A.13A of the Listing Rules.

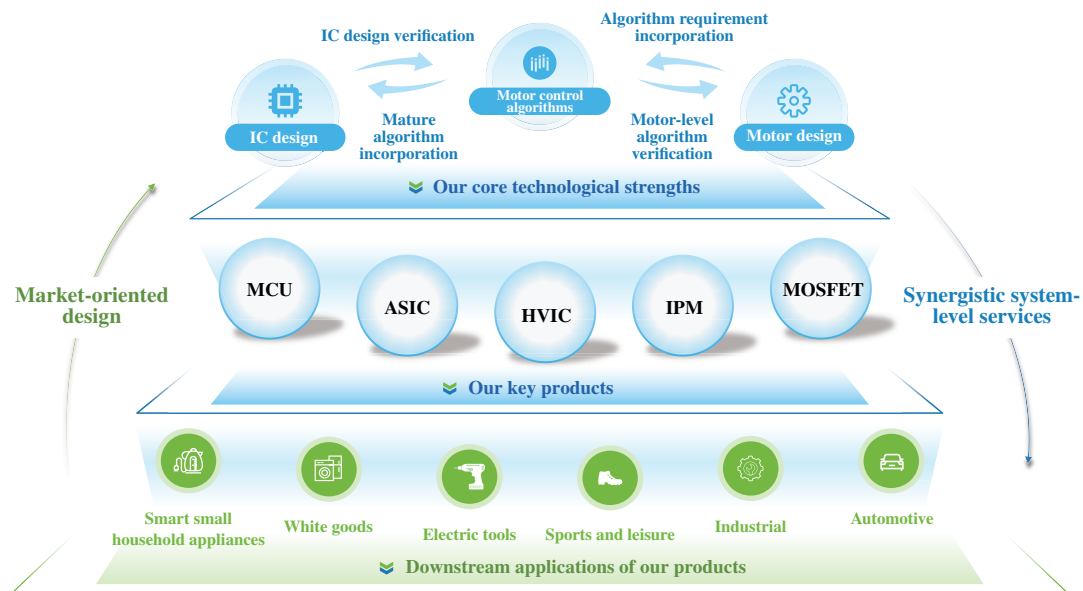
## OVERVIEW

### About Us

We are an IC design company dedicated to the design and R&D of BLDC motor control ICs and have established a strong market position within the BLDC motor control and driver chip industry. A BLDC motor is a type of brushless motor driven by electronic commutation, which changes the electromagnetic fields to drive the rotor of the motor. According to Frost & Sullivan, compared with traditional motors, BLDC motors offer advantages such as high efficiency, low power consumption, high control precision and low noise, and are widely used in various applications. Our products are designed to help BLDC motors optimize their performance and achieve highly efficient, low-noise, and high-precision operation. According to Frost & Sullivan, our product portfolio covers all key components of a typical motor control system, including (i) motor control chips such as MCUs and ASICs, (ii) motor driver chips such as HVICs, (iii) IPMs, and (iv) power devices such as MOSFETs. According to Frost & Sullivan:

- We are the first Chinese IC design company that focuses on the design of BLDC motor control ICs;
- As of December 31, 2023, we ranked sixth with a 4.8% market share in terms of revenue in the BLDC motor control and driver chip market in China and were the only Chinese company among top ten companies in the same market.

The following diagram sets forth our business model:





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## BUSINESS

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Our R&D efforts focus on three core technological fields, namely (i) IC design, (ii) motor control algorithms and (iii) motor design, and we have achieved several competitive technologies in these fields. The combination of our technologies in these three fields forms the foundation of our core competitiveness in the BLDC motor control and driver chip industry. According to Frost & Sullivan, we are the first motor control IC company in China with dedicated teams specializing in all these three technological fields.

Our comprehensive achievement of technologies in the three core technological fields include:

IC design	Motor control algorithms	Motor design
<ul style="list-style-type: none"><li>❑ ME core (our proprietary motor control processor core)</li><li>❑ Hardware-based algorithms</li><li>❑ Functional integration ability in chip products</li></ul>	<ul style="list-style-type: none"><li>❑ Sensorless FOC algorithms</li><li>❑ Sensorless high-torque motor startup</li></ul>	<ul style="list-style-type: none"><li>❑ High torque density</li><li>❑ Three-phase low-speed motors</li><li>❑ Ultra-thin motors</li></ul>

Please see “Our Core Technological Strengths” in this section for details of these technologies.

The synergies among our IC design, motor control algorithms, and motor design allow us to deliver high-quality products that satisfy the needs of our end customers’ diverse applications. Guided by the specific needs of end-use applications and leveraging our deep understanding of motor technology, we translate the specific requirements of end customers for their motors into effective motor control algorithms, which are then implemented through hardware logic circuits at the IC design level.

Our main products include MCUs/ASICs, HVICs, MOSFETs, and IPMs, which are the key components of a typical BLDC motor control system. Among them, our MCUs/ASICs, as the motor control chips, receive electrical signals, execute motor control algorithms and generate precise control instructions. Our HVICs serve as driver chips to provide high and low voltage isolation and amplify driving capacity, allowing MCUs/ASICs to drive MOSFETs. Based on the control instructions from the MCUs/ASICs, the MOSFETs, driven by the HVICs, generate specific electromagnetic fields, which drive the rotation of the motor, allowing the BLDC motor to operate efficiently. Please see “Our Products – Overview” in this section for details. In addition, we also provide IPMs, which are modules that combine MCU/ASIC, HVIC and/or MOSFET in a package, thus reducing the number of external components and PCB area, simplifying the design of the motor control system and providing customers with simple and efficient solutions.

Our products are used in BLDC motors that have been widely used in multiple downstream applications, including smart small household appliances, white goods, electric tools, sports and leisure, industrial, and automotive applications. Leveraging our solid R&D capabilities, reliable product quality and cost-efficiency advantages, we have accumulated a broad base of high-quality end customers.

Leveraging the synergies among our IC design, motor control algorithms and motor design, we have the capability to provide system-level services for end customers and address practical technical problems. Our R&D teams in IC design, motor control algorithms and motor design communicate with our end customers and provide comprehensive system-level services. Through this process, we, in turn, also collect information about the downstream market needs and incorporate them in our R&D and technological advancement.

### Our Market Opportunities

According to Frost & Sullivan, BLDC motors are increasingly popular in a growing number of applications due to their advantages in energy efficiency, performance and control. As a result, the market penetration of BLDC motors continues to increase. The sustained growth of the BLDC motor market is driven by the following factors:

- ***Demand-Side Drivers:*** rising market penetration of BLDC motors due to energy efficiency and product upgrades:
  - *Energy Efficiency and Sustainability:* BLDC motors, with their high efficiency and low power consumption, have become the preferred choice for upgrading various electrical products in the context of the global trend of energy conservation, emission reduction and transition to a low-carbon economy. As energy and environment regulations become increasingly stringent, traditional motors are expected to be progressively replaced by BLDC motors;
  - *High-End Product Upgrades:* Consumers are demanding smarter and more advanced products in sectors such as smart small household appliances, white goods, electric tools and sports and leisure. The advantages of BLDC motors in control precision and lower noise levels make them important components of high-end products, driving the popularity of BLDC motors as these products undergo upgrades; and
  - *System-Level Services:* End customers increasingly require more sophisticated BLDC motor control systems, and, to meet their demand, it is no longer sufficient to only provide motor control ICs. Instead, the market is trending towards comprehensive system-level services that combine IC design, motor control algorithms and motor design. Companies with the capability to provide such comprehensive system-level services are well-positioned to gain a competitive edge.
- ***Supply-Side Drivers:*** technological advancements and decrease in costs of manufacturing BLDC motors:
  - *Technological Advancements:* Innovations in motor control technologies, particularly the FOC algorithms and the emergence of specific-purpose ICs, have significantly enhanced the overall performance of BLDC motors; and
  - *Cost Decrease:* Advancements in technology have gradually lowered the costs of manufacturing BLDC motors, accelerating BLDC motors' replacement of traditional motors.

- **Expanding Application Scenarios:** growth in consumer markets and opportunities in emerging markets:
  - *Consumer Markets:* Applications in consumer markets, including smart small household appliances, white goods, electric tools and sports and leisure, are expected to benefit from ongoing product upgrades and the increasing localization of supply chains. The penetration rate of BLDC motors in these applications is expected to grow steadily, creating significant market opportunities for companies like us; and
  - *Emerging Markets:* Emerging markets are expected to drive growth in demand for BLDC motors and, in turn, our products. For instance, in the automotive sector, demand for our products benefits from the increasing penetration rate of BLDC motors as well as expansion of BLDC motor application scenarios to various automotive areas such as active grille shutters, seat ventilation, water pumps, oil pumps, water valves, electronic valves and electronic fans. In the robot sector, the demand for high-performance motors is also increasing with the rapid development of China's intelligent robotics market. With the quick growth of these sectors, the demand for BLDC motors and, in turn, our products, is expected to increase further.

The broad market prospects and increasing penetration of BLDC motors provide substantial growth opportunities for companies like us.

### **Our Financial Performance**

We have achieved positive financial performance in revenue and profit during the Track Record Period:

- Our revenue increased by 27.4% from RMB323.0 million in 2022 to RMB411.4 million in 2023, and further increased by 45.9% to RMB600.3 million in 2024. We had higher revenue growth than the average level of our Chinese market peers during the Track Record Period, according to Frost & Sullivan;
- Our gross profit increased by 18.1% from RMB185.2 million in 2022 to RMB218.7 million in 2023, and further increased by 44.5% to RMB316.0 million in 2024; In 2024, we achieved gross profit margin of 52.6%, higher than the average gross profit margin level of our Chinese market peers, according to Frost & Sullivan; and
- Our net profit increased by 23.1% from RMB142.0 million in 2022 to RMB174.8 million in 2023, and further increased by 27.2% to RMB222.4 million in 2024. In 2024, we achieved a net profit margin of 37.0%.

### OUR STRENGTHS

#### Leader in advanced motor control technologies with proprietary and innovative ME core

We are a leader in advanced motor control technologies. Through over a decade of effort in R&D, we have developed an innovative “dual-core” motor control chip architecture and successfully developed the ME core, our proprietary motor control processor core, based on which we have further developed a series of competitive motor control chips, algorithms and motor designs. Our products can effectively help end customers address industry challenges in relation to motors, such as sensorless high-torque motor startup, silent motor operation and ultra-high speed motor rotation. According to Frost & Sullivan, we are the first Chinese IC design company that focuses on the design of BLDC motor control ICs.

Our MCU products based on our proprietary ME core have the following advantages:

- ***Flexible Use, Wide Applicability and High Cost-Efficiency:*** According to Frost & Sullivan, the majority of motor control IC companies in the industry develop general-purpose MCU chips, and their chip core architectures are typically based on ARM’s licensed Cortex-M cores. As a result, their IC design is constrained by ARM’s licensing system and is required to pay licensing fees to ARM. In contrast, we use our proprietary ME core and control algorithms that are specialized for motor control, without constraints from licensing or the need to pay licensing fees. Therefore, our MCU products based on the ME core can be easily finetuned to meet the needs of different application sectors and are highly cost-efficient;
- ***Dual-Core Architecture with Outstanding Performance:*** According to Frost & Sullivan, with the continuous upgrading of electronic and electrical products, the requirements for motor control are becoming increasingly stringent, including high efficiency, low noise, rapid response to load and environment changes, and intelligent interconnection with peripheral systems. Our MCU products adopt a “dual-core” chip architecture, in which our proprietary ME Core is dedicated to complex motor control tasks, while the general-purpose core handles auxiliary tasks such as external communication functions. The dual-core architecture effectively expands the MCU’s computing capacity and speed, offering advantages such as high integration, high stability, high efficiency, multi-functionality and low noise; and
- ***Highly Reliable Hardware-based Algorithms:*** Leveraging our proprietary ME core, we can implement the motor control algorithms at the hardware level. Compared with the industry’s common approach of implementing motor control algorithms through software programming, the hardware-based algorithm approach can effectively improve the algorithm computing speed and reliability of the motor control chip.

Leveraging our innovative technologies and products, we have become a major player in the BLDC motor control and driver chip industry in China:

- According to Frost & Sullivan, as of December 31, 2023, we ranked sixth with a 4.8% market share in terms of revenue in the BLDC motor control and driver chip market in China and were the only Chinese company among top ten companies in the same market; and
- According to Frost & Sullivan, we have achieved strong market positions in multiple application sectors such as smart small household appliances and electric tools. For instance, in 2023, our market shares in terms of revenue of BLDC motor control and driver chips that are used in vacuum cleaner and electric fan sectors in China were 80.7% and 83.6%, respectively.

As of the Latest Practicable Date, we had obtained 108 patents in China and overseas, including 72 invention patents. Our innovation capabilities and market position have been widely recognized by government authorities and industry organizations.

### **Synergies in IC design, motor control algorithms and motor design to deliver system-level services**

We specialize in three core technological fields: IC design, motor control algorithms, and motor design, and we have established several competitive advantages in these fields. Unlike many motor control IC companies that focus solely on IC design, our R&D team integrates expertise across all three fields. Guided by the specific needs of end-use applications and leveraging our deep understanding of motor technology, we translate the specific requirements of end customers for their motors into effective motor control algorithms, which are then implemented through hardware logic circuits at the IC design level. According to Frost & Sullivan, we are the first motor control IC company in China with dedicated teams specializing in all these three technological fields.

#### ***In terms of IC design:***

- We have developed our proprietary ME core and hardware-based motor control algorithms. Additionally, we have successfully developed chip products that integrate other functions. According to Frost & Sullivan, to enhance the reliability and control performance of motor control ICs while reducing the size of motor control systems to accommodate the miniaturization and customization trends in BLDC motors, the industry trend is gradually towards products with greater levels of functional integration. We have achieved a comprehensive product line across varying levels of integration, ranging from integrated op-amps and LDOs to integrated HVICs and MOSFETs.

*In terms of motor control algorithms:*

- We have successfully developed sensorless FOC algorithms, positioning ourselves at the forefront of the R&D of this algorithm, which is now widely adopted in the industry. According to Frost & Sullivan, sensorless FOC algorithms can best achieve objectives such as high efficiency, low vibration, low noise and quick response, making it the mainstream trend in BLDC motor control technology for applications such as white goods, smart small household appliances and industrial automation. Our proprietary ME core implements the FOC algorithm through hardware-based algorithms, which is able to complete one round of FOC computation in 6~7 $\mu$ s, faster than software-based algorithms. Our sensorless FOC control solution supports the electric cycle up to 270 thousand RPM, higher than the maximum speed achievable with software-based algorithms.
- We have strategically invested in the R&D for the current mainstream sensorless algorithms and FOC algorithms and have developed tailored motor control algorithms for specific downstream applications. For instance, we have developed sensorless FOC algorithms for smart small household appliances and sensorless high-torque motor startup algorithms for electric tools. These innovations allow our end customers to address industry challenges such as sensorless high-torque motor startup, silent motor operation and ultra-high speed motor rotation. By doing so, we help expand the application of high-performance motors across more diverse uses.

*In terms of motor design:*

- With a deep understanding of motor electromagnetic principles, we are able to develop specific motor control methods tailored to the characteristics of our end customers' motors. We are also able to optimize the electromagnetic structure of the motor in a cost-effective manner to achieve the optimal motor system performance.

With years of accumulated expertise in these three fields, we possess the ability to provide system-level services to end customers. **Our system-level services involve addressing end customers' needs and providing comprehensive motor control and driver products by leveraging our expertise in (i) IC design, (ii) motor control algorithms and (iii) motor design.** We actively engage with our end customers through ongoing technical communications, site visits, seminars and on-site technical support, and address practical and technical challenges through innovative algorithms and motor control system optimization, providing mature and comprehensive products.

The synergies across our three core technological strengths allow our IC products to achieve performance that is on par with or exceeds that of competitors in terms of technical capabilities and performance. This has also earned recognition from end customers and facilitated the increasing adoption of our products across various applications and types of end customers. The market's acknowledgment of the performance of our products has further solidified our foundation for competitive product pricing power.

### **Highly reliable products with efficient upgrades, broad application versatility and large-scale commercialization capabilities**

Our motor control ICs deliver computational power and control performance with high reliability. Our product portfolio comprehensively covers household, industrial and automotive-grade applications and is widely used in downstream sectors such as smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive applications. In 2023, we received ISO 26262 functional safety management system certification, marking it a significant milestone in the development of our automotive-grade chips.

Our ability to provide system-level services to end customers allows us to quickly identify and respond to changes in downstream market demand and to address specific issues encountered during the application of our products and swiftly respond to these changes and issues by upgrading our products and innovating our technologies. We have established a comprehensive mechanism for collecting end-customer needs and integrating them into our product development processes. By conducting regular visits to end customers, participating in their product development and organizing technical exchange seminars, we gain deep insight into end customer needs. This feedback is then promptly communicated to our R&D team so that we can continuously optimize and improve our products. Additionally, we have established efficient product development processes, enhancing our responsiveness to end-customer requirements. According to Frost & Sullivan, our product upgrade speed surpasses the average speed of our domestic peers and is among the leading levels in the industry.

With our outstanding product quality, quick responsiveness to end customer needs, innovative motor control algorithms and technical services that address system-level challenges, the application of our IC products has expanded from consumer electronics into industrial and automotive applications, earning wide recognition from end customers, which demonstrates the broad application versatility of our products:

- ***Smart Small Household Appliances and White Goods:*** Our IC products are widely applied in smart small household appliances such as robotic vacuum cleaners, hair dryers, vacuum cleaners and fans, as well as white goods such as air conditioners, washing machines and refrigerators;
- ***Sports and Leisure:*** Our IC products are widely applied in outdoor transportations such as electric scooters and self-balancing scooters, as well as products for exercise, such as treadmills, or products such as unmanned aerial vehicles;
- ***Industrial Applications:*** Our IC products are widely applied in applications such as server cooling, inverters and industrial servo systems; and
- ***Automotive Applications:*** Our IC products are widely applied in various automotive motor control systems, including active grille shutters, seat ventilation, water pumps, oil pumps, water valves, electronic valves and electronic fans.



Our extensive R&D achievements and advanced technical capabilities have translated to high-performance motor control ICs with outstanding annual sales volumes. In 2022, 2023 and 2024, our motor control ICs (including MCUs and ASICs) achieved sales volumes of 82.5 million units, 123.9 million units, and 188.0 million units, respectively, underscoring our strong capabilities in large-scale commercialization.

### **Serving a broad base of high-quality end customers and fostering strong, long-term cooperative relationships**

As downstream applications increasingly impose higher performance requirements for motor efficiency, vibration, noise, response speed and other indicators, end customers have correspondingly raised their requirements for the performance and quality of motor control ICs. With our outstanding product quality, we have gained recognition and trust from end customers during their product development processes, establishing collaborative and long-term relationships with them.

Leveraging the advantages of our high-quality IC products and system-level services, our motor control ICs are widely used by leading brands in various fields, including smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive applications. Our IC products are extensively used in products of globally renowned appliance brands, electric tool brands, motor brands, automotive brands and automotive tier-1 suppliers.

Our products have high substitutability barriers. Motor control chips are the core components of a motor control system. According to Frost & Sullivan, end customers typically develop their products around a pre-selected motor control chip model, which is typically developed by a specific motor control IC company. Once the product development by the end customer is successful and has undergone debugging, verification and commercial application, end customers typically do not easily replace the motor control chip. Through deep integration of our products and technologies into end customer's products, we have established cooperative relationships with end customers, which helps us foster long-term, stable relationships with our end customers.

### **Multidisciplinary team with extensive IC R&D experience**

We have a multidisciplinary team with extensive IC R&D experience, covering three core technological fields of IC design, motor control algorithms and motor design, and our team is dedicated to technological innovation and product development.

Mr. Bi Lei, our executive Director, chairman of our Board, general manager and chief executive officer, is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group. Mr. Bi Lei has over 20 years of industry experience and has served key positions at various companies and institutes, such as the Asia Pacific R&D Center of Philips Electronics Singapore Pte Ltd (Semiconductors – Asia Product Innovation Centre) and the Data Storage Institute under the Agency for Science, Technology and Research (A\*STAR), Singapore. Please see “Directors, Supervisors and Senior Management – Directors” for details.



Dr. Bi Chao, our executive Director and chief technology officer, is primarily responsible for overseeing business and daily operations of our Group and leading the overall technology development of our Group. Dr. Bi Chao has nearly 40 years of R&D and work experience in the motor industry, and has served key positions at various companies and institutes such as the Data Storage Institute under the Agency for Science, Technology and Research (A\*STAR), Singapore, Western Digital (Singapore) Pte. Ltd. and Southeast University in China. Please see “Directors, Supervisors and Senior Management - Directors” for details.

Given the scarcity of talents specialized in IC design and high-end motor control design in China, we have, since our inception, formulated a talent cultivation strategy centered around “in-house training, mentorship and project-based learning”. We have built a multi-level R&D talent team including our senior R&D personnel, middle-level forces and junior members. As of December 31, 2024, our R&D personnel accounted for 73.3% of our total employees.

### **OUR STRATEGIES**

We strive to become a global leading supplier of motor control ICs and motor control systems. With this goal in mind, we aim to continue our independent innovation and R&D, focusing on the development of motor control ICs and motor control systems, and we are committed to continuing the provision of high-performance motor control ICs and comprehensive system-level services to end customers around the world. We plan to deploy our resources around this strategic goal and achieve it through R&D and technological breakthroughs, extension of the downstream applications of our products, expansion of our overseas markets and talent cultivation.

#### **Continuous investment in R&D to consolidate and enhance our technological advantages**

We consider technological R&D a crucial strategy for our development, and we plan to continue our independent R&D innovation. We intend to continue our in-depth exploration in motor control IC design, motor control algorithms and motor design. We aim to focus on the new demands and changes in applications such as smart small household appliances, white goods, automotive, robots and sensors, and conduct independent R&D.

We plan to continuously build our R&D team and invest in R&D activities to consolidate and enhance our technological advantages. We strive to achieve high-performance products through innovative technologies and drive the penetration of our products in downstream applications.

### **Consolidating our advantages in consumer applications and collaborating with our business partners to seize opportunities in the industry**

We intend to continue our business development in consumer markets such as smart small household appliances and white goods, deepening our strategic partnerships with top-tier brand end customers. Together with our peers and amid opportunities and challenges of the motor control IC industry, we aim to consolidate and enhance the competitiveness of our IC products in consumer applications. According to Frost & Sullivan, with the development of artificial intelligence and automation technologies, the application sectors we have deeply cultivated, such as smart small household appliances and white goods, are expected to have broad prospects. The white goods sector, for instance, is characterized by high entry barriers, long verification cycles and high reliability requirements for motor control ICs. We have many years of experience and strategic planning in the white goods sector. We have accumulated a high-quality end customer base consisting of leading brands and have achieved mass production of our products in the white goods sector. As we continue to grow our business in consumer applications, we expect it to continue driving our business and revenue growth.

### **Strategic deployment in emerging applications such as industrial, automotive and robot sectors**

In light of the trend of the fourth industrial revolution, technologies driven by intelligence and automation are rapidly developing and interacting with each other. In emerging applications such as industrial, automotive and robot sectors, downstream industries require motors to achieve more efficient control and silent operation. In the past few years, we have carried out R&D and strategic deployments around these emerging applications:

- **IC design:** we have accumulated a rich portfolio of core technologies for industrial and automotive-grade high-power motor control ICs, and have conducted the development of automotive-grade motor control ICs, and high-precision sensors, among others;
- **Motor control algorithms:** we have maintained a first-mover advantage in the mainstream sensorless control algorithms, including FOC, servo control, and other control algorithms tailored for industrial applications;
- **Motor design:** we have conducted research on motor design in relation to industrial control, robots and other fields, accumulating extensive R&D results.

Our R&D accumulation has laid a solid foundation for us to further expand into applications with higher powers and higher reliability requirements. Based on our advantages in the above fields, we intend to comprehensively deploy in emerging downstream applications such as industrial, automotive and robots on the basis of our existing R&D planning. We aim to stay at the forefront of industry with our technological advantages, seize new market opportunities brought about by the development of emerging industries and continue to explore new revenue growth opportunities.

### **Expanding overseas markets, promoting products globally and developing our business with an international perspective**

Expanding our overseas markets is essential to our strategic goal. After more than a decade of experience and accumulation in technology, products, end customer base and commercialization, we believe that our strengths in technologies and products allow us to compete globally. We intend to continue advancing our overseas market layout, broadening overseas sales channels, developing overseas business partners, building leading overseas R&D teams, responding promptly to overseas market demands, promoting the application of our products and technologies in overseas markets and providing high-quality IC products to global end customers.

The rapid development of the semiconductor industry and artificial intelligence technology has brought opportunities for resource integration, technological interaction and collaborative development in the industry. We aim to fully leverage our technological advantages, foster synergies with industry peers and upstream and downstream partners, to seize opportunities in the global industry. With an international perspective in mind, we strive to strategically expand our products, technologies, markets and end customer base globally, and become an industry leader through technology development and upstream and downstream collaboration in the industry. We intend to closely monitor potential strategic investment and acquisition opportunities in overseas markets and actively and prudently pursue acquisitions of potential targets.

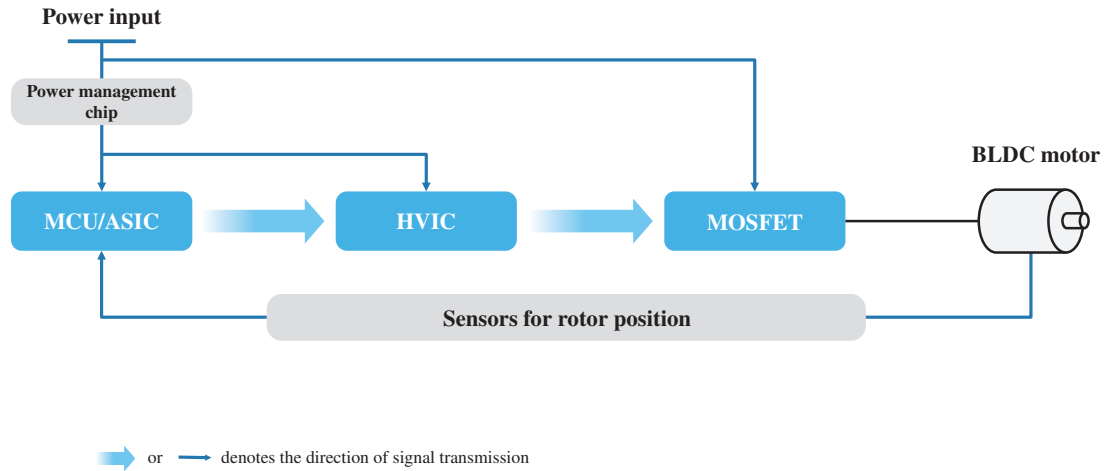
### **Attracting top global talent and continuously building talent teams**

We attach great importance to building our talent team. We adhere to the values of “simplicity, openness, trust and forward-thinking”. We are committed to achieving the mutual growth and development of our Company and its employees. We plan to continue attracting global talent through attractive incentive mechanisms, an open corporate culture, and a vigorous working environment. We intend to continuously improve our R&D personnel training system, and enhance our R&D team through social and campus recruitment. We aim to build an open and dynamic talent cultivation framework that supports clear and accessible career progression. We intend to further strengthen our multi-level R&D talent team. By fostering effective communication and collaboration within our team, we strive to create a vibrant, knowledge-driven organization that unlocks team potential and drives innovation.

## OUR PRODUCTS

### Overview

The following diagram sets forth an overview of a typical BLDC motor control system for illustrative purpose:



In a typical BLDC motor control system where MCU/ASIC, HVIC and MOSFETs are standalone components, an MCU/ASIC executes motor control algorithms to generate control instructions for motor operation. However, since the MCU/ASIC alone cannot independently generate sufficiently high power to drive the operations of MOSFETs, the HVIC serves as the driver to generate essential voltages so that the control instructions from the MCU/ASIC can be delivered to MOSFETs for their operation. MOSFETs serve like switches in a circuit to convert electrical energy into mechanical energy to drive motors. Sensors are responsible for detecting the position the position of rotors in the motor and send such information to the MCU/ASIC. Some motor control systems may instead use IPMs, which are modules that combine MCU/ASIC, HVIC and/or MOSFETs in a package, and may not use sensors in the system.

## BUSINESS

### *Our Strategic Focus on BLDC Motors*

We choose to strategically focus on developing products for BLDC motors. According to Frost & Sullivan, BLDC motors have emerged as the preferred choice in the small and medium-sized motor industry due to their outstanding performance characteristics, including high reliability, low vibration, high efficiency, low noise and energy-saving capabilities.

According to Frost & Sullivan, the market for BLDC motors continues to expand, driven by their widespread adoption in various industries and application scenarios such as smart small household appliances, white goods, sports and leisure, electric tools, industrial and automotive sectors. By focusing on the design and R&D of BLDC motor control ICs and providing comprehensive products, we believe that we are in line with, and are well-positioned to capitalize on, the trend of continued growth of BLDC motor market. While we strategically focus on developing products for BLDC motors, the products developed by our industry peers may be used in application scenarios other than BLDC motors, such as communications, display drive, medical devices and lighting control.

### **Our Product Portfolio**

We offer a comprehensive portfolio of critical products for motor control systems, including motor control MCUs/ASICs, HVICs, MOSFETs and IPMs.

The following table sets forth our revenue generated during the Track Record Period in terms of the products we offered:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
MCU	232,343	71.9	274,748	66.8	384,574	64.1
ASIC	19,697	6.1	48,254	11.7	84,748	14.1
HVIC	56,261	17.4	66,395	16.1	84,268	14.0
MOSFET	7,828	2.4	3,655	0.9	2,331	0.4
IPM	4,751	1.5	16,929	4.1	43,369	7.2
Others <sup>(1)</sup>	2,093	0.6	1,378	0.3	1,035	0.2
<b>Total</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>

*Note:*

- (1) Others primarily include revenue from sales of other products, including semiconductor demo boards and analog devices, among others.

### *MCU*

Our MCU serves as the motor control system's main controlling unit, analogous to the brain of a human being. It learns the position of the rotors in the motors through electronic signals, executes motor control algorithms based on the signals and generates precise control signals to control the motor operation and ensure optimal motor performance.

Below is the picture of our typical MCU product:



Our MCU products feature the unique “dual-core” architecture, which optimizes performance and efficiency in BLDC motor control applications. The ME core, which is independently developed by us, focuses on complex motor control tasks, while the general-purpose core, based on the 8051 or Risc-V architecture, handles auxiliary tasks such as external communication functions. This division of functions ensures that complex motor control operations do not consume excessive computing power, thus maintaining optimal performance for both motor control and other auxiliary tasks that a motor control chip needs to process. Please see “Our Core Technological Strengths – IC Design – Comparison of our MCU’s IC Design with Other Common IC Designs” in this section for details about our proprietary ME core and its comparison with the ARM Cortex-M core that is commonly applied by other MCU companies in the industry. Our MCUs support a diverse range of motor drive modes, including sensored and sensorless control, square wave, sine wave and FOC modes. Our MCUs are specific-purpose chips.

The versatility and reliability of our MCU products make them suitable for a wide range of products or scenarios, including smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive sectors.

### *Integrated functions in our MCU and ASIC Products*

According to Frost & Sullivan, to enhance the reliability and control performance of motor control ICs while reducing the motor control system's size to accommodate the miniaturization and customization trends in BLDC motors, the industry is gradually shifting towards products with greater levels of functional integration. For instance, an MCU product, on a single chip level, may integrate key components of a motor control system, such as HVIC and MOSFET, reducing the need for separate and independent components.

In line with such industry trends, we design our MCU products with varying levels of functional integration, offering our end customers the flexibility to choose products tailored to their specific application requirements and scenarios. By integrating functions such as HVIC, MOSFET as well as functions such as LDO and op-amps into our MCU products, these products simplify the design process for motor control systems, reduce the number of external components and connection points, and facilitate more compact and efficient system designs. This integration also allows our end customers to reduce overall system costs while addressing the increasing demand for smaller, more reliable, and high-performance motor control systems. Similar functional integration as described above has also been realized on our ASIC products. During the Track Record Period, such integrated MCU/ASIC products accounted for substantially all of our revenue from MCU/ASIC products.

### **ASIC**

Apart from MCUs, we also offer ASIC products as the main controlling units for BLDC motors. According to Frost & Sullivan, the difference between MCU and ASIC is that, compared with MCUs, which typically contain a general purpose processor core, memory, input/output interfaces and other modules, ASICs are designed for specific control scenarios with their internal circuits and logic designed for specific algorithms and tasks. This difference makes ASICs more suitable for clear application scenarios which have less need for the additional functionalities apart from motor control, whereas if the end customers may also want flexibility for additional functionalities apart from motor control, our MCU may be more suitable. However, both our MCUs and ASICs are commonly used in motor control applications and there is no strict difference in terms of their downstream application scenarios, customer base or how they are deployed in BLDC motors.

Our ASIC products are tailored to deliver targeted control outcomes, offering distinct advantages such as compact size, low power consumption, low noise, high degree of integration and cost-effectiveness. These characteristics make our ASIC products particularly suited for various applications including electric fans, robotic vacuum cleaners, pumps, massage guns and cooling fans. Our ASIC products are specific-purpose chips.

Our ASICs support a diverse range of motor drive modes, including sensored and sensorless control, square wave, sine wave and FOC modes.

Below is a picture of our typical ASIC product:



Please see “Our products – Our product portfolio – MCU – Integrated functions in our MCU and ASIC Products” in this section for details of functional integration in our ASIC products.

### ***HVIC***

In a motor control system where MCU/ASIC, HVIC and MOSFET are standalone components, since the MCU/ASIC alone cannot independently generate sufficiently high power to drive the operations of MOSFETs, our HVIC serves as the driver to generate the essential voltages to amplify the driving capacity, acting as the vital link between the MCU/ASIC and the MOSFETs, allowing the MCU/ASIC to indirectly drive the MOSFETs through the HVIC.

Below is a picture of our typical HVIC product:



Our HVIC products work in conjunction with motor control MCUs/ASICs and MOSFET power devices to form the motor control system. Our HVICs offer advanced protection features, including overvoltage protection, undervoltage protection, shoot-through prevention and dead-time protection. These features enhance motor control system reliability and prevent potential damage to the motor and associated components.

In addition to their protection capabilities, our HVIC products help reduce power consumption and improve overall system efficiency. By reducing power losses and optimizing the drive circuitry, our HVICs contribute to energy savings and extend the operational life of the motor control system.



### *MOSFET*

In accordance with the control instructions from the MCU/ASIC, and driven by the HVICs, MOSFETs are power devices that serve like switches in a circuit to create specific types of electromagnetic fields to allow the rotor in the BLDC motor to rotate. Our MOSFET products feature short reverse recovery time, low temperature rise and low switching losses, providing a stable, reliable and consistent motor control experience to customers.

Below is a picture of our typical MOSFET product:



### *IPM*

Additionally, we offer IPMs, which are modules that combine MCU/ASIC, HVIC and/or MOSFET products in a compact package. The IPM reduces the number of external components and the PCB area, streamlines the design of the motor control system and provides customers with simple and efficient solutions to enhance the performance and reliability of the BLDC motor control system for certain specific motor control scenarios such as built-in motors and tight space constraints, as well as use under certain high-voltage environments such as white goods.

Below is a picture of our typical IPM product:



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### *Difference Between our IPM Products and MCU/ASIC Products with Integrated Functions*

Our IPM products and our MCU/ASIC products with integrated functions differ primarily in their design and primary application scenarios.

IPMs package multiple discrete components – such as MCU/ASIC, HVIC, and/or MOSFETs – into a single module. While the components are packaged together, they remain distinct within the module. In contrast, our MCU/ASIC products with integrated functions integrate the functions of multiple components into a single chip as the final product. For instance, we offer MCUs in a single chip form that integrate the functions of HVIC and MOSFETs. In addition, MCU/ASIC products with integrated functions are primarily applied in low-voltage scenarios, whereas IPMs are primarily applied in high-voltage scenarios, which helps further expand the scope of application of our product offerings.

### **Key Operating Data**

The table below sets forth our production volume and sales volume in terms of number of units and production-sales ratio by product during the Track Record Period:

	Year ended December 31,								
	2022			2023			2024		
	Production	Sales	Production-	Production	Sales	Production-	Production	Sales	Production-
	volume	volume	sales	volume	volume	sales	volume	volume	sales
	( <i>'000</i> )	( <i>'000</i> )	ratio <sup>(1)</sup>	( <i>'000</i> )	( <i>'000</i> )	ratio <sup>(1)</sup>	( <i>'000</i> )	( <i>'000</i> )	ratio <sup>(1)</sup>
MCU	98,243	72,145	1.4	91,869	97,135	0.9	148,753	139,903	1.1
ASIC	15,825	10,389	1.5	25,633	26,755	1.0	53,809	48,123	1.1
HVIC	80,415	126,280	0.6	127,383	128,743	1.0	150,572	157,843	1.0
MOSFET	20,582	18,207	1.1	4,833	6,755	0.7	3,433	2,692	1.3
IPM	5,817	2,863	2.0	23,572	22,572	1.0	43,657	43,088	1.0

*Note:*

- (1) Production-sales ratio in a year or period equals to the production volume divided by sales volume in the same year or period.

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The production volume, sales volume and production-sales ratio of our products are subject to various factors, including but not limited to, customer demand, supply capacity, and our inventory management. For instance:

- in 2022, we strategically increased purchases of wafers in response to the supply shortage to mitigate the risk of supply disruptions and shortages and ensure long-term stable supplies to our customers. As a result, the production volume of our main products, especially MCU, ASIC and IPM, increased significantly as compared to that in 2021, leading to an overall high production-sales ratios in 2022.
- the sales volume of MOSFET decreased during the Track Record Period primarily due to the changes in our products mix. As the sales of our chip products with integrated MOSFET functions and IPMs incorporating MOSFET functionality increased, the sales of standalone MOSFET decreased during the Track Record Period.

We strive to optimize inventory management strategy in response to various factors from upstream supply and downstream market demand. Despite the fluctuations during the Track Record Period, we had been able to adapt to changing market conditions and achieve an effective inventory management strategy in maintaining product availability and managing risks associated with supply chain uncertainties.

The table below sets forth the average unit selling price of our main products during the Track Record Period.

	Year ended December 31,		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
MCU	3.23	2.84	2.75
ASIC	1.90	1.81	1.76
HVIC	0.45	0.52	0.53
MOSFET	0.43	0.54	0.87
IPM	1.66	0.75	1.01

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The average unit selling price of our products is subject to various factors, including but not limited to, market competition, changes in our product sales mix, customer demand and downstream application trends. For instance:

- from 2022 to 2023 and 2024, the average unit selling price of our MCU and ASIC products declined, primarily due to increased market competition. In response to these market dynamics, we strategically adjusted and reduced the selling prices of these products to remain competitive; and
- the average unit selling price of our MOSFET products increased in 2024 compared to previous years, primarily due to the increase in sales contribution of MOSFET that had higher selling prices, for applications including but not limited to smart small household appliances.

According to Frost & Sullivan, the average unit selling price of our main products during the Track Record Period was within the price range observed in the industry.

### Revenue by Geographical Market

The table below sets forth our revenue by geographic market based on the locations of our customers, during the Track Record Period.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
China	304,149	394,836	563,146
Other countries/regions <sup>(1)</sup>	18,824	16,523	37,179
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total revenue</b>	<u>322,973</u>	<u>411,359</u>	<u>600,325</u>

*Note:* Other countries/regions primarily including (i) Taiwan, China, (ii) India and (iii) Hong Kong.

### APPLICATIONS OF OUR PRODUCTS

Our products find widespread applications across a diverse range of scenarios, catering to the needs of multiple industries and end customers. Our product offerings are extensively utilized in smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive applications, as further illustrated in the table below:

Sector	Key Applications
Smart small household appliances	<ul style="list-style-type: none"><li>• Hair dryers</li><li>• Vacuum cleaners</li><li>• Fans</li><li>• Air purifiers</li><li>• Robotic vacuum cleaners</li><li>• Dishwashers</li><li>• Range hood</li></ul>
White goods	<ul style="list-style-type: none"><li>• Refrigerators</li><li>• Washing machines</li><li>• Air conditioners</li></ul>
Electric tools	<ul style="list-style-type: none"><li>• Drill drivers</li><li>• Electric wrenches</li><li>• Angle grinders</li><li>• Lawn mowers</li></ul>
Sports and leisure	<ul style="list-style-type: none"><li>• Electric scooters</li><li>• Treadmills</li><li>• Self-balancing scooters</li><li>• Unmanned aerial vehicles</li></ul>
Industrial	<ul style="list-style-type: none"><li>• Industrial sewing machines</li><li>• Industrial fans</li><li>• Industrial pumps</li><li>• Industrial servos</li></ul>
Automotive	<ul style="list-style-type: none"><li>• Active grille shutters</li><li>• Seat ventilation</li><li>• Water pumps</li><li>• Oil pumps</li><li>• Water valves</li><li>• Electronic valves</li><li>• Automotive electronic fans</li></ul>

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The table below illustrates certain key applications of our products and their functions in the motor control system in those applications:

Application	Features of our Products
Vacuum cleaners	Our products are mainly equipped with FOC controls and are primarily used in high-speed vacuum cleaners, offering features such as high efficiency, low noise, high rotational speed and strong suction power.
Fans	Our products are mainly equipped with FOC controls and are primarily used in DC inverter fans, providing benefits such as soft air flow, ultra-wide oscillation range, intricate wind speed adjustments, quiet operation and high efficiency.
Kitchen and bathroom appliances	According to Frost & Sullivan, DC inverter technology represents the trend in the kitchen and bathroom appliance industry towards high-end product upgrade. Our chip products are mainly equipped with FOC controls and are primarily used in kitchen and bathroom appliances employing DC inverter technology, offering features such as variable speed control, ultra-quiet operation, energy savings, high system efficiency and intelligent interaction.
Electric scooters	Our products used on electric scooters are mainly equipped with sensored or sensorless FOC controls. The products effectively resolve motor control technical difficulties associated with electric scooters, such as high torque motor startup at zero speed and provides features such as low vibration and high reliability to facilitate comfortable riding experience.
Electric tools	Our products are mainly equipped with sensorless square wave or FOC controls and are primarily used in cordless electric tools, addressing technical challenges such as high torque motor startup at zero speed while also providing features like low vibration, low noise and high efficiency.
White goods	Our products used in white goods are mainly equipped with FOC controls, offering advantages such as low noise, high torque at low speeds and single chip-level integrated functions. These products feature low vibration, low noise and high efficiency, meeting the specific performance demands of the white goods sector.

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### Application

### Features of our Products

Automotive

We design our motor control chips to meet automotive-grade standards, incorporating specialized control and communication functionalities. Our products undergo rigorous automotive-grade certification to ensure they meet the stringent reliability and performance requirements of motor control systems in automobiles.

The following table sets forth our revenue generated during the Track Record Period in terms of the application sectors:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Smart small household appliances	181,759	56.3	228,161	55.5	300,381	50.0
White goods	33,200	10.3	59,252	14.4	117,895	19.6
Electric tools	22,495	7.0	30,619	7.4	31,364	5.2
Sports and leisure	25,816	8.0	32,249	7.8	43,055	7.2
Industrial	44,150	13.7	34,810	8.5	59,671	9.9
Automotive	8,506	2.6	20,501	5.0	44,102	7.3
Others <sup>(1)</sup>	7,048	2.2	5,766	1.4	3,856	0.6
<b>Total</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>

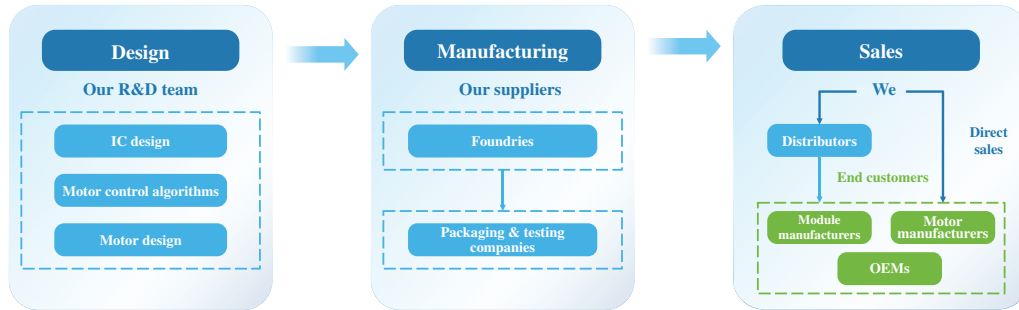
*Note:*

(1) Others primarily include applications in power drive scenarios.

### OUR FABLESS BUSINESS MODEL

We adopt the fabless model, focusing on the design and R&D of our products while outsourcing wafer fabrication, chip packaging and testing to trusted third-party partners. According to Frost & Sullivan, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on design and R&D.

The following diagram illustrates our fabless business model:



By concentrating our resources on product design and R&D processes, we can swiftly respond to evolving market demands and continuously innovate our product offerings. The fabless model allows us to remain agile and adaptable in the rapidly changing semiconductor industry, adjusting our strategies to address emerging trends without the burden of managing capital-intensive manufacturing facilities.

Collaborating with established third-party business partners such as wafer foundries and packaging and testing companies grants us access to manufacturing technologies and economies of scale, ensuring our products are fabricated using state-of-the-art processes and materials. This strategic partnership enhances product performance and reliability while maintaining a lean and agile operational structure and allocating our resources efficiently.

### OUR CORE TECHNOLOGICAL STRENGTHS

Through years of R&D efforts, we have formed core technological strengths in the fields of (i) IC design; (ii) motor control algorithms; and (iii) motor design, and have independently developed a portfolio of key technologies in each of the three fields above.



### IC Design

According to Frost & Sullivan, many of our market peers typically rely on the ARM Cortex-M processor core architecture for their MCU products. In contrast, we have developed our own ME core, a proprietary processor core independently designed by us specifically for motor control applications. This proprietary core allows us to make targeted modifications based on specific end-use requirements and achieve the implementation of hardware-based motor control algorithms, effectively handling complex and diverse motor control tasks. According to Frost & Sullivan, we are the only BLDC motor control and driver chip company adopting the ME core technology and we accounted for approximately 5% of market share in terms of revenue in the BLDC motor control and driver chip market in China in 2023. Companies that use ARM's licensed Cortex-M core accounted for approximately 70% of market share in the same market, with companies adopting other technology approaches accounting for the remaining 25%, according to Frost & Sullivan.

#### *Our Proprietary ME Core*

We have independently developed our proprietary ME core for our MCU products. Within our MCU products' "dual-core" structure, the ME core focuses on handling complex motor control tasks, while the general-purpose core, based on the 8051 or Risc-V architecture, handles auxiliary tasks such as external communication functions. This division of functions ensures that complex motor control operations do not consume excessive computing power, maintaining optimal performance for both motor control and other auxiliary tasks that a motor control chip needs to process.

Our proprietary ME core differentiates us from many of our competitors who adopt ARM's Cortex-M core. The Cortex-M core is a processor core developed and provided by ARM, and MCU designers using this core are required to pay licensing fees and royalties to ARM. In addition, MCU products using the Cortex-M core have relatively limited flexibility in their IC design and making targeted modifications to their design to optimize performance for specific applications. Motor control algorithms are highly complex and require high levels of real-time performance. To execute these algorithms, competing MCU products that rely on ARM cores typically need to employ 32-bit architectures which are more costly, and operate at high frequencies to complete the computations.

In contrast, our ME core is specifically designed to handle the complex and computation-intensive motor control tasks, which typically account for a substantial majority of the workload in a motor control system. Our ME core gives us ample room for customization and performance enhancements. We are able to optimize the implementation of sophisticated motor control algorithms directly into the MCU's logic gate circuitry in an efficient manner. This improves the speed and efficiency of executing complex motor control tasks compared to competing MCU products. Having full control over our ME core's design allows us to strike a balance between performance and cost, providing a compelling solution to our end customers. Notwithstanding the foregoing, according to Frost & Sullivan, since our ME core is designed specifically for motor control, while ARM's Cortex-M core can be applied to other application scenarios beyond motor control, the Cortex-M core is more favored by chip design companies whose business extends beyond the motor control scenario.

### *Hardware-based Motor Control Algorithms*

Our proprietary ME core allows us to implement hardware-based motor control algorithms. According to Frost & Sullivan, many competitors in the industry using processor cores licensed from ARM implement their motor control algorithms through software programming. While they can optimize algorithms by upgrading the software programs, they are unable to make significant modifications to the underlying ARM-licensed core architecture. This limitation makes it challenging to achieve substantial performance improvements for specific complex algorithms that require faster computation.

In contrast, our “hardware-based algorithm” approach breaks down the motor control algorithms into multiple computational steps and implements them directly through a series of hardware logic gate circuits at the physical wafer level. This hardware-based approach makes sure that the algorithms are rendered on a hardware level through optimal circuit configurations and can be fine-tuned or modified to accommodate different application scenarios and meet complex and diverse motor control requirements.

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### *Comparison of our MCU's IC Design with Other IC Designs*

The following table sets forth a comparison of certain technical metrics between our IC design (which employs our ME core and hardware-based algorithms) used on our MCU products and the typical IC design of an industry-leading competitor (which uses ARM Cortex-M core and software-based algorithms):

Metric		Our IC design (based on our ME core and hardware-based algorithms)	Typical IC design of an industry-leading competitor (based on ARM Cortex-M core and software-based algorithms) <sup>(1)</sup>	Explanation
<i>Cost</i>	<i>Chip Cost</i>	ME core: approximately 35 thousand logic gates	Arm Cortex-M3 core: approximately 105 thousand logic gates	Fewer logic gates result in smaller chip size, reducing manufacturing costs under the same semiconductor process
	<i>IP Licensing Fee and Royalty</i>	Independently developed ME core. No IP licensing fee or royalty	Subject to ARM licensing fees and royalties	Cost is reduced in the absence of IP licensing fee or royalty
	<i>Cost Associated with Level of Integration</i>	High-voltage LDO, pre-driver and other functions are integrated on a single chip die, lowering the cost for end customers	32-bit MCUs typically do not integrate high-voltage LDO and pre-driver on a single chip die, resulting in higher overall cost for end customers	Higher level of integration leads to lower overall cost for end customers
	<i>Cost Associated with Debugging Complexity</i>	Given the hardware-based algorithms, there is no need to debug motor control algorithms at the software level	Software-based algorithms require complex programming and debugging	Hardware-based algorithms simplify debugging, reducing development time and costs for end customers
	<i>Average Selling Price</i>	Approximately 2.8 RMB/unit in 2023	Approximately 3.5 RMB/unit in 2023	N/A
<i>Market Size</i>		Approximately RMB275 million <sup>(2)</sup> in 2023	Approximately RMB700 million <sup>(3)</sup> in 2023	N/A

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	Metric	Our IC design (based on our ME core and hardware-based algorithms)	Typical IC design of an industry-leading competitor (based on ARM Cortex-M core and software-based algorithms) <sup>(1)</sup>	Explanation
<b>Power Consumption</b>	<i>Chip Operating Frequency</i>	24MHz	72MHz or above	Lower operating frequency and current reduce power consumption
	<i>Chip Operating Current</i>	Approximately 15mA	Approximately 50mA	
<b>Performance</b>	<i>Time for executing a sensorless FOC algorithm</i>	6-7μs	20-30μs	Shorter execution time indicates faster computational speed and better performance
	<i>Maximum supported electric cycle (assuming sensorless FOC control)</i>	270 thousand RPM	Approximately 150 thousand RPM	Higher maximum supported motor speed indicates better performance
<b>Application</b>		designed for BLDC motor control	Can be used for motor control as well as other applications such as medical equipment, personal computer and gaming peripherals, GPS platforms and inverters.	N/A

**Notes:**

- (1) According to Frost & Sullivan.
- (2) Representing the revenue from MCU products for the Group.
- (3) Representing the industry-leading competitor's revenue from MCU products.

### Motor Control Algorithms

We have conducted strategic R&D on mainstream sensorless control algorithms and FOC algorithms. By developing tailored control algorithms for different applications, we help end customers address critical issues such as sensorless FOC mode and high-torque sensorless motor startup.

- ***Sensorless FOC algorithms:*** Because there are no sensors in sensorless BLDC motor control systems to detect the position of the rotor, it is necessary to calculate the position of the rotor's magnetic field relative to the stator's magnetic field using motor current, voltage and back electromotive force information through specific algorithms. The accuracy of these algorithms depends on the precision of motor parameters, which can vary due to changes in environmental conditions, load or even rotor position. These variations can impact the precision, performance, and noise levels of motor control systems. We have developed a sensorless FOC algorithm technology designed to mitigate the effects of motor parameter variations on motor control systems. Our sensorless FOC algorithm enhances motor control system reliability and performance, making it particularly suitable for high-performance motor control applications.
- ***Sensorless high-torque motor startup algorithms:*** Certain products, such as electric tools and compressors, require high torque for its motor startup. However, due to considerations for cost, size and reliability, end customers often prefer to operate motors in a sensorless system. In sensorless operation, determining the rotor's position during startup—when the rotor is stationary—presents a technical challenge, particularly when high torque is required. To address this, we have developed proprietary sensorless high-torque motor startup algorithms that allow motors to achieve high torque during startup in a sensorless motor control system. This algorithm helps achieve cost efficiency, compact system design and enhanced reliability.

### Motor Design

With a deep understanding of motor electromagnetic knowledge, we can advise specific motor drive methods based on the unique characteristics of the end customers' motors. We support our end customers in optimizing the electromagnetic structure of their motors in a cost-effective way, ensuring that their motor systems achieve optimal performance. Certain of our critical motor design technologies include:

- ***High torque density BLDC motors:*** Applications such as robots, unmanned aerial vehicle and servo control systems impose strict size limitations on motors and require high torque density. We have developed high torque density BLDC motor technology by optimizing rotor and winding structures. This innovation enhances motor torque while reducing motor size, simplifying the manufacturing process and meeting the stringent requirements of compact and high-performance applications.
- ***Three-phase low-speed motors:*** Products using low-speed motors, such as ceiling fans and electric bicycles, often face challenges in achieving high efficiency and low noise due to cost constraints. Our proprietary three-phase low-speed BLDC motor technology delivers high-performance motors at a lower cost. This technology reduces cogging torque and operational noise, enabling efficient and quiet low-speed operation with reduced energy loss.

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- **Ultra-thin motors:** Certain products, such as unmanned aerial vehicle, cooling systems and environmental monitoring devices, require ultra-thin motors to fit within space-constrained designs. We have developed ultra-thin motor technology with axial magnetic fields to meet the demands for reduced size and minimized torque ripple. This technology supports the development of high-performance single-phase and three-phase ultra-thin BLDC motors, expanding the application of BLDC motors into compact and lightweight devices.

### Key Technologies under Our Core Technological Strengths

Through our R&D efforts, we have accumulated a portfolio of technologies in the fields of (i) IC design; (ii) motor control algorithms; and (iii) motor design. Certain of our key technologies are set forth in the table below. According to Frost & Sullivan, there are industry competitors who have developed or are developing similar technologies in these areas, though technology approaches and performance metrics may vary. However, our key technologies set forth in the table below are independently developed by us, are not licensed from third parties, and are only applied on our products and business:

No.	Core Technological Strength	Name of Technology	Key Features/Application
1	IC design	Dual-core chip architecture	High computing power and stable computing operation
2		Fully integrated FOC chip architecture	High computing power and high level of integration
3		Automotive-grade motor control IC technology	High reliability and high level of integration
4		High-voltage DMOS-based half-bridge and three-phase half-bridge drive IC	High level of integration and high efficiency
5		Half-bridge IPM/power module based on high-voltage IC, high-voltage power devices and multi-chip module packaging technology	High level of integration and high stability
6		Resolver-to-digital converter technology	High reliability and high precision

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<b>No.</b>	<b>Core Technological Strength</b>	<b>Name of Technology</b>	<b>Key Features/Application</b>
7	Motor control algorithms	Control algorithms for FOC	High stability
8		Sensorless motor high-torque startup mode	High reliability, high level of integration and high cost-effectiveness
9		High-performance operation mode for ultra-high-speed motors	High speed and low noise
10		Sensorless dynamic drive method for single-phase BLDC motors	High reliability and high level of integration
11		Drive mode for small electric vehicles	High speed and high stability
12	Motor design	Load state detection method for BLDC motors	High stability
13		Quick detection of motor malfunction	High stability
14		Ultra-thin motor with axial magnetic field	Used on thin and lightweight motors
15		Three-phase low-speed BLDC motors	Low noise and low mechanical wear and tear
16		BLDC motors with high torque density	Used on motors with high torque density
17		Angular position sensor technology	High reliability, high precision and low cost

### Synergies among Our Core Technological Strengths

We believe that we differentiate ourselves from other market players through our expertise in all the three fields of (i) IC design, (ii) motor control algorithms, and (iii) motor design and integrating them to deliver motor control and driver products. According to Frost & Sullivan, we are the first motor control IC company in China with dedicated teams specializing in all these three technological fields. Our respective R&D teams for these three core technological strengths collaborate closely on a daily basis to address the diverse needs of our end customers and deliver efficient and cost-effective motor control and driver products. The following illustrates how our R&D teams for IC design, motor control algorithm and motor design collaborate with each other:

- When starting a project to develop a motor control and driver product, our IC design, motor control algorithm and motor design teams work together to conduct an initial assessment of the feasibility of meeting specific requirements. The assessment is typically carried out from the perspectives of chip performance, algorithmic capabilities and motor characteristics. Once the feasibility is confirmed, the project undergoes a formal review process before entering the R&D phase;
- Our IC design team collaborates with upstream wafer foundries to ensure the availability of mature chip fabrication processes that align with our IC design requirements. If a suitable process is not readily available, our team works closely with the foundry to develop, validate and secure a reliable wafer supply chain;
- Concurrently, our motor control algorithm team develops algorithms tailored to the specific application scenarios. They work in tandem with the motor design team to ensure that the algorithms perform effectively in the motors and that the motor designs fully harness the algorithmic capabilities. This collaborative process allows for simultaneous verification and optimization of both the algorithms and motor designs;
- Once the algorithms are validated, our motor control algorithm team collaborates closely with the IC design team to verify if the motor control algorithms can be implemented on the wafer through hardware-based algorithms using hardware logic gate circuits. This verification process ensures that the intended outcomes of the motor control algorithms can be effectively achieved on the chip; and
- Upon successful verification of the algorithms on the chip, we integrate our motor control chips, motor control algorithms and motor designs to provide products for specific application scenarios. These products undergo rigorous testing and reliability validation to confirm that they meet the performance requirements of the intended applications. Once the performance is validated, the chip products will be ready for mass production.

Although we do not develop tailor-made products for any particular end customer, our R&D teams – comprising IC design, motor control algorithms and motor design teams – work collaboratively to deliver products designed to meet requirements within specific applications.



For example, we developed an MCU product model for applications such as smart small household appliances and electric tools. In the development process, the IC design team integrates components such as LDOs and pre-drivers into the chip, the motor control algorithm team optimizes motor control algorithms to improve motor efficiency and reduce noise, and the motor design team analyzes and optimizes motor structures to enhance performance of our products in the motor and minimize vibration. The MCU product model can be used in various smart small household appliances such as robotic vacuum cleaners, standing fans and ceiling fans as well as electric tools and server cooling. Similarly, we developed an MCU product model for applications in automotive electronics. In the development process, the IC design team integrates components such as LDOs, pre-drivers and MOSFETs into a single chip, the motor control algorithm team implements hardware-based FOC control algorithms for improved efficiency and reduced noise, and the motor design team develops advanced motor designs to reduce torque ripple and noise. The MCU product model can be used in various automotive electronics scenarios such as automotive air-conditioning vents, seat ventilation, active grille shutters and water valves for automotive thermal management systems. These collaborative efforts ensure that our products meet industry requirements, such as high efficiency, low noise and compact design.

### RESEARCH AND DEVELOPMENT

#### Our R&D Team

Our dedicated and experienced R&D team is led by Mr. Bi Lei and Dr. Bi Chao, who each possess years of industry experience. Please see “Directors, Supervisors and Senior Management” for details of their profiles and backgrounds.

Under their leadership, we have assembled dedicated R&D teams focusing on IC design, motor control algorithms and motor design. As of December 31, 2024, our R&D team consisted of 198 employees, 94.4% of whom held a bachelor’s degree or above. For the years ended December 31, 2022, 2023 and 2024, our R&D expenses amounted to RMB63.8 million, RMB84.7 million and RMB116.7 million, respectively, accounting for 19.8%, 20.6% and 19.4% of our total revenue for the respective periods.

We have consistently implemented our R&D talent recruitment and training strategy that centers on the principles of internal training, mentorship and project-based learning:

- **Internal training:** Our comprehensive training system includes regular technical lectures and workshops conducted by our senior R&D personnel, complemented by hands-on guidance and mentorship provided during actual R&D projects.
- **Mentorship:** We actively recruit talented graduates from leading universities who demonstrate a passion for innovation and a strong foundation in their respective areas of expertise. Each recruit is assigned mentors who provide tailored guidance and support based on their specific job position and personal career aspirations.
- **Project-based learning:** Our new R&D team members are engaged in R&D projects involving IC design, motor control algorithm, motor design and other critical areas. By working on these projects alongside experienced professionals, our new R&D team members gain valuable hands-on experience and contribute to the development of solutions.

### **R&D Process**

We have established a comprehensive process to ensure strict control and oversight of our R&D activities. This process encompasses three key stages, namely (i) project initiation, (ii) design and (iii) verification, and represents collective efforts from various internal departments and teams.

- In the project initiation stage, our marketing center is responsible for exploring market conditions and gathering information about market needs and requirements. Our application center refines these needs and requirements and determines the necessary technologies to be applied in the project. Our R&D center then conducts a technical feasibility analysis, prepares a project initiation report and develops an R&D plan. Upon approval by our internal evaluation committee, the chip product development plan and specifications are finalized;
- In the design stage, our R&D center proceeds with chip design based on the approved specifications. This involves technical architecture design, algorithm design, analog circuit design and digital circuit design. At the same time, our quality center establishes testing standards based on the technical architecture. Our R&D center completes the chip design, performs simulations and verifications and generates the chip layout. After a final review, the chip layout is sent to the wafer foundry; and
- In the verification stage, our supply chain center coordinates with the wafer foundry and packaging service providers to produce chip samples. Once the samples are produced, our application center, R&D center and quality center conduct system testing, parameter testing and reliability testing to ensure the samples meet design requirements and perform as intended in specific motor solutions. Upon successful validation, the samples progress to engineering batch trial production. Once the engineering samples pass parameter verification, system verification and reliability verification, a committee consisting of representatives from our R&D, marketing, application, supply chain and quality centers conducts a mass production review and approval.

### **Key R&D Focus**

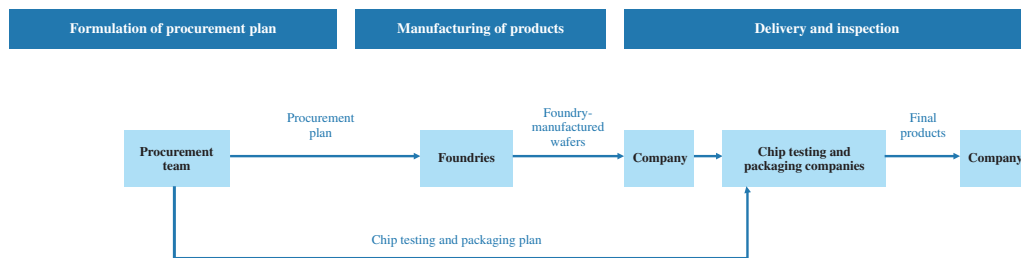
During the Track Record Period and up to the Latest Practicable Date, we had been engaged in a variety of R&D projects for technologies related to motor control IC design, motor control algorithms and motor designs. Our R&D focus covers not only consumer applications such as smart small household appliances and white goods where we have accumulated strong competitive advantages, but also new and emerging sectors, for which we have made strategic R&D planning such as the development of products for automotive and industrial sectors.

For the year ended December 31, 2022, 2023 and 2024, we initiated nine, eight and 11 key R&D projects, respectively. During the same period, we successfully completed eight, six and eight key R&D projects, respectively.

## PROCUREMENT

We operate with a fabless model in order to optimize our R&D and design capabilities. During the Track Record Period, we primarily procured (i) foundry-manufactured wafers overseas, and (ii) chip packaging and testing services from companies in China. We place great emphasis on sourcing our raw materials and services from suppliers with good reputation and track record, as we believe the best available raw materials and services would significantly affect the quality of our products, and in turn, our brand reputation.

The diagram below illustrates our typical procurement process.



- *Procurement planning.* Our procurement team is primarily responsible for formulating procurement plans based on the anticipated sales amount and project demand. We also take into account various factors including the inventory level, the manufacturing lead time and production schedules.
- *Outsourced manufacturing.* Pursuant the procurement plans, our procurement team places purchase orders to our foundry suppliers. The foundry suppliers then manufacture wafers according to our IC design. Upon completion, we normally arrange the logistics and delivery from suppliers to our warehouse.
- *Packaging and testing.* We arrange subsequent chip packaging and testing with our packaging and testing partners. Upon completion, our packaging and testing partners deliver the finished products to us for sale.

Potential pricing fluctuations in wafer manufacturing and chip packaging and testing services can arise due to factors including global and domestic production capacity, governmental regulations, supply-demand dynamics and geopolitical conditions. While our bargaining power for certain procurements might be restricted to a certain extent due to these factors beyond our control, our ability to procure and supply remains steadfast.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially affected our operations.

### OUR SUPPLIERS

#### Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) foundries, and (ii) companies that provide services in chip packaging and testing. We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include technological expertise, product quality, responsiveness and delivery and cost. We evaluate their performance in historical cooperation or the initial trial period, through means including on-site inspections and documentation reviews. Approved suppliers are included in the qualified supplier list maintained by our supply chain and quality centers. Qualified suppliers are regularly re-evaluated, with periodical performance reviews. Non-compliance or significant quality issues will trigger immediate reassessment, which may result in warnings, supply restrictions, or removal from the qualified supplier list.

We generally issue purchase orders to our suppliers based on our demand forecast. Our demand forecast extends to six months and is updated monthly on a rolling basis relying on historical market demand patterns and our management team's industry and market experiences and insights. Our supplier confirms and signs the purchase order upon receipt. For domestic foundries and chip packaging and testing companies, we typically enter into framework agreements which set forth the general terms and conditions of purchase.

Salient terms of the supply agreements with our suppliers typically include:

- *Scope of supply.* Our foundry partners primarily supply wafer products to us and packaging, and testing companies primarily provide processing services to us. The framework agreements generally do not specify quantity and price, which we set out in separate purchase orders.
- *Term and Termination.* We generally enter into framework agreements with an undetermined period or a term no less than one year, which can be automatically extended for another specified term without notification of termination.
- *Principal rights and obligations of parties involved.* Suppliers are responsible for timely delivery and quality assurance of products or services. Our suppliers must meet our specified quality requirements and are responsible for defects resulting from suppliers' conduct. We are responsible for import approvals and taxes as well as timely payments.

#### Our Major Suppliers

In 2022, 2023 and 2024, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB209.8 million, RMB182.2 million, and RMB220.8 million, respectively, representing 89.3%, 86.9%, and 80.4% of our total purchases, respectively. In addition, purchases from our largest supplier in each year during the Track Record Period accounted for 52.4%, 62.8%, and 31.9% of our total purchases in 2022, 2023 and 2024, respectively. All of our five largest suppliers in each year during the Track Record Period were Independent Third Parties.

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None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers in each year during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total purchase (%)	Type of product/services provided	Credit terms	Year of commencement of business relationship
<i>For year ended December 31, 2022</i>						
1	Supplier A <sup>(1)</sup>	122,974	52.4	Wafer and photomask	30 days upon the invoice	2011
2	Supplier B <sup>(2)</sup>	54,157	23.1	Wafer and photomask	100% prepayment	2013
3	Supplier C <sup>(3)</sup>	11,713	5.0	Packaging and testing	monthly basis with 30 days upon the invoice	2018
4	Supplier D <sup>(4)</sup>	11,685	5.0	Packaging and testing	monthly basis with 30 days upon the invoice	2015
5	Supplier E <sup>(5)</sup>	9,276	3.9	Packaging and testing	monthly basis with 30 days upon the invoice	2013

*Note:*

- (1) Supplier A is a Singaporean subsidiary of a public company headquartered in the United States engaged in semiconductor manufacturing.
- (2) Supplier B is a public company headquartered in Taiwan, China engaged in the manufacture of semiconductors.
- (3) Supplier C is a private company headquartered in Guangdong, China engaged in the design, manufacture, packaging and testing of IC products.
- (4) Supplier D is a public company headquartered in Jiangsu, China engaged in the packaging and testing of semiconductors.
- (5) Supplier E is a public company headquartered in Gansu, China engaged in the packaging and testing of semiconductors.

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Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total purchase (%)	Type of product/services provided	Credit terms	Year of commencement of business relationship
<i>For year ended December 31, 2023</i>						
1	Supplier A	131,578	62.8	Wafer and photomask	30 days upon the invoice	2011
2	Supplier E	14,958	7.1	Packaging and testing	monthly basis with 30 days upon the invoice	2013
3	Supplier B	13,582	6.5	Wafer and photomask	100% prepayment	2013
4	Supplier C	12,474	6.0	Packaging and testing	monthly basis with 30 days upon the invoice	2018
5	Supplier F <sup>(6)</sup>	9,605	4.6	Packaging and testing	monthly basis with 30 days upon the invoice	2012

*Note:*

- (6) Supplier F is a public company headquartered in Jiangsu, China engaged in the packaging and testing of semiconductors.

Rank	Supplier	Purchase Amount (RMB'000)	Percentage of total purchase (%)	Type of product/services provided	Credit terms	Year of commencement of business relationship
<i>For year ended December 31, 2024</i>						
1	Supplier A	87,597	31.9	Wafer and photomask	30 days upon the invoice	2011
2	Supplier B	74,733	27.2	Wafer and photomask	100% prepayment	2013
3	Supplier E	24,648	9.0	Packaging and testing	monthly basis with 30 days upon the invoice	2013
4	Supplier C	20,179	7.3	Packaging and testing	monthly basis with 30 days upon the invoice	2018
5	Supplier G <sup>(7)</sup>	13,640	5.0	Wafer and photomask	monthly basis with 30 days upon the invoice	2022

*Note:*

- (7) Supplier G is a public company headquartered in Anhui, China engaged in the manufacture of semiconductors.

### Reliance on Certain Suppliers

#### *Overview of Relationship with Major Suppliers*

During the Track Record Period, we primarily procured foundry-manufactured wafers from Supplier A and Supplier B. In 2022, 2023 and 2024, our aggregate purchases from Supplier A and Supplier B accounted for 75.5%, 69.3% and 59.1% of our total purchases, respectively. Supplier A is a Singaporean subsidiary of a company headquartered in the United States and listed on the Nasdaq Stock Exchange, primarily offering semiconductor manufacturing. We started business collaboration with Supplier A in 2011. Supplier B is a semiconductor manufacturer in Taiwan, China. We started business collaboration with Supplier B in 2013. While we do not enter into long-term agreements with Supplier A or Supplier B, we believe the supply relationship remained strong and stable, given the past long relationship. We generally issue purchase orders to Supplier A and Supplier B based on our demand forecast, and the supplier confirms and signs the order upon receipt.

In 2022, 2023 and 2024, our purchases from Supplier A were RMB123.0 million, RMB131.6 million, and RMB87.6 million, respectively, representing 52.4%, 62.8%, and 31.9%, respectively, of our total purchases for the same periods. Our purchases from Supplier B were RMB54.2 million, RMB13.6 million, and RMB74.7 million, respectively, representing 23.1%, 6.5%, and 27.2%, respectively, of our total purchases for the same periods. From 2021 to 2022, we strategically stockpiled inventory of wafers due to the global wafer supply shortage. As a result, we had a relatively high inventory level of manufactured wafers from Supplier B by the end of 2022, leading to a reduced procurement needs from Supplier B during 2023. Compared to 2023, in 2024, the decrease in purchases from Supplier A was primarily due to our strategic inventory adjustments and supply chain diversification considerations.

According to Frost & Sullivan, Supplier A's parent company and Supplier B are among the top five in terms of wafer manufacturing revenue in the global wafer manufacturing market during the Track Record Period. According to Frost & Sullivan, based on the wafer manufacturing revenue in 2023, the parent company of Supplier A ranked third in the global wafer manufacturing market with a market share of approximately 6%, and Supplier B ranked first with a market share of approximately 60%. In addition, to ensure consistently quality products and centralized management of manufacturing demands, it is commonly seen and in line with industry practice for chip design companies to rely on a limited number of foundry partners for procurement of most of the wafers, according to Frost & Sullivan. As we source a significant portion of foundry-manufactured wafers from Supplier A and Supplier B, if our relationship with either Supplier A or Supplier B is terminated, interrupted, or modified in any way adverse to us, there may be material interruptions to our operations and business. See "Risk Factors – Risks Relating to Our Business and Industry – We depend on a limited number of third-party wafer foundry partners to manufacture our products."

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We have expanded our procurement network to include other wafer manufacturers to ensure the stability and flexibility of our wafer supply capacity. We have been collaborating with other wafer manufacturers, including those based in China, that possess the necessary manufacturing technology and production capacity to meet our technical and quality requirements. During the Track Record Period, we established stable cooperation with four wafer manufacturers other than Supplier A and Supplier B and have made procurements with these four wafer manufacturers. These manufacturers have demonstrated the ability to meet industry standards and our operational needs, manufacturing capacity and product quality requirements under reasonable commercial terms. The commercial terms of our procurement from these four manufacturers are at comparable terms with our procurement from Supplier A and Supplier B. In addition, according to Frost & Sullivan, the commercial terms of our procurement from these four manufacturers are consistent with the industry norm. We understand there are additional alternative manufacturers with the technical knowledge to produce products as currently supplied by Supplier A and Supplier B with certain variations in prices and specifications to achieve similar functions under reasonable commercial terms. Our Directors are of the view that our relationship with Supplier A and Supplier B is unlikely to materially adversely change or terminate, because (i) we have maintained a long-term and stable collaboration relationship with Supplier A and Supplier B for more than ten years, and (ii) during the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with Supplier A or Supplier B.

Based on (a) the foregoing disclosures and analyses, (b) the consultations with the industry consultant and its view above and (c) the fact that the Company established stable cooperation with four wafer manufacturers other than Supplier A and Supplier B during the Track Record Period, nothing material has come to the attention of the Sole Sponsor which would cast reasonable doubt on the view that the Group's reliance on Supplier A and Supplier B had no material adverse impact on the Group's business operation and financial performance during the Track Record Period.

### ***Key Terms of Agreements with Major Suppliers***

We do not enter into framework agreements with Supplier A and Supplier B. As advised by Frost & Sullivan, it is industry norm that overseas foundries such as Supplier A and Supplier B generally sign contracts with fabless companies on a project basis instead of entering into framework agreements. Consistent with such practice, we issue purchase orders based on demand forecast. Salient terms of the quote and purchase order with Supplier A and Supplier B typically include:

- *Primary Obligations.* The supplier is primarily responsible for manufacturing wafer products according to our design, and we are primarily responsible for making payment and picking up the products once manufactured.
- *Pricing and Payment.* The prices are generally set out in the supplier's quote based on product category and technical requirement. We are required to make payment before shipment or within certain days from the date of invoice.
- *Product Warranty.* The manufactured products must meet the supplier's specifications accepted by us.
- *Dispute Resolution.* As mutually agreed, any dispute, controversy or claim will be settled by arbitration or by a court of competent personal and subject matter jurisdiction.



# BUSINESS

## SALES, MARKETING AND DISTRIBUTION

### Our Sales Network

We primarily rely on professional distributors to promote and sell our products. According to Frost & Sullivan, engagement of distributors for the sales of products is in line with the industry norm in the semiconductor industry. To a lesser extent, we also make direct sales to customers.

During the Track Record Period, substantially all of our revenue was generated from our distributors. The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Distribution	297,459	92.1	386,742	94.0	574,599	95.7
Direct sales	25,514	7.9	24,617	6.0	25,726	4.3
<b>Total</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>

During the Track Record Period, the average time from the receipt of customer orders to the delivery of our products to customers was typically within a week.

### Our Distribution Channels

#### Overview

During the Track Record Period, we primarily sold and marketed our products through third-party professional distributors. With experience in logistics, marketing and sales of IC products, our distributor partners help us assemble downstream sales resources, provide useful and timely market demand information, broaden our sales channels and enhance our market penetration. Our distribution channels allow us to streamline our administration, efficiently maintain good relationships with the large number of end customers across various industries and improve our financial flexibility and efficiency. With resources and information available through distribution channels, we are able to focus on the R&D and design aspects of BLDC motor control components and optimize our design capabilities. According to Frost and Sullivan, it is an industry norm for motor control IC companies in China to engage distributors for the sales of products.

The relationships between distributors and us are categorized as seller-buyer relationships – they buy our products from us and then resell the products to end customers. Our distributors maintain a “buy-out” model with us. To the best of our knowledge, we do not have any sub-distributor during the Track Record Period. Historical sales generated by distributors were generally recurring in nature except in cases where we discontinued our business relationships with certain distributors as detailed below. We did not identify any material incident of non-compliance by our distributors during the Track Record Period.

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As of December 31, 2024, we had 109 distributors. The following table sets forth the movement in the number of our distributors during the periods indicated.

	Year ended 31 December		
	2022	2023	2024
Distributors at the beginning of year	58	80	94
Addition of new distributors	27	19	23
Termination of existing distributors	<u>5</u>	<u>5</u>	<u>8</u>
<b>Distributors at the end of year</b>	<b><u>80</u></b>	<b><u>94</u></b>	<b><u>109</u></b>

We engaged 27, 19 and 23 new distributors in 2022, 2023 and 2024, respectively. We engaged new distributors to help us expand our professional channels and build up a quality distribution network, and to replace the distributors that were terminated.

We discontinued our partnership with five, five and eight distributors in 2022, 2023 and 2024, respectively, primarily due to such distributors' sub-optimal performance, and/or alternation of their business plans. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with these departing distributors.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our 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 who own 5% or more of the total issued Shares, Directors or senior management or any of their respective associates. Our distributors are required to report their end customer coverage to us, and we were not aware of any overlapping end customer coverage among our distributors during the Track Record Period and up to the Latest Practicable Date.

### *Principal Contractual Terms with Distributors*

During the Track Record Period, we generally (i) enter into distribution agreements with each of our distributors and (ii) issue authorization letters to the distributors on an annual basis. The key terms of our distribution agreements included the following:

- *Term.* The term of the distribution authorization is typically one year.
- *Purchase.* The purchase amount is specified in purchase orders. We do not impose minimum purchase or sales targets on our distributors.
- *Selling Price and Payment.* We generally negotiate selling prices with our distributors based on our internal pricing and market conditions. We generally require the distributors to make full upfront payment to us before we ship our products. We also offer credit terms to certain distributors on a case-by-case basis.

- *Product Return or Exchange.* We typically do not allow distributors to return or exchange products except that our distributors may negotiate with us on return and indemnification of defective products due to our faults.

### *Robust Management of Distributors*

An effective distribution network is essential for enhancing our sales performance and ensuring consumer satisfaction. As such, we maintain rigorous management of our distributors in the following aspects.

- *Selection Process.* We have established a rigorous selection process for distributor candidates. Our qualified distributors are typically those specializing in IC product distribution with well-established end-customer base. We evaluate our distributors based on their business qualifications and distribution capabilities. Key selection criteria include the breadth and quality of their sales network, reputation, creditworthiness and financial conditions, as well as their capabilities in staffing, warehousing and logistics, and sales strategies.
- *Reporting Mechanism.* Our distributors are required to report new end customers and present opportunities to us, provide essential details and ensure their promotion activities aligned with our product and development strategies. Unless otherwise agreed by us, our distributors are not allowed to develop sub-distributors. To the best of our knowledge, our distributors did not have any sub-distributor during the Track Record Period.
- *Performance Review.* We have established measures and policies to monitor the key aspects of distribution activities including end customer reporting, pricing management, unfair competition, and cannibalization. We require distributors to provide periodical market feedback on product quality, brand promotion, sales activities and project progress. We maintain regular communication with our distributors and conduct online search about distributors to review their sales performance and ensure compliance with our measures, policies, and distribution agreements.
- *Inventory Management.* As part of our distributor management policy, our sales team communicates with our distributors to understand their inventories and sales conditions to minimize inventory risks. Our distributors typically place orders with us after they have received purchase orders, which inherently reduces their inventory risks and accelerates their inventory turnover. In event of any inventory overstocking, we work collaboratively with the distributor to optimize stocking plans.

- *Channel Stuffing and Cannibalization Management.* As our distributors maintain a buy-out model with us, products are sold to distributors based on purchase orders placed by them. Considering that we do not impose minimum purchase requirement on distributors, and that our distributors are generally not allowed to return any unsold products to us, our Directors are of the view that we do not have any material channel stuffing issue. During the Track Record period, the products returned by our distributors were less than 0.1% of our revenue in each year of 2022, 2023 and 2024, respectively. We request distributors to report their end customer coverage to us, which allows us to monitor the coverage and ensure that there is no overlap of end customers in their sales coverage. In particular, as part of our distributor management policy, we require our distributors to report to us before establishing business relationships with new end customers. If a distributor submits a request to cover an end customer already covered by the other distributor, we will not grant approval to such overlapping coverage. We also require our distributors to report the status of approved business opportunities regularly. This allows us to track the sales activities of our distributors, thereby mitigating risks associated with cannibalization. Additionally, we investigate any incidents of cannibalization and are entitled to terminate our business relationship with those distributors that engage in cannibalization. By maintaining clear visibility over the sales activities of our distribution network, we believe that these measures effectively mitigated the risk for cannibalization and maintained efficiency of our distribution channels. We were not aware of any overlapping end customer coverage among our distributors during the Track Record Period and up to the Latest Practicable Date.
- *Empowerment.* Our experienced sales teams work with our distributors to improve their distribution capabilities, enhance sales skills, optimize sales strategies and maximize the effectiveness of our promotion policies and marketing resources. We regularly conduct training sessions where we share technical expertise, product information, and industry knowledge with our distributors to improve their distribution capabilities. Besides, our sales team hold periodical meetings with major distributors to review their performance, share best practices, address market challenges, and align distribution strategies with our overall business goals.

### ***Our Direct Sales***

To a lesser extent, we sell our products directly to customers, which primarily consist of module manufacturers, motor manufacturers and OEMs.

In 2022, 2023 and 2024, the revenue generated from our direct sales customers amounted to RMB25.5 million, RMB24.6 million and RMB25.7 million, respectively, accounting for approximately 7.9%, 6.0% and 4.3%, respectively, of our total revenue in the same periods.

### **Customer Service and Technical Support**

We are committed to providing high-quality customer service. We work to address and resolve their system challenges and provide expert guidance in optimizing motor design to meet specific requirements, ensuring a seamless and high-performance experience for their applications.

### **Pricing**

We price our products considering a variety of factors, including costs, gross margin and market conditions. In particular, the purchase price of our raw materials, namely the wafers, is one of the most important factors that we consider when developing our pricing strategies. We adjust the final pricing based on the specific client on a case-by-case basis.

### **Marketing**

Our marketing efforts focus on enhancing customer engagement, promoting our new and existing products, and strengthening our brand presence in the BLDC motor control and driver chip industry. Our sales and marketing department, consisting of 32 members as of December 31, 2024, worked closely with our distributors to execute our marketing strategies. Our marketing initiatives center around a combination of daily customer outreach by our sales team and a variety of promotional campaigns, including participation in trade exhibitions, technical presentations, live-streaming events, and other online and offline activities. Through these efforts, we showcase our motor control IC technologies and engage with a broad audience of potential clients.

To further enhance our visibility and customer engagement, we actively share updates through our official communication channels, including our company news page and live-streaming platforms. These platforms serve as key tools to demonstrate the capabilities of our products, share technical insights, and build a strong connection with our end customers and business partners.

### **OUR CUSTOMERS**

During the Track Record Period, our customers primarily consisted of distributors. In 2022, 2023 and 2024, our five largest customers in each year during the Track Record Period together generated RMB182.7 million, RMB208.3 million, and RMB281.2 million of revenues, respectively, accounting for 56.6%, 50.6%, and 46.8% of our total revenue, respectively. Revenue from our largest customer in each year of the Track Record Period accounted for 20.9%, 17.5% and 15.0% of our total revenue, respectively. All of our five largest customers in each year during the Track Record Period were Independent Third Parties.

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 major 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 in each year during the Track Record Period.

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

Rank	Customer	Sales amount (RMB'000)	Percentage of total revenue (%)	Type of customer	Type of product purchased	Credit terms	Year of commencement of business relationship
<i>For year ended December 31, 2022</i>							
1	Customer A <sup>(1)</sup>	67,381	20.9	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 30 days	2015
2	Customer B <sup>(2)</sup>	42,752	13.2	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2015
3	Customer C <sup>(3)</sup>	30,846	9.6	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2015
4	Customer D <sup>(4)</sup>	23,690	7.3	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	100% prepayment	2015
5	Customer E <sup>(5)</sup>	18,008	5.6	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 5 days	2019

*Note:*

- (1) Customer A is a private company headquartered in Jiangsu, China engaged in the sale of controllers for DC and AC brushless motors. Customer A primarily covered end customers in smart small household appliances industry based in eastern region, China. Our products were mainly applied in their vacuum cleaners, hair dryers and robotic vacuum cleaners.
- (2) Customer B is a private company headquartered in Guangdong, China engaged in the sale of semiconductors. Customer B primarily covered end customers in smart small household appliances, white goods, industrial and automotive sectors based in northeast coast and southern regions, China. Our products were mainly applied in their fans, vacuum cleaners, robotic vacuum cleaners, refrigerators, industrial pumps and automotive pumps.
- (3) Customer C is a private company headquartered in Guangdong, China engaged in the design and sale of IC products and other electronic conductors. Customer C primarily covered end customers in smart small household appliances industry based in southern region, China. Our products were mainly applied in their fans and range hood.
- (4) Customer D is a private company headquartered in Guangdong, China engaged in the sale of IC products and other electronic components. Customer D primarily covered end customers in smart small household appliances, white goods, sports and leisure industries based in southern region, China. Our products were mainly applied in their hair dryers, air conditioners, and pan-tilts.
- (5) Customer E is a private company headquartered in Guangdong, China engaged in the sale of MCUs, sensors and other electronic components. Customer E primarily covered end customers in smart small household appliances, sports and leisure, industrial and automotive sectors based in southern region, China. Our products were mainly applied in their robotic vacuum cleaners, vacuum cleaners, pan-tilts and industrial fans.

## BUSINESS

Rank	Customer	Sales amount (RMB'000)	Percentage of total revenue (%)	Type of customer	Type of product purchased	Credit terms	Year of commencement of business relationship
<i>For year ended December 31, 2023</i>							
1	Customer A	71,889	17.5	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 30 days	2015
2	Customer B	40,718	9.9	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2015
3	Customer C	32,812	8.0	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2015
4	Customer E	31,734	7.7	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2019
5	Customer D	31,125	7.6	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	100% prepayment	2015

## BUSINESS

Rank	Customer	Sales amount (RMB'000)	Percentage of total revenue (%)	Type of customer	Type of product purchased	Credit terms	Year of commencement of business relationship
<i>For year ended December 31, 2024</i>							
1	Customer A	89,910	15.0	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 30 days	2015
2	Customer E	56,409	9.4	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2019
3	Customer D	51,401	8.6	Distributor	MCU, HVIC, ASIC, IPM, MOSFET	100% prepayment	2015
4	Customer B	42,609	7.1	Distributor	MCU, HVIC, ASIC, MOSFET, IPM	up to 15 days	2015
5	Customer C	40,884	6.8	Distributor	MCU, HVIC, ASIC, IPM, MOSFET	up to 15 days	2015

During the Track Record Period, we generated a significant share of our revenue from our top five customers, all of which were distributors. We expect to generate a significant portion of revenue from our major customers. We have maintained long-term and stable collaboration relationships with our five largest customers in each year of the Track Record Period for five to nine years. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with any of our five largest customers in each year of the Track Record Period, and currently there is no indication or sign that they will alter the existing relationship with us in any aspect in the near future.



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## BUSINESS

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### INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we had 108 granted patents in China and overseas, including 72 invention related patents. As of the same date, we had 108 integrated circuit layout design registrations, various applications for patents, copyrights, registered trademarks, and domain names in China and overseas. For our portfolio of material intellectual property rights for our core technological strengths of which we are the registered owner as of the Latest Practicable Date, please see “Appendix VI – Statutory and General Information – B. Further Information about our Business – 2. Our Intellectual Property Rights.”

We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

We rely primarily on a combination of patents, copyrights, trademarks, trade secrets and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in the agreements we enter into with our employees and business partners. In addition, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors – Risks Relating to Our Business and Industry – We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.” for further details.

### QUALITY CONTROL

We have implemented a comprehensive quality assurance system that ensures rigorous control from R&D and design to production. We are committed to consistently delivering reliable and outstanding products to our end customers.

### **R&D Activities**

In the R&D stage, we implement stringent procedures as part of our quality control framework. Guided by our internal policies, we exercise rigorous oversight throughout the product development lifecycle spanning project initiation, advancement, quality assessment, effectiveness evaluation, and expense management. Throughout this process, we evaluate multiple parameters to craft effective solutions. By leveraging advanced chip design technologies, we create precise layout outputs that serve as blueprints for our foundry partners to manufacture our products.

To ensure collaboration and accountability, we form specialized project teams comprising members from R&D, quality assurance, and application centers. The team begins with leveraging customer requirements collected by the sales and marketing team, which are refined by the application center into specific technologies and solutions. During the chip design process, the R&D center handles tasks such as technical architecture, algorithm, and circuit design, while the quality center develops and enforces rigorous testing standards. The R&D team performs simulations, layout design, and validations. Simultaneously, the quality center oversees comprehensive testing at each stage, including system, parameter, and reliability testing, ensuring that products meet both internal and industry standards. This detailed and structured collaboration enables us to deliver reliable, high-performance products tailored to customer needs.

### **Supply Chain Quality Control**

As a fabless company, we collaborate with leading foundries and packaging and testing service providers for chip production. Together with our quality center and R&D center, our supply chain team rigorously assesses suppliers based on their technical capabilities and adherence to quality standards, among others. Please see “Our Suppliers – Supplier Selection and Management” in this section for further details.

Our foundry partners manufacture chips with precision in accordance with our design. Chips then undergo rigorous circuit probing testing to ensure their functionality and performance before proceeding to packaging and testing. Packaging processes include die cutting, wire bonding, and molding to establish electrical connections and provide physical protection for the chips. Final products are subject to thorough functionality and performance tests to ensure alignment with design requirements. These multi-step quality assurance measures are vital for maintaining the high standards that our customers expect.

### **Certifications**

We have established a full suite of functional safety processes meeting the highest level of ISO26262 process. We have also obtained ISO9001:2015 certification for our quality management system, and AEC-Q100 qualification for our automotive-grade products.

### Product Returns and Warranty

The warranty for our products vary depending on the characteristics of the products sold. We maintain cordial communication with our customers after sales and proactively work with them to resolve any quality issues.

We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any material complaints relating to product quality; and (ii) we had not experienced any product recalls or accidents due to product defects.

### INVENTORY

Our inventories primarily consist of (i) raw materials, consisting of wafers, (ii) outsourced processing materials, and (iii) finished products, namely packaged chips. Please see “Financial Information – Selected Balance Sheet Items – Inventories.” To maintain our competitiveness, align our products with evolving market demand, and prevent inventory obsolescence, we have implemented measures to optimize our inventory levels.

- *Material Receipt.* We implement meticulous procedures during material receipt to verify quality and quantity. This ensures that all incoming materials meet specified standards and align with our inventory records.
- *Material Storage.* Our facilities deploy various measures to maintain optimal storage conditions, including environmental controls and safety measures. We conduct periodic inventory checks to monitor inventory status. In addition, aging analysis is performed to identify slow-moving or obsolete items, enabling proactive management.
- *Proactive Inventory Management.* We constantly assess market trends and pre-stock strategic raw materials to address potential supply shortages. By aligning inventory levels with customer demand forecasts, we optimize production schedules and minimize inventory obsolescence risks.

We do not expect our inventory to have any material risks of becoming obsolete in the short term despite the continuous launch of more advanced products, because (i) we typically make informed inventory stocking decisions based on demand forecast, which is formed from historical demand patterns and our management team’s industry and market experiences and insights so as to maintain a balanced level of inventory; The development cycle for new products is typically lengthy, while our inventory management is focused on maintaining a balanced inventory level in the relatively short term, generally within the next six months. This ensures that our inventory stocking decisions are driven by near-term demand forecasts rather than long-term projections, minimizing the risk of obsolescence due to the introduction of new products; and (iii) during the Track Record Period, a substantial portion of our inventory consisted of raw materials and outsourced processing materials, besides finished goods.

### INFORMATION SECURITY AND DATA PRIVACY

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 personal data. We believe that the confidentiality, integrity, and availability of data are vital to our business operations. To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols, and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

Our internal data protection framework is designed to manage and control access to confidential information effectively. We have established clear and detailed protocols that govern the use, storage, and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. Employees are granted access to data strictly according to their roles and are required to use this data solely for the performance of their job duties.

Our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information. This policy ensures that our employees understand the critical nature of safeguarding company data and are held accountable for maintaining confidentiality.

To safeguard against data loss, we have implemented a robust backup system that stores data in multiple locations. We ensure that backup copies are stored both locally and remotely, and regularly test our data restoration processes to ensure the reliability of our backup system. In addition, we have established a remote disaster recovery protocol to protect against potential system failures or catastrophic events. Multiple backup copies of data are stored across different locations, ensuring that data can be quickly restored in the event of any technical issues, natural disasters, or unforeseen circumstances.

During the Track Record Period, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

### COMPETITION

We operate in a highly competitive industry, with increasing demand for innovative and efficient products. We compete with both foreign and domestic companies engaged in the design and production of BLDC motor control and driver chips. Our competition primarily revolves around product performance, technical innovation, cost-efficiency, and market responsiveness. According to Frost & Sullivan, foreign companies maintain a dominant position in the market. However, Chinese companies have achieved rapid growth by leveraging their technological innovation capabilities. These companies have strategically focused on specific market sectors, gradually increasing their market shares and achieving domestic substitution that effectively addresses the needs and requirements of these sectors. We remain focused on leveraging our technological expertise, customer-centric solutions, and operational efficiency to maintain and enhance our position in the market.

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### INSURANCE

We maintain insurance policies to cover various aspects of our business, including property loss and damage and cargo transportation to secure our business continuity. We review our insurance policies timely to ensure its compliances with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operation and is in line with the general market practice.

During the Track Record Period, we were not subject to any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. Please see “Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.”

### EMPLOYEES

As of December 31, 2024, we had a total of 270 full-time employees. Substantially all of our employees are based in China during the Track Record Period and up to the Latest Practicable Date. The table sets forth a breakdown of our employees by function as of December 31, 2024.

Function	Number	Percentage of Total Number (%)
R&D	198	73.3
Sales and marketing	32	11.9
Supply chain	16	5.9
Administrative	24	8.9
<b>Total</b>	<b>270</b>	<b>100.0</b>

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition, prohibiting our employees from using their previous employers’ proprietary know-how or technology in their current work. In particular, the noncompetition provision and confidentiality provision are effective during and after their employment with us.

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. In addition to regular recruitment program through specialized recruiting firms and other third parties, we have also implemented internal referrals policy to attract potential talents to join us. In light of the long-term benefits of talent cultivation, we provide internal training programs to our employees periodically to enhance their technical know-how and solidate their knowledge and expertise for the industry.

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As required by laws and regulations in China, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. During the Track Record Period and as of the Latest Practicable Date, we have complied with all statutory obligations for social insurance and housing provident funds under PRC laws and regulations in all material aspects and were not subject to any fines or administrative penalties imposed by any regulatory authorities due to non-compliance.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

### PROPERTIES

As of the Latest Practicable Date, we owned two properties, and leased nine properties in China.

#### Owned Properties

##### *Land*

As of Latest Practicable Date, we jointly owned and occupied the land use rights of one land parcel in China, with approximately 7.2% land use rights of site area of approximately 8,467.0 sq. m., which shall be used as office space and R&D center according to the relevant land grant contract which we entered into with local government authority in Shenzhen. As of the Latest Practicable Date, we had entered into valid land grant contract with the land owner and fully paid the considerations for the land use right. We had not obtained a separate land use right certificate for the jointly-owned land parcel, primarily due to the ongoing adjustments in the ownership structure among the co-owners of the land. As advised by our PRC Legal Adviser, there is no legal impediment to obtaining the outstanding certificate, and the lack of the certificate does not affect our legal rights of use and occupation of the land parcel. Once the ownership structure is finalized, the land use right certificate will be processed in due course. Additionally, the construction project on the land parcel had been duly registered with the Shenzhen Nanshan District Development and Reform Commission and we have obtained the construction land planning permit and construction project permit. Therefore, as advised by our PRC Legal Advisor, the lack of land use right certificate will not expose us to any risk of being subject to fines or penalties.

##### *Building or Units*

As of Latest Practicable Date, we owned one building in China, with an aggregate GFA of approximately 5,724.4 sq. m., which was mainly used as our office space and R&D center. As of Latest Practicable Date, we had obtained real estate right ownership certificate for the building we owned.

### **Lease Properties**

As of Latest Practicable Date, we leased nine properties across China, with an aggregate GFA of approximately 7,421.4 sq. m., which were mainly as our office space, R&D center and warehouse. Our leases generally have a term ranging from one to five year(s). We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility, albeit usually at the cost of forfeiting deposits and/or paying a termination fee.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not received real estate ownership certificates or proof of authorizations from the lessors or the property owners or obtain the registration of lease agreements for eight of our leased properties in China. The failure of obtaining ownership certificates or proof of authorization and lease agreement registration was primarily due to lack of cooperation from our lessors. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease, and a maximum of RMB80,000 for our eight non-registered leases. As advised by our PRC Legal Advisors, the lack of registration of the lease agreements does not affect the validity of such lease agreements, nor materially and adversely affect the operations of our Company and the Group. See “Risk Factors – Risks Relating to Our Business and Industry – Our legal right to some leased properties may be challenged.”

### **Property Valuation**

As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

We are dedicated to fostering long-term positive impacts on the environment, society, and governance (“ESG”) for our stakeholders, including customers, suppliers and the communities influenced by our operations. Our Board of Directors oversees the ESG strategy, ensuring that we operate ethically, responsibly and in compliance with all applicable laws. Following the Listing, we will comply with the requirements of ESG reporting and publish ESG report on an annual basis in accordance with the requirements of Appendix C2 to the Listing Rules. We will focus on ESG matters, risk management and key performance indicators that have a significant impact on our business operations as set out in Appendix C2 to the Listing Rules.

We do not operate any production facilities, which shields us from significant health, work safety, social or environmental risks. Nevertheless, we remain dedicated to enhancing our environmental accountability and our role in the public sphere. We recognize the importance of being a responsible corporation and are committed to implementing initiatives that promote sustainability and reduce our environmental footprint.

### **ESG Governance Structure**

In alignment with the global trend toward sustainable development, we are committed to establishing a comprehensive ESG governance framework. We have integrated ESG considerations into our overall strategy, long-term planning, key decision-making processes, and daily operations. Our objective is to create economic value while simultaneously fulfilling our social responsibilities, promoting environmental protection and ensuring that our business development aligns with sustainable development goals. We believe that sound ESG governance not only enhances our corporate image and market competitiveness but also delivers long-term value to stakeholders and contributes positively to society and the environment.

To implement effective ESG governance, we have established the Strategy and ESG Committee and adopted detailed rules for the works conducted by the Strategy and ESG Committee. The Strategy and ESG Committee is responsible for formulating and advising on significant ESG-related matters, including our ESG policies, strategies, objectives and governance structure. It monitors and reviews the implementation and progress of our ESG initiatives on a regular basis and provides recommendations for improving our ESG performance or making key decisions related to ESG matters.

We have also implemented detailed environmental management policies to promote environmental awareness and integrate energy conservation, emission reduction and green and low-carbon practices into our daily operations. Through various initiatives, we aim to enhance our employees' environmental awareness and contribute to energy conservation and emission reduction efforts.

We place significant importance on employee career development and provide diverse training and development opportunities. We are committed to fostering a diverse workforce and building an inclusive culture that encourages collaboration and innovation among stakeholders from different backgrounds.

In addition, we have established robust internal control and compliance mechanisms to enhance governance transparency. We maintain open communication with employees, customers, suppliers, investors and the broader community, actively seeking feedback to continuously optimize our ESG strategies.

### **ESG Risk Management and Strategy**

We have consistently recognized the significance of environmental, social and governance matters on our business strategy, financial performance and operations. By proactively taking into account the concerns of internal and external stakeholders regarding ESG issues, and considering the specific characteristics of our business, we identify and analyze ESG issues that may have a material impact, and carefully consider these issues when developing our strategic, financial and operational plans.



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We have identified the following ESG risks that we consider material and which may impact our business, strategy, or financial performance. To address these risks, we have implemented the following mitigation measures:

- *Supply Chain Management.* Responsible sourcing and effective supply chain management are critical to ensuring reliable product quality and sustainability throughout our operations. The inability to select and monitor high-quality third-party suppliers, including foundries and chip testing and packaging companies, could expose us to risks such as non-compliance with laws and regulations or unethical practices, potentially harming our competitiveness and reputation. To mitigate these risks, we have established a robust supply chain approval process.
- *Labor Practice.* Risks related to labor practices, such as poor working conditions or non-compliance with labor laws or regulations, could harm our reputation and operational stability. To address this, we consistently adhere to applicable labor laws and international labor standards. We strive to promote a healthy and safe working environment within our own operations by implementing health and safety protocols and providing regular employee training.
- *Business Ethics.* Upholding strong business ethics is integral to maintaining the trust of our stakeholders and ensuring long-term sustainability. Risks related to unethical practices, such as corruption, bribery, or non-compliance with industry standards, could damage our reputation and financial performance. To mitigate these risks, we maintain a code of conduct that applies to all employees and conduct training sessions on anti-corruption. We have established a whistleblowing mechanism to allow employees and third parties to report unethical behavior confidentially.

### Environmental Protection

We are committed to minimizing the environmental impact of our operations. Responsible environmental management can lead to economic and environmental coexistence. We have been complying with the relevant laws and regulations of the country and carrying out environmental management efficiently to achieve sustainable development.

### Metrics and Targets

We actively promote carbon reduction and environmental protection principles by implementing a series of environmental protection measures to address environmental risks such as climate change and energy shortages. Through environmental impact assessments, we ensure that our products meet sustainable development standards. We have established an efficient energy management strategy and a rigorous environmental metrics monitoring system to ensure that all energy consumption aligns with our ESG governance framework and green energy-saving objectives. We continuously optimize overall energy efficiency to achieve sustainable development.

Our core business involves the R&D, design and sales of chips under a fabless model. The primary raw materials we procure are wafers, and we outsource related packaging and testing processes to external professional processing service providers. Neither our Company nor our subsidiaries are directly engaged in manufacturing activities.

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During the Track Record Period, our electricity consumption per unit of revenue showed a slight increase, while water consumption per unit of revenue decreased year by year, and paper consumption per unit of revenue exhibited an overall downward trend. The following table sets forth metrics on our electricity, water and paper consumption during the Track Record Period:

Metric		Year ended December 31,		
		2022	2023	2024
Electricity consumption	Total electricity consumption ( <i>kWh</i> )	435,937.6	539,513.0	807,162.4
	Electricity consumption per unit of revenue ( <i>kWh per million RMB</i> )	1,349.8	1,311.5	1,344.5
Water consumption	Total water consumption ( <i>ton</i> )	3,135.4	2,641.0	3,423.9
	Water consumption per unit of revenue ( <i>ton per million RMB</i> )	9.7	6.4	5.7
Paper consumption	Total paper consumption ( <i>kg</i> )	648.0	972.0	1,140.0
	Paper consumption per unit of revenue ( <i>kg per million RMB</i> )	2.0	2.4	1.9

We are committed to implementing green and energy-saving practices and improving energy efficiency. Based on our 2024 data for electricity, water and paper consumption, we plan to reduce our each of our electricity consumption per unit of revenue, water consumption per unit of revenue and paper consumption per unit of revenue by 5% by 2027, respectively.

### ***Energy Conservation Initiatives***

We actively engage in energy conservation initiatives as part of our commitment to contributing to societal environmental preservation efforts. Our initiatives include:

- *Product Efficiency*: we aim to design energy-efficient products to reduce overall power consumption during use;
- *Water Conservation*: we enhance water conservation practices by promoting responsible usage;
- *Electricity saving*: in the workplace, we implement the principle of “lights off when not in use” to minimize unnecessary electricity consumption during operations;
- *Paper saving*: we promote paper-saving practices by adopting electronic office processes to reduce paper usage and ensure proper paper recycling;

- *Green commuting:* we encourage employees to adopt green and low-carbon commuting practices, such as using public transportation; and
- *Facility Optimization:* we regulate air-conditioning temperatures in our office space to minimize energy waste and improve operational efficiency.

### **Climate Change and Response**

We are aware of the adverse impact of global climate change on economic and social development. The major risks posed by climate change to our business include physical risks and transformation risks, among which, physical risks mainly arise from the risks of physical impacts that may be caused by extreme weather, such as heavy rainfall or natural disasters such as floods and drought, which may disrupt or interrupt logistics and transport as well as upstream production. Transformation risks mainly arise from broad changes in the external environment in terms of policy, law, technology and markets during the transition to a low-carbon economy.

We believe that ESG governance plays a critical role in addressing physical and transitional risks. To manage the uncertainties and risks posed by climate change, we have developed environmental management strategies that include improving resource efficiency, promoting green technology innovation and enhancing the sustainability of our supply chain.

### **Social Responsibility**

We are committed to being responsible corporate citizens, continuously fulfilling corporate social responsibility. We recognize the size and influence of our company and seek to utilize our influence in a socially responsible manner. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

We are committed to giving back to society in various ways and contributing positively to the community. We place great importance on talent development and have collaborated with universities to establish talent training bases, providing practical opportunities for students to inspire their interest and enthusiasm for technological innovation while nurturing more industry talent for society.

In addition, we actively recruit fresh graduates and assign them one-on-one mentors during the onboarding process. Experienced employees are encouraged to offer guidance and support to new recruits, providing the next generation of R&D talent with greater opportunities for learning and growth.

### ***Employee Well-being***

Our employees are integral to our success. We are committed to providing a safe, inclusive, and empowering workplace. We comply with laws and regulations in relation to labor employment in all material aspects. We have also formulated internal management systems that stipulate provisions for employee onboarding, attendance, transfer, performance appraisal, promotion, remuneration, incentives, benefits and allowances.

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We recruit talent based on the needs identified by our human resources department. We adhere to the principles of openness, fairness, impartiality and transparency in our recruitment process. Through various channels such as headhunters, online recruitment platforms and campus recruitment, we conduct comprehensive evaluations of candidates based on their character, qualifications, abilities, experience and educational background and select the best candidates.

We provide employees with competitive compensation and offer distinct career advancement paths for technical and functional staff. We implement a performance evaluation system and motivate employees through various measures, including salary adjustments, performance bonuses and equity incentive plans.

We place great importance on employee feedback and have established a platform to collect and process employee suggestions. Feedback is gathered and centrally coordinated by the human resources administration center.

We have a diverse employee composition, and we prohibit any discrimination against employees based on factors such as gender, age or educational background during the recruitment, employment, and management processes. The table below sets forth our employee composition as of December 31, 2024, in terms of gender, age and education level.

	Number of employees
<b>By gender</b>	
Male	209
Female	61
<b>By age group</b>	
50 and above	5
40 to 49	29
30 to 39	84
Below 30	152
<b>By education level</b>	
Doctors and professors	3
Masters	84
Undergraduates and below	183
<b>Total</b>	<b>270</b>

### ***Employee Safety and Health***

We have established a comprehensive employee safety and health system to ensure that employees work in a safe environment. We also place great emphasis on enhancing employees' safety awareness and their ability to handle emergency situations.

Each year, we conduct laboratory safety training and electronic technology safety training, develop laboratory safety operating procedures and procure protective equipment to reduce the risk of workplace injuries and improve employees' safety awareness. If any violations of safety protocols or potential hazards are identified, we issue relevant regulations and organize group training sessions to prevent similar incidents from occurring in the future.

During the Track Record Period, there were no significant incidents related to occupational safety or employee disputes, reflecting our commitment to maintaining a harmonious and compliant workplace.

### ***Professional Development***

We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering training and career development programs to our employees to support their growth and upward mobility. We regularly assess employees' training needs and formulate annual training plans in advance, including both internal and external training programs. We also encourage employees to actively participate in various lectures and training programs organized by industry associations and other institutions to help them enhance their professional skills. We provide a large variety of professional development training with a wide coverage including business skills and self-improvement. We conduct employee assessments to provide feedback and guidance, and, depending on their performance and responsibilities, provide promotion and training opportunities.

### ***Product Responsibility***

As a leader in BLDC motor control IC technology, we are dedicated to innovation and quality. Our R&D efforts focus on developing environmentally friendly, highly efficient products that address the needs of downstream industries.

We have established an ISO 26262 ASIL-D functional safety development system to ensure that our chip products do not pose risks to human health and safety under normal use or reasonable extreme conditions. We adhere to relevant international and domestic health and safety standards, such as the RoHS (Restriction of Hazardous Substances) directive, to ensure our products are environmentally friendly.

We have established a comprehensive quality management system to maintain rigorous testing of products before market release, and we also enforce a strict quality control policy, detailed in procedures for incoming inspection management, in-process inspection management and finished product inspection management. We maintain stringent quality control standards, certified under ISO 9001:2015 and automotive-grade AEC-Q100 qualifications. These certifications underscore our commitment to delivering reliable, high-performance products that meet the expectations of our customers and regulatory standards.

We implement a comprehensive quality management philosophy throughout the entire product lifecycle, from product development to customer service. This involves full participation and process control, covering every stage from chip design to production, as well as technical support and services after product delivery. For products with issues, we conduct thorough testing and analysis to identify causes, improve design and production processes, and prevent similar issues from recurring.

To address customer complaints, we have established a rapid response mechanism. We have formed a complaint resolution team composed of technical experts, quality management personnel and R&D staff to conduct in-depth analysis of complaints, develop targeted solutions and ensure problems are resolved in the shortest possible time.

### ***Supplier Management***

The supply chain plays a critical role in our operations and product delivery. Failure to select high-quality, reliable third-party suppliers, including those for wafer manufacturing, packaging and testing, or to effectively manage these suppliers, could adversely impact our business and harm our reputation.

To select high-quality suppliers and effectively implement ESG-related metrics, we have developed a robust supplier management system aimed at ensuring our efficient operations and accountability to stakeholders. Our supplier center oversees procurement for product production, implementing various procurement models – such as rolling cycles, fixed-quantity procurement, and on-demand procurement – based on our annual sales forecasts, material requirements and price fluctuations.

We have always prioritized building long-term, stable partnerships with suppliers of processing, materials and equipment. Through our supplier management system, we have established strict selection and evaluation standards to ensure fairness and efficiency throughout the process, enabling more efficient business operations and management.

To uphold our principles of integrity and transparency in business ethics, we typically include integrity clauses in our agreements with suppliers to ensure fair and transparent business dealings. Suppliers are required to adhere to honest, trustworthy and upright business ethics, and are strictly prohibited from soliciting or accepting any form of personal benefit, such as valuable gifts, cash, securities, commissions, kickbacks or expense reimbursements.

### *Anti-Corruption and Anti-Bribery*

To uphold our strong business reputation and ethical standards, we have implemented a strict anti-corruption and anti-bribery policy. This policy is designed to prevent and prohibit any form of corruption or bribery, ensuring that our employees adhere to high standards of integrity and transparency in all business activities.

We maintain a zero-tolerance approach to corruption and bribery and strictly enforce internal controls to enhance employees' legal awareness and ethical principles. We have established secure, confidential and effective reporting channels to encourage employees and partners to report or file complaints about any suspected corruption or bribery. All reports are thoroughly investigated, and the rights of whistleblowers are fully protected.

Through background checks and compliance reviews, we ensure that all third-party business partners adhere to the same anti-corruption and anti-bribery standards before entering into any collaboration.

### **IMPACT OF COVID-19**

The outbreak of COVID-19 pandemic has adversely affected the global economy since the first quarter of 2020. Numerous anti-pandemic measures were taken by government authorities, including travel bans and restrictions, quarantines measures and remote working arrangements. The adverse impact of the pandemic has gradually subsided since 2023.

The wafer supply chain was disrupted due to the pandemic and associated restrictions, resulting in a global wafer shortage in 2021 and 2022. In response to the shortage, we strategically increased our wafer inventory, leading to increased inventory as of the end of 2021 and 2022 compared to previous years. However, the impact of the pandemic on our overall business operations was limited and did not have any material impact on the Group's operation and financial condition. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our regular operations or product delivery due to the COVID-19 pandemic. In response to the pandemic, we implemented various measures in line with government policies and regulations to ensure the maintenance of stable operations. Accordingly, we believe that the pandemic has not had any material adverse impact on our business operations.

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## BUSINESS

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### AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

<b>Award/Recognition</b>	<b>Award Year</b>	<b>Awarding Institution/Authority</b>
Technology Breakthrough IC Design Company of the Year	2023	ASPENCORE
Semiconductor Leading Enterprise Award and CEO Outstanding Contribution Award	2023	Shenzhen Semiconductor Industry Association
High-Performance Automotive-Grade Chip Listed in Top 50 Automotive Chips	2023	Beijing Economic-Technological Development Area Management Committee
Automotive-Grade Chip Winner of the Global Electronics Achievement Award	2023	ASPENCORE
BLDC Controller Solution Provider of the Year	2022	ELECFANS
China Patent Excellence Award	2022	CNIPA



### IMPACTS OF U.S. TRADE- AND INVESTMENT-RELATED LAWS AND REGULATIONS

#### *Impact of U.S. Export Control Laws*

For details of the U.S. export control laws and regulations, please see “Regulatory Overview – U.S. Export Control Laws and Regulations – Export Control Laws.”

Our Directors are of the view, after consultations with our legal advisor as to U.S. export control laws and taking into account its view, that the impact of the current U.S. export control laws on our business is generally limited and manageable for reasons below:

- (1) The wafers imported by us from overseas suppliers do not constitute (i) export control classification code (the “ECCN”) 3A090 as defined in the Export Administration Regulations (the “EAR”), or (ii) advanced-node ICs in general. The wafers imported by us from our overseas suppliers are not used in the development or production of advanced-node ICs or ECCN 3A090 chips. Specifically, the ICs designed by us fall within the mature process category, and mature process ICs are not advanced-node ICs or ECCN 3A090 chips. Accordingly, during the Track Record Period, our purchase of wafers with mature process node from overseas suppliers did not trigger export restrictions imposed by the U.S. export control laws, which mainly target advanced-node ICs as opposed to mature process ICs;
- (2) During the Track Record Period, we had not identified any of our customers as being on the lists of Restricted End Users, nor had we been made aware of any indications that our products were being diverted for unauthorized military applications; and
- (3) The products sold by us are mature process ICs, which are not the focus of the U.S. chip-curb policies. Our products fall under the category of mature process chips, which are generally considered lower risk in the context of U.S. export controls. Additionally, U.S. officials have expressed disinterest in restricting mature or traditional chips. Therefore, our Directors are of the view, after consultations with our legal advisor as to U.S. export control laws and taking into account its view, that our products are unlikely to be deemed to fall within the scope of the highly restricted semiconductor technologies targeted by U.S. regulations.

Additionally, U.S. export controls aim to curb the military-civil fusion project, a PRC policy that seeks to integrate civilian technological advancements into military applications. Our Directors are of the view, after consultations with our legal advisor as to U.S. export control laws and taking into account its view, that because (i) our products are designed solely for civil use, and (ii) we operate with a clear focus on commercial markets and industries such as consumer electronics, industrial automation, and other non-defense sectors, it is unlikely that our products would contribute to military applications or thereby trigger risks related to the military-civil fusion project.

We maintain internal controls on customers to manage risks in light of the applicable export control regulations. For instance, we implement a know-your-customer process for our customers. We also require compliance representations from our customers. Additionally, we regularly monitor updates to applicable export control laws and regulations to stay informed of the latest requirements.

### *Impact of the Final Rule*

For details of the Final Rule, please see “Regulatory Overview – Final Rule by the U.S. Department of the Treasury”.

After consultations with our legal advisor as to U.S. foreign investment laws and taking into account its view, our Directors are of the view that the impact of the Final Rule is generally limited and manageable because the reasons outlined below:

- Investments by persons other than U.S. persons as defined under the Final Rule are not subject to the Final Rule;
- We are a “covered foreign person” and our business constitutes “covered activities” and investments by U.S. persons in us likely constitute “notifiable transactions” in the Final Rule. An exception to the notifiable transactions allows U.S. persons to invest in our publicly traded securities, including securities traded on a non-U.S. exchange, as long as (i) the trade does not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person and (ii) the shares are officially available for public trading after the initial public offering on a non-U.S. exchange such as the Hong Kong Stock Exchange. The exception does not apply to the shares purchased by investors before the public trading of the shares issued pursuant to an initial public offering officially begins. This means that transactions by any U.S. person purchasing our shares before the public trading of our shares issued pursuant to the Global Offering starts would be deemed a “notifiable transaction” under the Final Rule.
- Additionally, our major shareholders, Directors, and senior management are not U.S. persons pursuant to the Final Rule.

Nonetheless, the Final Rule may increase the compliance burden on U.S. investors if any U.S. investors intend to purchase shares before the initial public offering or if future U.S. investors intend to make other types of “covered transactions.” See “Risk Factors – Risks Relating to Our Industry and Business – We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.”

### *Impact of Other Recent Trade Policies*

The U.S. and China have recently imposed some trade policies or actions relating to tariffs and investigations in the semiconductor industry. Trade and tariff tension arose from February to April 2025, and temporarily eased in May 2025. For details of other recent trade policies relevant to our business, please see “Regulatory Overview – U.S. Export Control Laws and Regulations – Other Recent Trade Policies”

Our Directors are of the view, after consultations with our legal advisor as to U.S. tariff laws and taking into account its view, that the other recently released U.S.-China trade policies, particularly those tariff-related policies, are unlikely to apply to us because (i) the Section 301 investigation by USTR only applies to Chinese chips exported to the U.S. and we do not export our products to the U.S.; and (ii) the increased tariffs imposed by the U.S. and China do not apply to our wafers imported from non-U.S. countries or regions. With respect to Supplier A, Our Directors are of the view, after consultations with our legal advisor as to U.S. tariff laws, that, given Supplier A is a Singaporean company, it is considered a non-U.S. entity. Our import of wafers provided by Supplier A is considered as import from Singapore. As a result, the increased tariff imposed by the U.S. and China do not apply to our import of wafers from Supplier A.

Based on the foregoing analyses, and after consultations with our legal advisor as to U.S. export control and tariff laws and taking into account its view above, our Directors are of the view that the current trade restrictions and tariffs, including the U.S. export control laws and the tariffs imposed by the U.S. would not have any material adverse impact on our business operations or financial performance.

Based on the foregoing disclosures and analyses, and taking into account the view of the legal advisor as to U.S. export control and tariff laws to the Company and the Director’s view above, nothing material has come to the attention of the Sole Sponsor which would cast reasonable doubt on the Director’s view that the current trade restrictions and tariffs, including the U.S. export control laws and the tariffs imposed by the U.S. would not have any material adverse impact on the Group’s business operations or financial performance.

### LEGAL PROCEEDINGS AND COMPLIANCE

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

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

See “– Properties” in this section for a description of certain legal matters relating to our compliance with PRC real property related laws and regulations which we consider would not have a material adverse effect on our business, financial condition, or results of operations. According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

### INTERNAL CONTROL AND RISK MANAGEMENT

We have established and continually maintain a robust risk management and internal control system, consisting of policies and procedures tailored to our business operations. Our risk management policies cover various critical aspects of our operations, including financial reporting, compliance, information security, and human resources management. Our Board of Directors and senior management are responsible for the establishment and periodic update of our internal control systems and the effective implementation of internal control procedures, ensuring that they remain effective and aligned with our strategic goals.

#### Financial Reporting Risk Management

To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation. These policies are supported by established procedures, with our finance department regularly reviewing management accounts in accordance with these procedures. We also provide ongoing training to our finance staff to ensure that these policies are adhered to and effectively implemented throughout our Group.

#### Information System Risk Management

The maintenance, storage, and protection of our data and related information are vital to our success. To safeguard against data leakage and loss, we have implemented a set of rigorous internal procedures and controls. Our data protection policies are designed to prevent unauthorized access and ensure the security of our sensitive information.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data breaches, loss of information, or security threats such as cyberattacks, viruses, or ransomware. See “Information Security and Data Privacy” in this section for more details.

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### Compliance and Intellectual Property Risk Management

We have implemented strict internal procedures to ensure that our operations comply with relevant laws and regulations and that our intellectual property rights are well-protected. We timely obtain necessary governmental pre-approvals and consents, submitting required documents to relevant authorities, and ensuring that all trademark, copyright, and patent registrations are timely maintained. There have been no material compliance issues or violations during the Track Record Period and as of the Latest Practicable Date.

### Human Resources Risk Management

We have developed comprehensive internal control and risk management policies for human resources management, covering recruitment, training, work ethics, and legal compliance. Our recruitment process is thorough, ensuring the quality of new hires. We also provide specialized training tailored to the needs of employees across different departments. Regular performance reviews are conducted, with compensation tied to performance outcomes. We closely monitor the implementation of internal risk management policies to address potential noncompliance with our code of conduct, work ethics, or internal policies.

### LICENSES, APPROVALS AND PERMITS

As advised by our PRC Legal Advisor, throughout the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal. The table below sets forth our material licenses, approvals and permits.

No.	License/Approval/Permit	Granting Authority	Grant Date	Expiration Date
1	Registration for Import and Export Consignees and Consignors	Fuzhong Customs, Shenzhen	August 9, 2010	N/A
2	Registration for Import and Export Consignees and Consignors	Jiading Customs, Shanghai	January 15, 2019	N/A

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*You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs. You should read the entire Accountant's 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 that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully all of the information provided in this prospectus.*

### OVERVIEW

We are an IC design company dedicated to the design and R&D of BLDC motor control ICs and have established a strong market position within the BLDC motor control and driver chip industry. According to Frost & Sullivan, our product portfolio covers all key components of a typical motor control system, including (i) motor control chips such as MCUs and ASICs, (ii) motor driver chips such as HVICs, (iii) IPMs, and (iv) power devices such as MOSFETs.

We have achieved favorable financial performance in revenue and profit during the Track Record Period. Our revenue increased by 27.4% from RMB323.0 million in 2022 to RMB411.4 million in 2023, and further increased by 45.9% to RMB600.3 million in 2024. Our gross profit increased by 18.1% from RMB185.2 million in 2022 to RMB218.7 million in 2023, and further increased by 44.5% to RMB316.0 million in 2024. In 2024, we achieved gross profit margin of 52.6%, higher than the average gross profit margin level of our Chinese market peers, according to Frost & Sullivan. In 2024, we achieved a net profit margin of 37.0%.

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors that impact our ability to capitalize on the growth of our total addressable market, including:

- overall economic growth and conditions in China and globally;
- technological advancement in the sectors in which we operate; and
- regulatory oversight and government policies.

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In addition, our business and results of operations have been and will continue to be affected by company-specific factors, which primarily include the following:

### **Our product portfolio**

Our ability to offer a comprehensive portfolio of products for motor control system is one of the primary factors influencing our financial conditions and results of operations. We choose to strategically focus on developing products for BLDC motors, which have emerged as the preferred choice in the small and medium-sized motor industry, according to Frost & Sullivan. Our products are well recognized by end customers for their performance and quality. In 2022, 2023 and 2024, we achieved sales volume of 229.9 million, 282.0 million and 391.6 million, respectively. Our future success depends on our ability to anticipate industry trends and develop products with high-performance and differentiated IC design that meet the evolving demand of downstream customers in various application fields.

During the Track Record Period, we primarily derived our revenue from the sale of MCU, ASIC, HVIC, MOSFET and IPM. We price each products based on a variety of factors, including costs, gross margin and market conditions. During the Track Record Period, we achieved a strong gross profit margin supported by the contribution of our core products. In 2022, 2023 and 2024, our gross profit margins were 57.3%, 53.2% and 52.6%, respectively. Specifically, sales of MCU and ASIC, which maintained robust gross profit margins contributed significantly to our revenue. However, our product mix may fluctuate in response to the technological changes in the industries and markets to which our products are sold. If there are any significant changes in our product mix, our gross profit margin will be affected by the changes in gross profit margin attributable to each type of product.

We aim to further enrich our product portfolio, and maintain a strong focus on high-margin product categories. By continuously refining our product mix and leveraging technological innovation, we are committed to sustaining robust financial performance and driving long-term growth. However, fluctuations in product demand, shifts in market dynamics, and evolving competitive pressures may impact our financial performance.

### **Demand from downstream market and end customers**

Our business performance is affected by the downstream market size and customer demand for more efficient motor control and driver products. The overall growth of global and China's BLDC motor control and driver chip market is mainly driven by increasing penetration rate of BLDC motor, growing downstream industries, technological advancement and innovation of BLDC motor control and driver chips and supportive policies. According to Frost & Sullivan, the global BLDC motor control and driver chip market grew promptly from RMB12.9 billion in 2019 to RMB26.3 billion in 2023, with a CAGR of 19.4%, and the market is expected to grow from RMB30.7 billion in 2024 to RMB58.5 billion in 2028, with a CAGR of 17.5%. Downstream market demand could be affected by number of factors including macroeconomic conditions, technological advancements, and the evolving needs of end customers across various sectors. Furthermore, the BLDC motor control and driver chip industry is experiencing trends such as increasing domestic substitution, higher integration level and development towards more intelligent products.

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Our financial performance relies on our ability to innovate and develop products that align with the latest technological trends and customer preferences. We believe that our diverse products, proven track record of strong business growth, and our ability to constantly innovate and adapt to evolving technological advancements, combined with our strong R&D capabilities in BLDC motor control and driver chip design well-position us to capture the market opportunities in global and China's growing BLDC motor control and driver chip industry.

### **Continued investment in R&D, technology and product development**

Our ability to continue R&D activities, develop new technologies, design new products and enhance existing products is critical to our success. We have historically dedicated significant resources towards R&D. In 2022, 2023 and 2024, we recorded R&D expenses of RMB63.8 million, RMB84.7 million and RMB116.7 million. Specifically, the progress of our technology and product development depends largely on our R&D talents. As of December 31, 2024, our R&D team consisted of 198 members, representing 73.3% of total employees as of the same date. Employee compensation for our research and development staff amounted to 75.3%, 77.1% and 73.7% of our research and development expenses in 2022, 2023 and 2024. As we believe our market success and financial performance will significantly depend on our ability to maintain our technological leadership, we will continue to invest in proprietary technology development and innovation to grow our competitive strengths against our peers.

### **Upstream supply and production capacity**

We operate with a fabless model and outsource IC manufacturing to foundries. As a result of the concentration on the upstream supply chain, we rely on a number of major suppliers for wafer fabrication, packaging and testing. During the Track Record Period, we established strong and long-term cooperation with our major suppliers. See “Business – Our Suppliers – Reliance on Certain Suppliers.” Therefore, our ability to maintain stable business relationship with our wafer channel partners to obtain quality and price-competitive wafers on a timely basis is crucial for our business and results of operations. We believe our efficient supply chain management enable us to quickly launch and upgrade products in response to customer demand. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale.

However, supply chain disruptions, shortage of raw materials and manufacturing capacity limitations may result in delayed delivery, which in turn would lead to reduced or canceled orders. See “Risk Factors – Risks Relating to Our Business and Industry – We depend on a limited number of third-party wafer foundry partners to manufacture our products.” During the Track Record Period, we were not subject to shortages in the supply of raw materials or services from our suppliers. We do not anticipate any supply chain constraints that would materially and adversely affect our business and results of operations.



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### **Our ability to maintain and improve operating efficiency**

Our profitability depends in part on our ability to manage costs and optimize our operating efficiency. We incurred selling and distribution expenses and administrative expenses of RMB37.1 million, RMB45.6 million and RMB60.3 million in 2022, 2023 and 2024, representing 11.5%, 11.1% and 10.0% of our total revenue during the same periods, respectively. We managed to improve operational efficiency by maintaining a streamlined operational workforce and implementing rigorous cost management practices. Simultaneously, we have sought to enhance the management of our operating expenses through detailed budget management and performance monitoring, enabling us to manage overhead costs effectively.

We operate two share incentive plans. Our employees receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments. As a result, we had incurred share-based payments during the Track Record Period in our R&D expenses, selling and distribution expenses and administrative expenses, respectively. We expect to continue our share incentive plan and, as a result, incur share-based payments in the future, and the future share-based payments may increase in terms of the absolute amount and/or as a percentage of our revenue.

While we expect the absolute amounts of our research and development expenses, selling and distribution expenses, and administrative expenses will continue to increase along with our business growth in the future, we are committed to further enhancing our operational efficiency through economies of scale, optimized resource allocation, and continuous investment in employee training and development.

### **Competitive landscape within our industry**

Our financial performance may be affected by the competitive landscape in the global and Chinese BLDC motor control and driver chip market. According to Frost & Sullivan, foreign companies dominate the market. However, Chinese companies, including us, have demonstrated rapid growth through continued R&D and development of new products to meet market demand. In 2023, we ranked the sixth in terms of market share in BLDC motor control and driver chip market in China, being the largest domestic player in the industry, according to Frost & Sullivan. Maintaining and enhancing our leadership position requires continuous innovation, superior product quality, and operational efficiency.

Competitive pressures may influence our revenue growth, gross margins, and overall financial performance. To address these challenges, we will continue to focus on leveraging our technological strengths, understanding market needs, and strengthening our market position to support steady growth and profitability.

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### **BASIS OF PREPARATION AND PRESENTATION**

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”), which comprise all standards and interpretation approved by the International Accounting Standards Board (the “**IASB**”). All IFRSs effective for the accounting period commencing on or before 1 January 2024, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value at the end of each year/period of the Track Record Period.

### **MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES**

We have identified certain accounting policies that are material to the preparation of our financial information. 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 judgements based on information and financial data that may change in future periods. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions.

We believe that the (i) material accounting information in relation to the recognition of revenue from contracts with customers, inventories, cash and cash equivalents, property, plant and equipment and depreciation, as detailed in Note 2.3 of the Accountants’ Report in Appendix I to this prospectus and (ii) accounting judgments and estimates including Provision against obsolete and slow-moving inventories, and deferred tax assets, among others, as set forth in details in Notes 3 to the Accountants’ Report in Appendix I to this prospectus are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

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### PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

#### Revenue

During the Track Record Period, our revenue was primarily derived from sales of products, including sales of MCU, ASIC, HVIC, MOSFET and IPM. We generally recognize revenue when we transfer the control over our products to our customers recognize revenue on a gross basis.

#### Cost of sales

Our cost of sales primarily includes (i) cost of wafers, (ii) cost of packaging and testing, (iii) other cost of sales, mainly including costs in relation to the sales of other products such as semiconductor demo boards and analog devices, and (iv) inventory write-down losses.

#### Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

#### Other Income and Gains

Our other income and gains primarily consist of (i) bank interest income, (ii) other interest income from debt investments at fair value through other comprehensive income, (iii) investment income from financial assets at fair value through profit or loss, (iv) government grants and (v) other non-operating gains, primarily including gains from fair value changes on financial assets at fair value through profit or loss and foreign exchange gain.

#### Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee compensation, which primarily include salaries, bonuses and welfare paid to our sales staff, (ii) promotion and advertising expenses, (iii) share-based payments, (iv) leased property expenses, (v) travelling and office expenses, (vi) exhibition expenses and (vii) others, mainly including hospitality expenses, consulting fees, sampling fees and depreciation and amortization allocated to sales activities.

#### Administrative Expenses

Our administrative expenses mainly consist of (i) employee compensation, which primarily include the salaries, bonus and welfare paid to our administrative staff, (ii) professional service fees, which include our auditing fees and consultation fee, (iii) tax and surcharges, (iv) depreciation and amortization related to our operational infrastructure, (v) share-based payments, (vi) leased property expenses, (vii) office expenses and (viii) others, mainly including hospitality expenses, travelling expenses, patent fees and insurance fees.

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### Research and Development Expenses

Our research and development expenses primarily consist of (i) employee compensation, which primarily include the salaries, bonus and welfare paid to our R&D staff, (ii) cost of R&D materials, (iii) lease property expenses related to our R&D activities, (iv) share-based payments, (v) technical service fees related to our R&D activities, (vi) depreciation and amortization related to our R&D infrastructure and (vii) others, mainly including travelling expenses and cost of low-value consumables.

### Impairment Losses on Financial Assets

Our impairment losses on financial assets or reversal of impairment loss on financial assets mainly resulted from trade receivables and other receivables.

### Other Expenses

Our other expenses mainly consist of (i) foreign exchange losses, and (ii) transfer of cumulative fair value gains of financial assets at fair value through profit or loss to other income and gains due to the disposal of financial assets.

### Finance Costs

Our finance costs mainly consist of interest expenses on lease liabilities, and other finance costs.

### Income Tax Expense/(Credit)

Our income tax expense primarily consists of income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. We are subject to various rates of income tax under different jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with the relevant tax authorities. The following set forth our principal applicable taxes and tax rates in China:

Our income tax provision in respect of our operations in the PRC was subject to a statutory tax rate of 25% on our assessable profits during the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof. Enterprises that qualify as “High and New Technology Enterprises” are entitled to a preferential rate of 15% for three years. Our Company and Fortior Technology (Shanghai) Co. Ltd. were entitled to such rate as High and New Technology Enterprises under the relevant PRC laws and regulations during the Track Record Period, respectively, and such qualification may be renewed every three years.

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Pursuant to Guofa[2020] No.8 “Several Policies to Promote the High-Quality Development of Integrated Circuit Industry and Software Industry in the New Period” (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), key integrated circuit design enterprises encouraged by the government shall, from the profit-making year, be exempted from enterprise income tax from the first to the fifth year, and a reduction of enterprise income tax at a rate of 10% in the succeeding years. Our Company, as a qualified key integrated circuit design enterprise encouraged by the government, was exempted from income tax during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every year.

Fortior Technology (Qingdao) Co., Ltd. was qualified for Small-Meagre-profit Enterprises and entitled to preferential income tax rates pursuant to various preferential tax treatment policies. Please see Note 11 of the Accountants’ Report in Appendix I to this prospectus for details.

## FINANCIAL INFORMATION

### REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The table below sets forth a summary of our results of operations in absolute amount and as percentages of our total revenue for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
<b>REVENUE</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>
Cost of sales	(137,774)	(42.7)	(192,678)	(46.8)	(284,303)	(47.4)
<b>Gross profit</b>	<b>185,199</b>	<b>57.3</b>	<b>218,681</b>	<b>53.2</b>	<b>316,022</b>	<b>52.6</b>
Other income and gains	58,967	18.3	84,376	20.5	83,307	13.9
Selling and distribution expenses	(12,605)	(3.9)	(18,396)	(4.5)	(24,670)	(4.1)
Administrative expenses	(24,543)	(7.6)	(27,193)	(6.6)	(35,621)	(5.9)
Research and development expenses	(63,845)	(19.8)	(84,674)	(20.6)	(116,730)	(19.4)
Impairment losses on financial assets, net	35	0.0	(143)	(0.0)	27	0.0
Other expenses	(2)	(0.0)	(1,780)	(0.4)	(785)	(0.1)
Finance costs	(62)	(0.0)	(490)	(0.1)	(513)	(0.1)
<b>PROFIT BEFORE TAX</b>	<b>143,144</b>	<b>44.3</b>	<b>170,381</b>	<b>41.4</b>	<b>221,037</b>	<b>36.8</b>
Income tax (expense)/credit	(1,143)	(0.4)	4,466	1.1	1,325	0.2
<b>PROFIT FOR THE YEAR</b>	<b>142,001</b>	<b>44.0</b>	<b>174,847</b>	<b>42.5</b>	<b>222,362</b>	<b>37.0</b>
OTHER COMPREHENSIVE INCOME/(LOSS)	320	0.1	(1,087)	(0.3)	58	0.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>142,321</b>	<b>44.1</b>	<b>173,760</b>	<b>42.2</b>	<b>222,420</b>	<b>37.0</b>

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### Revenue

#### Revenue by Products

The following table sets forth a breakdown of our revenue by products, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
MCU	232,343	71.9	274,748	66.8	384,574	64.1
ASIC	19,697	6.1	48,254	11.7	84,748	14.1
HVIC	56,261	17.4	66,395	16.1	84,268	14.0
MOSFET	7,828	2.4	3,655	0.9	2,331	0.4
IPM	4,751	1.5	16,929	4.1	43,369	7.2
Others <sup>(1)</sup>	2,093	0.6	1,378	0.3	1,035	0.2
<b>Total</b>	<b>322,973</b>	<b>100.0</b>	<b>411,359</b>	<b>100.0</b>	<b>600,325</b>	<b>100.0</b>

*Note:*

<sup>(1)</sup> Others primarily include revenue from sales of other products, including semiconductor demo boards and analog devices, among others.

The table below sets forth our sales volume of our major products in terms of number of units during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
	'000	'000	'000
MCU	72,145	97,135	139,903
ASIC	10,389	26,755	48,123
HVIC	126,280	128,743	157,843
MOSFET	18,207	6,755	2,692
IPM	2,863	22,572	43,088

During the Track Record Period, we primarily generated revenue from the sales of products, mainly including MCU, ASIC, HVIC, MOSFET, IPM, amounting to a total of RMB323.0 million, RMB411.4 million and RMB600.3 million in 2022, 2023 and 2024, respectively.

## FINANCIAL INFORMATION

The table below sets forth the average unit selling price of our main products during the Track Record Period.

	Year ended December 31,		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
MCU	3.23	2.84	2.75
ASIC	1.90	1.81	1.76
HVIC	0.45	0.52	0.53
MOSFET	0.43	0.54	0.87
IPM	1.66	0.75	1.01

*Comparison between 2024 and 2023:* Our revenue increased by 45.9% from RMB411.4 million in 2023 to RMB600.3 million in 2024, primarily driven by the increase in revenue from MCU, ASIC, HVIC and IPM.

- *MCU:* Our revenue from sales of MCU increased by 40.0% from RMB274.7 million in 2023 to RMB384.6 million in 2024, primarily due to an increase in our sales volume of MCU from 97.1 million units in 2023 to 139.9 million units in 2024 as a result of increased market demand from smart small household appliances, white goods, industrial and automotive sectors. In particular, our MCU products were increasingly adopted in industrial fans, where their ability to enable low noise and low vibration performance aligns with the market demands, thus contributing to sales growth.
- *ASIC:* Our revenue from sales of ASIC increased by 75.6% from RMB48.3 million in 2023 to RMB84.7 million in 2024, primarily due to an increase in our sales volume of ASIC from 26.8 million units in 2023 to 48.1 million units in 2024, as a result of the robust growth in downstream market demands for specific control effects of our ASIC products in applications such as smart small household appliances (including smart fans, hair dryers and robotic vacuum cleaners) and white goods.
- *HVIC:* Our revenue from sales of HVIC increased by 26.9% from RMB66.4 million in 2023 to RMB84.3 million in 2024, primarily due to an increase in our sales volume of HVIC from 128.7 million units in 2023 to 157.8 million units in 2024 as a result of increased market demand of our HVIC products in applications such as electric scooters, white goods and UAVs, which drove our HVIC sales volumes.
- *MOSFET:* Our revenue from sales of MOSFET decreased by 36.2% from RMB3.7 million in 2023 to RMB2.3 million in 2024, primarily due to a decrease in sales volume of MOSFET as we offered more chip products with integrated functions and IPMs that incorporated MOSFET functionality.



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## FINANCIAL INFORMATION

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- *IPM*: Our revenue from sales of IPM increased by 156.2% from RMB16.9 million in 2023 to RMB43.4 million in 2024, primarily due to (i) an increase in our sales volume of IPM from 22.6 million units in 2023 to 43.1 million units in 2024, as the design of our IPMs reduces the number of external components and PCB area, offering high performance at competitive cost, which meets the increasing downstream demand for compact modules in applications such as white goods, and (ii) an increase in the average selling price of our IPMs.

*Comparison between 2023 and 2022*: Our revenue increased by 27.4% from RMB323.0 million in 2022 to RMB411.4 million in 2023, mainly by the increase in revenue from MCU, ASIC, HVIC and IPM.

- *MCU*: Our revenue from sales of MCU increased by 18.3% from RMB232.3 million in 2022 to RMB274.7 million in 2023, primarily due to an increase in our sales volume of MCU from 72.1 million units in 2022 to 97.1 million units in 2023 as a result of increased demand from smart small household appliances, white goods and automotive sectors. In particular, in the automotive sector, our MCU products obtained AEC-Q100 qualification and entered mass production, allowing us to expand our end customer base to include leading automotive brands and tier-1 suppliers.
- *ASIC*: Our revenue from sales of ASIC increased by 145.0% from RMB19.7 million in 2022 to RMB48.3 million in 2023, primarily due to an increase in our sales volume of ASIC from 10.4 million units in 2022 to 26.8 million units in 2023, driven by the robust growth in downstream market demands for specific control effects of our ASIC products in applications such as smart small household appliances (including smart fans and hair dryers) and white goods.
- *HVIC*: Our revenue from sales of HVIC increased by 18.0% from RMB56.3 million in 2022 to RMB66.4 million in 2023, primarily due to (i) an increase in our sales volume of HVIC from 126.3 million units in 2022 to 128.7 million units in 2023 as a result of increased downstream demand of our HVIC products in applications such as industrial sectors, sports and leisure, smart small household appliances and white goods and (ii) increase in the average selling price of our HVICs.
- *MOSFET*: Our revenue from sales of MOSFET decreased by 53.3% from RMB7.8 million in 2022 to RMB3.7 million in 2023, primarily due to a decrease in sales volume of MOSFET as we offered more chip products with integrated functions and IPMs that incorporated MOSFET functionality.
- *IPM*: Our revenue from sales of IPM increased by 256.3% from RMB4.8 million in 2022 to RMB16.9 million in 2023, primarily due to a significant increase in our sales volume of IPM from 2.9 million units in 2022 to 22.6 million units in 2023, as the design of our IPMs reduces the number of external components and PCB area, offering high performance at competitive cost, which meets the increasing downstream demand for compact modules in applications such as white goods.

## FINANCIAL INFORMATION

### Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute and as a percentage of our total cost of sales, for the years/periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Cost of sales</b>						
Cost of wafers	95,683	69.4	135,760	70.5	203,153	71.5
Cost of packaging and testing	41,613	30.2	55,330	28.7	77,263	27.2
Other cost of sales <sup>(1)</sup>	226	0.2	302	0.2	305	0.1
<b>Sub-total</b>	<b>137,522</b>	<b>99.8</b>	<b>191,392</b>	<b>99.4</b>	<b>280,721</b>	<b>98.7</b>
Write-down of inventories	252	0.2	1,286	0.6	3,582	1.3
<b>Total</b>	<b>137,774</b>	<b>100.0</b>	<b>192,678</b>	<b>100.0</b>	<b>284,303</b>	<b>100.0</b>

*Note:*

- (1) Other cost of sales primarily includes cost of sales of other products, including semiconductor demo boards and analog devices, among others.

As a fabless company, our cost of sales mainly consists of (i) cost of wafers, which are manufactured by third-party wafer foundries using our designs; and (ii) cost of packaging and testing, which are provided by third-party providers. In 2022, 2023 and 2024, our cost of sales amounted to RMB137.8 million, RMB192.7 million and RMB284.3 million, respectively. Cost of wafers is the largest component of our cost of sales, accounting for 69.4%, 70.5% and 71.5% of our cost of sales for the same periods.

*Comparison between 2024 and 2023:* Our cost of sales increased by 47.6% from RMB192.7 million in 2023 to RMB284.3 million in 2024, which was generally in line with our sales expansion and business growth.

*Comparison between 2023 and 2022:* Our cost of sales increased by 39.9% from RMB137.8 million in 2022 to RMB192.7 million in 2023, which was generally in line with our sales expansion and business growth.

## FINANCIAL INFORMATION

### Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by products for the periods indicated:

	For the year ended December 31,					
	2022	2023		2024		
	Gross Profit RMB'000	Gross Margin (%)	Gross Profit RMB'000	Gross Margin (%)	Gross Profit RMB'000	Gross Margin (%)
<b>Sales of products</b>						
MCU	142,002	61.1	155,703	56.7	214,245	55.7
ASIC	11,931	60.6	25,303	52.4	49,931	58.9
HVIC	26,326	46.8	29,110	43.8	34,272	40.7
MOSFET	1,549	19.8	998	27.3	884	37.9
IPM	1,775	37.4	7,777	45.9	19,542	45.1
Others <sup>(1)</sup>	1,868	89.2	1,076	78.1	730	70.5
<b>Sub-total</b>	<b>185,451</b>	<b>57.4</b>	<b>219,967</b>	<b>53.5</b>	<b>319,604</b>	<b>53.2</b>
Write-down of inventories	(252)		(1,286)		(3,582)	
<b>Total</b>	<b>185,199</b>	<b>57.3</b>	<b>218,681</b>	<b>53.2</b>	<b>316,022</b>	<b>52.6</b>

*Note:*

- (1) Others primarily include gross profit from sales of other products, including semiconductor demo boards and analog devices, among others.

As a result of the foregoing, our gross profit increased by 18.1% from RMB185.2 million in 2022 to RMB218.7 million in 2023, and further increased by 44.5% to RMB316.0 million in 2024.

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## FINANCIAL INFORMATION

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*Comparison between 2024 and 2023:* Our gross profit margin remained stable at 53.2% in 2023 and 52.6% in 2024.

- *MCU:* Our gross profit margin from sales of MCU decreased from 56.7% in 2023 to 55.7% in 2024, primarily due to increased market competition. In response to these market dynamics, we strategically adjusted and reduced the selling prices of these products to remain competitive.
- *ASIC:* Our gross profit margin from sales of ASIC increased from 52.4% in 2023 to 58.9% in 2024, primarily due to improved product design which optimizes cost efficiency at production stage.
- *HVIC:* Our gross profit margin from sales of HVIC decreased from 43.8% in 2023 to 40.7% in 2024, primarily due to the increase in the proportion of sales of HVIC products that typically have relatively lower gross profit margin.
- *MOSFET:* Our gross profit margin from sales of MOSFET increased from 27.3% in 2023 to 37.9% in 2024, primarily due to the decrease in the proportion of sales of MOSFET products that typically have relatively lower gross profit margin. For instance, in 2024, we ceased the sale of a MOSFET product model that had a relatively lower gross profit margin among our MOSFET products. The sale of this model accounted for 58.5% of our total MOSFET sales volume in 2023. We ceased its sale in 2024, which contributed to the overall gross profit margin rise from 2023 to 2024.
- *IPM:* Our gross profit margin from sales of IPM remained stable at 45.9% and 45.1% in 2023 and in 2024, respectively.

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## FINANCIAL INFORMATION

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*Comparison between 2023 and 2022:* Our gross profit margin decreased from 57.3% in 2022 to 53.2% in 2023, primarily because we lowered the selling price of certain products as result of market competition.

- *MCU:* Our gross profit margin from sales of MCU decreased from 61.1% in 2022 to 56.7% in 2023, primarily due to increased market competition. As production techniques in the BLDC motor control chip industry in 2023 advanced, the wider adoption of these techniques lead to heightened competition, particularly on pricing, among market participants. Competitors reduced the prices of their products to capture or defend market share. In response to these market dynamics, we strategically adjusted and reduced the selling prices of these products to remain competitive, which directly impacted the gross profit margin of our products. The average selling price of our MCU products decreased by 12.1% from RMB3.23 in 2022 to RMB2.84 in 2023.
- *ASIC:* Our gross profit margin from sales of ASIC decreased from 60.6% in 2022 to 52.4% in 2023, primarily due to increased market competition. As production techniques in the BLDC motor control chip industry in 2023 advanced, the wider adoption of these techniques lead to heightened competition, particularly on pricing, among market participants. Competitors reduced the prices of their products to capture or defend market share. In response to these market dynamics, we strategically adjusted and reduced the selling prices of these products to remain competitive, which directly impacted the gross profit margin of our products. The average selling price of our ASIC products decreased by 4.7% from RMB1.90 in 2022 to RMB1.81 in 2023.
- *HVIC:* Our gross profit margin from sales of HVIC decreased from 46.8% in 2022 to 43.8% in 2023, primarily due to the increase in sales of HVIC products for sports and leisure that had lower gross profit margin.
- *MOSFET:* Our gross profit margin from sales of MOSFET increased from 19.8% in 2022 to 27.3% in 2023, primarily due to the decrease in the proportion sales of MOSFET products that typically have relatively lower gross profit margin. For instance, the proportion of sales of a MOSFET product model that had a relatively lower gross profit margin among our MOSFET products decreased from 76.8% of our total MOSFET sales volume in 2022 to 58.5% in 2023, which contributed to the overall gross profit margin rise from 2022 to 2023.
- *IPM:* Our gross profit margin from sales of IPM increased from 37.4% in 2022 to 45.9% in 2023, primarily due to the increase in sales of IPM products with motor control function for white goods, which typically have higher gross margin.

## FINANCIAL INFORMATION

### Selling and Distribution Expenses

In 2022, 2023 and 2024, our selling and distribution expenses amounted to RMB12.6 million, RMB18.4 million and RMB24.7 million, representing 3.9%, 4.5% and 4.1%, respectively, of our total revenue.

The table below sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as percentages of our total selling and distribution expenses, for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Selling and Distribution Expenses</b>						
Employee compensation	9,821	77.9	14,115	76.7	17,454	70.7
Promotion and advertising expenses	295	2.3	550	3.0	418	1.7
Share-based payments	516	4.1	978	5.3	3,385	13.7
Leased property expenses	355	2.8	474	2.6	456	1.9
Travelling and office expenses	709	5.6	1,206	6.6	1,627	6.6
Exhibition expenses	329	2.6	90	0.5	141	0.6
Others <sup>(1)</sup>	580	4.7	983	5.3	1,189	4.8
<b>Total</b>	<b>12,605</b>	<b>100.0</b>	<b>18,396</b>	<b>100.0</b>	<b>24,670</b>	<b>100.0</b>

*Note:*

- (1) Others primarily include hospitality expenses, consulting fees, sampling fees and depreciation and amortization allocated to sales activities.

*Comparison between 2024 and 2023:* Our selling and distribution expenses increased by 34.1% from RMB18.4 million in 2023 to RMB24.7 million in 2024, primarily due to (i) the increase in employee compensation by 23.7% from RMB14.1 million 2023 to RMB17.5 million in 2024 attributable primarily to the increasing sales and marketing personnel salaries and headcounts and (ii) the increase in share-based payments from RMB1.0 million in 2023 to RMB3.4 million in 2024.

*Comparison between 2023 and 2022:* Our selling and distribution expenses increased by 45.9% from RMB12.6 million in 2022 to RMB18.4 million in 2023, primarily due to (i) the increase in employee compensation by 43.7% from RMB9.8 million in 2022 to RMB14.1 million in 2023, attributable primarily to the increasing sales and marketing personnel salaries and headcounts, and (ii) the increase in travelling and office expenses by 70.1% from RMB0.7 million in 2022 to RMB1.2 million in 2023, primarily in relation to our enhanced sales and marketing efforts.

## FINANCIAL INFORMATION

### Administrative Expenses

In 2022, 2023 and 2024, our administrative expenses amounted to RMB24.5 million, RMB27.2 million and RMB35.6 million, representing 7.6%, 6.6% and 5.9%, respectively, of our total revenue.

The table below sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Administrative Expenses</b>						
Employee compensation	12,031	49.0	14,525	53.4	18,582	52.2
Professional service fees	4,526	18.5	3,749	13.8	5,046	14.2
Tax and surcharges	2,856	11.6	2,759	10.1	4,191	11.8
Depreciation and amortization	801	3.3	1,140	4.2	1,288	3.6
Share-based payments	397	1.6	304	1.1	1,203	3.4
Leased property expenses	1,128	4.6	1,356	5.0	1,886	5.3
Office expenses	1,271	5.2	1,802	6.6	2,139	6.0
Others <sup>(1)</sup>	1,533	6.2	1,558	5.8	1,286	3.6
<b>Total</b>	<b>24,543</b>	<b>100.0</b>	<b>27,193</b>	<b>100.0</b>	<b>35,621</b>	<b>100.0</b>

*Note:*

(1) Others primarily include hospitality expenses, travelling expenses, patent fees and insurance fees.

*Comparison between 2024 and 2023:* Our administrative expenses increased by 31.0% from RMB27.2 million in 2023 to RMB35.6 million in 2024, primarily due to increases in employee compensation by 27.9% from RMB14.5 million in 2023 to RMB18.6 million in 2024, attributable primarily to the rising administrative staff headcount and salaries, as well as increase in professional services fee from RMB3.7 million in 2023 to RMB5.0 million in 2024.

*Comparison between 2023 and 2022:* Our administrative expenses increased by 10.8% from RMB24.5 million in 2022 to RMB27.2 million in 2023, primarily due to increases in (i) employee compensation by 20.7% from RMB12.0 million in 2022 to RMB14.5 million in 2023, attributable primarily to the rising administrative staff headcount and salaries, and (ii) leased property expenses by 20.2% from RMB1.1 million in 2022 to RMB1.4 million in 2023 as a result of increased leased property to cater to expanded administrative team.

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### Research and Development Expenses

In 2022, 2023 and 2024, our research and development expenses amounted to RMB63.8 million, RMB84.7 million and RMB116.7 million, representing 19.8%, 20.6% and 19.4%, respectively, of our total revenue.

The following table sets out a breakdown of our research and development expenses, both in absolute amounts and as percentages of our total research and development expenses, for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Research and development expenses</b>						
Employee compensation	48,055	75.3	65,258	77.1	86,056	73.7
R&D materials expenses	5,102	8.0	3,852	4.5	7,183	6.2
Leased property expenses	2,725	4.3	3,479	4.1	3,656	3.1
Share-based payments	2,540	4.0	1,959	2.3	7,684	6.6
Technical service fees	2,178	3.4	4,234	5.0	2,519	2.2
Depreciation and amortization	1,937	3.0	3,628	4.3	5,945	5.1
Others <sup>(1)</sup>	1,308	2.0	2,264	2.7	3,687	3.2
<b>Total</b>	<b>63,845</b>	<b>100.0</b>	<b>84,674</b>	<b>100.0</b>	<b>116,730</b>	<b>100.0</b>

*Note:*

(1) Others primarily including travelling expenses and cost of low-value consumables.

*Comparison between 2024 and 2023:* Our research and development expenses increased by 37.9% from RMB84.7 million in 2023 to RMB116.7 million in 2024, primarily due to (i) the increase in employee compensation paid to our R&D personnel, attributable to primarily to the rising R&D staff headcount and salaries; (ii) increase in R&D materials expenses from RMB3.9 million in 2023 to RMB7.2 million in 2024; and (iii) increase in share-based payments from RMB2.0 million to RMB7.7 million. As our revenue continues to grow and we increasingly focus on research and development efficiency, our research and development expenses as a percentage of revenue decreased from 20.6% in 2023 to 19.4% in 2024.

*Comparison between 2023 and 2022:* Our research and development expenses increased by 32.6% from RMB63.8 million in 2022 to RMB84.7 million in 2023, primarily due to increases in (i) employee compensation paid to our R&D personnel, attributable primarily to the rising R&D staff headcount and salaries, and (ii) technical service fees, attributable primarily to increased R&D activities related to emerging downstream applications such as the automotive sector.



## FINANCIAL INFORMATION

### Other Income and Gains

In 2022, 2023 and 2024, our other income and gains amounted to RMB59.0 million, RMB84.4 million and RMB83.3 million, representing 18.3%, 20.5% and 13.9%, respectively, of our total revenue.

The following table sets forth a breakdown of our other income and gains, both in absolute amounts and as percentages of our total other income and gains for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Other income</b>						
Bank interest income	4,935	8.4	8,094	9.6	9,196	11.0
Other interest income from debt investments at fair value through other comprehensive income	2,977	5.0	9,110	10.8	21,359	25.6
Investment income from financial assets at fair value through profit or loss	25,014	42.4	42,231	50.1	19,964	24.0
Government grants	16,920	28.7	24,325	28.8	25,118	30.2
<b>Total other income</b>	<b>49,846</b>	<b>84.5</b>	<b>83,760</b>	<b>99.3</b>	<b>75,637</b>	<b>90.8</b>
<b>Other Gains</b>						
Fair value gains on financial assets at fair value through profit or loss	6,424	10.9	–	–	6,864	8.2
Foreign exchange gain	2,373	4.0	–	–	–	–
Others	324	0.6	616	0.7	806	1.0
<b>Total other gains</b>	<b>9,121</b>	<b>15.5</b>	<b>616</b>	<b>0.7</b>	<b>7,670</b>	<b>9.2</b>
<b>Total</b>	<b>58,967</b>	<b>100.0</b>	<b>84,376</b>	<b>100.0</b>	<b>83,307</b>	<b>100.0</b>

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## FINANCIAL INFORMATION

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*Comparison between 2024 and 2023:* Our other income and gains decreased by 1.3% from RMB84.4 million in 2023 to RMB83.3 million in 2024, primarily due to the decrease in investment income from financial assets at fair value through profit or loss related to the disposal of wealth management products and structured deposits, partially offset by (i) the increase in bank interest income as a result of increased bank deposit and (ii) the increase in other interest income from debt investments at fair value through other comprehensive income, primarily due to increased purchase of negotiable certificates of deposit.

*Comparison between 2023 and 2022:* Our other income and gains increased by 43.1% from RMB59.0 million in 2022 to RMB84.4 million in 2023, primarily due to increases in (i) bank interest as a result of increased bank deposit, (ii) other interest income from debt investments at fair value through other comprehensive income, primarily due to increased purchase of negotiable certificates of deposit, (iii) government grants related to our business operation and research and development activities and (iv) investment income from financial assets at fair value through profit or loss, mainly related to the disposal of wealth management products and structured deposits.

### **Impairment Losses on Financial Assets**

We recognized impairment loss on financial assets of RMB143.0 thousand in 2023 and a reversal of impairment loss on financial assets of RMB27.0 thousand in 2024, primarily due to the recovery of certain of our prepayments, deposits and other receivables. We recognized impairment loss on financial assets of RMB143.0 thousand in 2023 as compared with a reversal of impairment loss on financial assets of RMB35.0 thousand in 2022, primarily due to the increase in trade receivables.

### **Other Expenses**

Our other expenses were RMB2.0 thousand, RMB1,780.0 thousand and RMB785.0 thousand in 2022, 2023 and 2024, respectively. We recorded RMB1,780.0 thousand and RMB785.0 thousand other expenses in 2023 and 2024 primarily due to foreign exchanges losses and transfer of cumulative fair value gains of financial assets at fair value through profit or loss to other income and gains due to the disposal of financial assets.

## FINANCIAL INFORMATION

### Finance Costs

The table below sets forth details of our finance costs, both in absolute amounts and as percentages of our total finance costs, for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Finance Costs</b>						
Interest expenses on:						
Lease liabilities	275	443.5	443	90.4	283	55.2
Other finance cost	(213)	(343.5)	47	9.6	230	44.8
<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>490</b>	<b>100.0</b>	<b>513</b>	<b>100.0</b>

*Comparison between 2024 and 2023:* Our finance costs increased from RMB490.0 thousand in 2023 to RMB513.0 thousand in 2024, primarily due to the increase in other finance cost representing the increase in interest expenses on the finance cost related to our purchase of softwares, partially offset by the decrease in interest expenses on lease liabilities due to our rent payment in the respective period.

*Comparison between 2023 and 2022:* Our finance costs increased by 690.3% from RMB62.0 thousand in 2022 to RMB490.0 thousand in 2023, primarily due to the increase in interest expenses on lease liabilities due to our business expansion.

### Income Tax Expense/(Credit)

The table below sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Income Tax</b>						
<b>Expense/(Credit)</b>						
Current	1,061	92.8	671	(15.0)	1,486	(112.2)
Deferred	82	7.2	(5,137)	115.0	(2,811)	212.2
<b>Total</b>	<b>1,143</b>	<b>100.0</b>	<b>(4,466)</b>	<b>100.0</b>	<b>(1,325)</b>	<b>100.0</b>

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## FINANCIAL INFORMATION

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In 2022, 2023 and 2024, our effective tax rates, calculated as our income tax expense/(credit) divided by our profit before tax, were 0.8%, a credit of 2.6% and a credit of 0.6%, respectively, which were lower than the 25% statutory rate primarily because we and certain subsidiaries enjoyed preferential tax treatments. See “Principal Components of Consolidated Statements of Profit or Loss – Income Tax Expense/(Credit)” in this section and Note 11 to “Appendix I – Accountants’ Report.”

We recognized income tax expense of RMB1.1 million in 2022, income tax credit of RMB4.5 million in 2023 and income tax credit of RMB1.3 million in 2024, primarily attributable to the temporary difference arising from super deduction for research and development expenses.

### **Profit for the Year or the Period**

Our profit for the year increased by 23.1% from RMB142.0 million in 2022 to RMB174.8 million in 2023, and further increased by 27.2% to RMB222.4 million in 2024.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Overview**

Our use of cash was primarily related to operating activities and capital expenditure. We have historically financed our operations through cash generated from our operating activities and financing activities. As of December 31, 2024, we had RMB297.4 million of available cash and cash equivalents. Our available cash and cash equivalents comprise cash and bank balances. See Note 25 to “Appendix I – Accountants’ Report” for more details.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net proceeds from the Global Offering.

For discussions of our working capitals, see “Selected Balance Sheet Items” in this section.

### **Working Capital Sufficiency**

The Directors are of the opinion that, taking into account the financial resources available to us, including our cash and cash equivalents on hand, cash generated from operations and the estimated net proceeds from the Global Offering, we have sufficient working capital to meet our present requirements, that is, for the next 12 months from the date of the Listing.

## FINANCIAL INFORMATION

### Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated:

	<b>For the year ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	34,833	111,343	184,730
Net cash flows (used in)/from investing activities	(1,586,008)	28,061	(412,309)
Net cash flows from/(used in) financing activities	1,677,946	(49,244)	(83,922)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>126,771</b>	<b>90,160</b>	<b>(311,501)</b>
Cash and cash equivalents at the beginning of the year	391,773	519,585	608,696
Effect of foreign exchange rate changes, net	1,041	(1,049)	160
<b>Cash and cash equivalents at the end of the year</b>	<b>519,585</b>	<b>608,696</b>	<b>297,355</b>

### Operating Activities

Our cash flows from operating activities reflect: our profit before tax adjusted for (i) non-cash and non-operating items such as interest income from time deposits and negotiable certificates of deposit, gains or losses from fair value changes of financial assets at fair value through profit or loss, gain on disposal of financial assets at fair value through profit or loss, depreciation of right-of-use assets, and depreciation of property, plant and equipment among others, (ii) the effects of movement in working capital such as inventories, prepayments, deposits and other receivables and other payables and accruals, among others, and (iii) income tax paid. Cash flows from operating activities can be significantly affected by factors such as (a) fluctuations of profits before tax for the years and periods, and (b) the amount of trade receivables from customers and the amount of payment of trade payables to suppliers or other counterparties during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years during the Track Record Period.

Our net cash flow from operating activities in 2024 was RMB184.7 million, primarily attributable to our profit before tax of RMB221.0 million, as adjusted for (i) non-cash and non-operating items such as other interest income from debt investments at fair value through other comprehensive income of RMB21.4 million, interest income from time deposits of RMB4.2 million, and gain on disposal of financial assets at fair value through profit or loss of RMB20.0 million, (ii) the effects of movement in working capital such as the decrease in other payables and accruals of RMB15.9 million, partially offset by the decrease inventories of RMB8.9 million, and (iii) income tax paid of RMB1.4 million.

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## FINANCIAL INFORMATION

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Our net cash flow from operating activities in 2023 was RMB111.3 million, primarily attributable to our profit before tax of RMB170.4 million, as adjusted for (i) non-cash and non-operating items such as interest income from time deposits of RMB1.8 million, other interest income from debt investments at fair value through other comprehensive income of RMB9.1 million, gain on disposal of financial assets at fair value through profit or loss of RMB42.2 million and depreciation of right-of-use assets of RMB4.1 million, (ii) the effects of movement in working capital such as the increase in inventories of RMB18.1 million and the decrease in other payables and accruals of RMB18.9 million, partially offset by the decrease in prepayments, deposits and other receivables of RMB17.1 million, and (iii) income tax paid of RMB1.1 million.

Our net cash flow from operating activities in 2022 was RMB34.8 million, primarily attributable to our profit before tax of RMB143.1 million, as adjusted for (i) non-cash and non-operating items such as interest income from time deposits of RMB0.4 million, fair value gains on financial assets at fair value through profit or loss of RMB6.4 million, gain on disposal of financial assets at fair value through profit or loss of RMB25.0 million and depreciation of right-of-use assets of RMB3.2 million, (ii) the effects of movement in working capital such as the increase in inventories of RMB95.8 million, the increase in prepayments, deposits and other receivables of RMB6.3 million, partially offset by the increase in other payables and accruals of RMB14.9 million, and (iii) income tax paid of RMB2.5 million.

### *Investing Activities*

In 2024, our net cash used in investing activities amounted to RMB412.3 million, which primarily resulted from purchases of wealth management products and structured deposits of RMB3,460.3 million, purchases of time deposits of RMB318.8 million and purchases of debt investments at fair value through other comprehensive income of RMB494.1 million, partially offset by proceeds from sale of wealth management products and structured deposits of RMB3,713.0 million.

In 2023, our net cash flow from investing activities amounted to RMB28.1 million, which primarily resulted from proceeds from sale of wealth management products and structured deposits of RMB5,546.6 million, partially offset by purchases of wealth management products and structured deposits of RMB5,150.5 million, purchases of time deposits of RMB74.0 million and purchases of debt investments at fair value through other comprehensive income of RMB351.7 million.

In 2022, our net cash used in investing activities amounted to RMB1,586.0 million, which primarily resulted from purchases of wealth management products and structured deposits of RMB6,120.2 million and purchases of debt investments at fair value through other comprehensive income of RMB219.2 million, partially offset by proceeds from sale of wealth management products and structured deposits of RMB4,659.8 million and decrease in debt investments at fair value through other comprehensive income of RMB108.9 million.

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## FINANCIAL INFORMATION

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### *Financing Activities*

In 2024, our net cash used in financing activities amounted to RMB83.9 million, which primarily resulted from dividends paid of RMB56.3 million and repurchase of shares of RMB20.0 million.

In 2023, our net cash used in financing activities amounted to RMB49.2 million, which primarily resulted from dividends paid of RMB44.3 million and lease payments of RMB4.3 million.

In 2022, our net cash flows from financing activities amounted to RMB1,677.9 million, which primarily resulted from proceeds from issues of shares of RMB1,722.0 million relating to our A Share offering, partially offset by dividends paid of RMB40.6 million lease payments of RMB3.4 million.

## FINANCIAL INFORMATION

### SELECTED BALANCE SHEET ITEMS

#### Net Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	RMB'000	RMB'000	RMB'000	2025
				(unaudited)
<b>Current assets</b>				
Inventories	156,227	172,999	160,483	174,070
Trade receivables	1,428	5,771	5,638	8,795
Prepayments, deposits and other receivables	55,602	38,889	49,998	54,720
Financial assets at fair value through profit or loss	1,467,624	1,070,565	824,396	532,127
Debt investments at fair value through other comprehensive income	–	10,724	181,818	290,087
Time deposits	27,417	62,802	116,493	115,174
Cash and cash equivalents	519,585	608,696	297,355	583,187
<b>Total current assets</b>	<b>2,227,883</b>	<b>1,970,446</b>	<b>1,636,181</b>	<b>1,758,160</b>
<b>Current liabilities</b>				
Trade payables	8,324	12,270	7,325	37,002
Contract liabilities	508	1,030	1,275	3,093
Other payables and accruals	78,589	75,784	66,461	94,333
Lease liabilities	3,219	3,895	3,640	4,307
Tax payable	–	–	253	–
<b>Total current liabilities</b>	<b>90,640</b>	<b>92,979</b>	<b>78,954</b>	<b>138,735</b>
<b>NET CURRENT ASSETS</b>	<b>2,137,243</b>	<b>1,877,467</b>	<b>1,557,227</b>	<b>1,619,425</b>



## FINANCIAL INFORMATION

Our net current assets decreased from RMB2,137.2 million as of December 31, 2022 to RMB1,877.5 million as of December 31, 2023, primarily due to the decrease in financial assets at fair value through profit or loss of RMB397.1 million, partially offset by increase in cash and cash equivalents of RMB89.1 million.

Our net current assets decreased from RMB1,877.5 million as of December 31, 2023 to RMB1,557.2 million as of December 31, 2024, primarily due to the decrease in financial assets at fair value through profit or loss of RMB246.2 million and the decrease in cash and cash equivalents of RMB331.3 million used to purchase non-current debt investment at fair value through other comprehensive income, partially offset by the increase in current debt investment at fair value through other comprehensive income of RMB171.1 million.

Our net current assets increased from RMB1,557.2 million as of December 31, 2024 to RMB1,619.4 million as of April 30, 2025, primarily due to increase in debt investments at fair value through other comprehensive income of RMB108.3 million and increase in cash and cash equivalents of RMB285.8 million, partially offset by decrease in financial assets at fair value through profit or loss of RMB292.3 million.

### *Inventories*

Our inventories comprise (i) raw materials, primarily consisting of foundry-manufactured wafers, (ii) finished goods, (iii) outsourced processing materials, primarily consisting of manufactured wafers outsourced for packaging, testing and additional processing and (iv) goods shipped in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	90,966	88,194	56,628
Finished goods	43,790	34,857	46,460
Outsourced processing materials	21,471	49,948	57,300
Goods shipped in transit	—	—	95
<b>Total</b>	<b>156,227</b>	<b>172,999</b>	<b>160,483</b>

Our inventories increased by 10.7% from RMB156.2 million as of December 31, 2022 to RMB173.0 million as of December 31, 2023, primarily due to increases in outsourced processing materials in anticipation of an increase in customers' demand. Our inventories decreased by 7.2% from RMB173.0 million as of December 31, 2023 to RMB160.5 million as of December 31, 2024, primarily due to the decrease in inventory attributable to our increase in sales volume.

## FINANCIAL INFORMATION

The below sets forth an ageing analysis of our inventory as of the dates indicated.

### As of December 31, 2024

	<b>Within 1 year <i>RMB'000</i></b>	<b>1-2 years <i>RMB'000</i></b>	<b>2-3 years <i>RMB'000</i></b>	<b>over 3 years <i>RMB'000</i></b>	<b>Total balance <i>RMB'000</i></b>
Finished goods	40,409	3,987	2,064	–	46,460
Raw materials	45,722	8,016	2,890	–	56,628
Work-in-progress	55,761	1,232	307	–	57,300
Goods in transit	95	–	–	–	95
Total	<u>141,987</u>	<u>13,235</u>	<u>5,261</u>	<u>–</u>	<u>160,483</u>
% of total inventory	88.5%	8.2%	3.3%	–	100.0%

### As of December 31, 2023

	<b>Within 1 year <i>RMB'000</i></b>	<b>1-2 years <i>RMB'000</i></b>	<b>2-3 years <i>RMB'000</i></b>	<b>over 3 years <i>RMB'000</i></b>	<b>Total balance <i>RMB'000</i></b>
Finished goods	29,355	3,531	1,971	–	34,857
Raw materials	71,427	14,535	2,232	–	88,194
Work-in-progress	44,150	4,378	1,420	–	49,948
Total	<u>144,932</u>	<u>22,444</u>	<u>5,623</u>	<u>–</u>	<u>172,999</u>
% of total inventory	83.8%	13.0%	3.3%	–	100.0%

### As of December 31, 2022

	<b>Within 1 year <i>RMB'000</i></b>	<b>1-2 years <i>RMB'000</i></b>	<b>2-3 years <i>RMB'000</i></b>	<b>over 3 years <i>RMB'000</i></b>	<b>Total balance <i>RMB'000</i></b>
Finished goods	38,179	5,547	64	–	43,790
Raw materials	84,477	6,489	–	–	90,966
Work-in-progress	20,542	929	–	–	21,471
Total	<u>143,198</u>	<u>12,965</u>	<u>64</u>	<u>–</u>	<u>156,227</u>
% of total inventory	91.7%	8.3%	0.0%	–	100.0%

## FINANCIAL INFORMATION

The following table sets forth the turnover days of our inventories for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
Inventory turnover days <sup>(1)</sup>	287.3	311.8	214.1

*Note:*

- (1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year divided by the cost of sales for that corresponding year and multiplied by 365 days for a year.

Our inventory turnover days increased from 287.3 days in 2022 to 311.8 days in 2023, primarily due to an increase in inventory in anticipation of an increase in customers' demand. Our inventory turnover days decreased from 311.8 days in 2023 to 214.1 days in 2024, primarily due to our increased sales in 2024, which accelerated our inventory turnover speed. Our long inventory turnover days are primarily because that we outsource wafer manufacturing and chip packaging and testing to our suppliers, where the production cycles typically span more than six months. To mitigate capacity constraints and supply disruptions, we usually plan ahead for procurement, leading to relatively high inventory levels and consequently long turnover days.

As of April 30, 2025, RMB130.4 million, or 81.2% of our inventory as of December 31, 2024 had been utilized or sold.

### ***Trade Receivables***

The balance of our trade receivables mainly represented receivables from customers for sales of our products. We generally require our customers to make upfront payment before the date of shipping. We grant credit terms to certain customers on a case-by-case basis. We generally grant a limited number of customers credit term of less than 30 days. The table below sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade Receivables	1,472	5,949	5,812
Allowance for expected credit losses	(44)	(178)	(174)
<b>Total</b>	<b>1,428</b>	<b>5,771</b>	<b>5,638</b>

## FINANCIAL INFORMATION

Our balance of trade receivables increased from RMB1.4 million as of December 31, 2022 to RMB5.8 million as of December 31, 2023, primarily due to our business expansion. Our balance of trade receivables decreased from RMB5.8 million as of December 31, 2023 to RMB5.6 million as of December 31, 2024, primarily due to our active collection of trade receivables.

The following table sets forth an ageing analysis of the trade receivables, based on the billing date and net of loss allowance for impairment, as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within One Year	1,428	5,771	5,638

The following table sets forth our trade receivables turnover days during the periods indicated:

	<b>For the year ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Trade receivable turnover days <sup>(1)</sup>	2.4	3.2	3.5

*Note:*

- (1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (less allowance for impairment) for the relevant year, divided by the revenue for the same year and multiplied by 365 days for the year.

Our trade receivable turnover days remained stable at 2.4 days, 3.2 days and 3.5 days in 2022, 2023 and 2024.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables and the increase in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of April 30, 2025, RMB5.3 million, or 93.9% of our total trade receivables as of December 31, 2024, had been settled.

## FINANCIAL INFORMATION

### *Prepayments, Deposits and Other Receivables*

Our prepayments, deposits and other receivables primarily include (i) prepayments paid to our suppliers for raw materials, (ii) deposits and other receivables, (iii) VAT recoverable and (iv) prepaid tax. The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	24,196	5,705	7,727
Deposits and other receivables	1,434	1,797	3,090
VAT recoverable	28,594	31,199	27,670
Prepaid tax	1,442	261	–
Deferred listing expenses	–	–	11,561
	<u>55,666</u>	<u>38,962</u>	<u>50,048</u>
Less: Impairment of other receivables	<u>(64)</u>	<u>(73)</u>	<u>(50)</u>
<b>Total</b>	<b><u>55,602</u></b>	<b><u>38,889</u></b>	<b><u>49,998</u></b>

Our prepayments, deposits and other receivables decreased from RMB55.6 million as of December 31, 2022 to RMB38.9 million as of December 31, 2023, mainly due to the decrease in prepayments attributable to the settlement of prepayments with our suppliers. Our prepayments, deposits and other receivables increased from RMB38.9 million as of December 31, 2023 to RMB50.0 million as of December 31, 2024, mainly due to the increase in deferred listing expenses.

As of April 30, 2025, RMB28.9 million, or 57.7% of our prepayments, deposits and other receivables as of December 31, 2024, had been settled.

### *Financial Assets at Fair Value Through Profit or Loss*

Our financial assets at fair value through profit or loss primarily consists of wealth management products and principal-guaranteed structured deposits. Our financial assets at fair value through profit or loss decreased from RMB1,467.6 million as of December 31, 2022 to RMB1,070.6 million as of December 31, 2023, and further decreased to RMB824.4 million as of December 31, 2024, mainly due to redemption of wealth management products and structured deposits which were mainly used for purchase of negotiable certificates of deposit. See “Selected Balance Sheet Items – Debt Investments at Fair Value Through Other Comprehensive Income” in this section.

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## FINANCIAL INFORMATION

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During the Track Record Period, we made investments in negotiable certificates of deposit, structured deposits and, to a lesser extent, wealth management products, primarily to generate additional returns on cash reserves, while ensuring liquidity and capital preservation. We mainly selected products offered by reputable banks and financial institutions, designed to provide steady returns with a low risk profile. Our negotiable certificates of deposit offer principal protection upon maturity with fixed interests rates. Our structured deposits offer principal protection upon maturity, with returns tied to the performance of certain financial assets portfolio. Our investments in wealth management products were primarily focused on low-risk options to ensure the security of the principal.

We has established a comprehensive funds management framework centered around the financial product investment criteria, approval and authorization procedures and ongoing monitoring and management, as further outlined below:

### **Investment Criteria**

When selecting financial products for investment, we adhere strictly to the following criteria:

- We carefully assess and ensure the legality and regulatory compliance of the financial products, their issuing institutions and the channels through which we purchase such products. Specifically, our treasury personnel verify the authenticity, legitimacy and public availability of product details through official channels or websites of the issuing institutions. The issuing institutions must be duly licensed, reputable and highly ranked within the financial industry. Transactions for the purchase of these financial products must be executed through the official branches or approved online platforms of the issuing or distributing institutions, and our treasury personnel require proper documentation to evidence all transactions to safeguard our interests;
- To mitigate concentration risk and enhance portfolio diversification, we allocate our investments across multiple institutions and limit our total exposure to any single financial institution to no more than 40% of the total investment amount. Our finance director periodically reviews and adjusts our exposure limits to these financial product investments based on evolving market conditions and the financial strength and creditworthiness of counterparties; and
- We exercise preference over financial products issued by institutions with robust internal control structures and established corporate governance practices, thereby reducing the potential risks arising from internal misconduct or fraud within such institutions.
- Provided that the aforementioned criteria are met, we compare the available financial products and prioritize those with higher yields to optimize our investment returns.

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## FINANCIAL INFORMATION

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- We have adopted internal guidelines and considerations for selecting among various types of financial products, including negotiable certificates of deposit, structured deposits and wealth management products, for investment. Negotiable certificates of deposit and structured deposits we invest must be principal-guaranteed, and wealth management products we invest must be of low risk so as to ensure security of the principal. We make our decisions to invest in these products selectively, typically only when we have surplus liquidity and seek incremental yield enhancement. These products are chosen primarily when they are at low risk, issued by highly reputable institutions with strong internal controls, and provide clear explanation of underlying asset classes and risk profiles. We carefully evaluate the liquidity, transparency, and creditworthiness of the issuing institutions before investing.

### **Approval and Authorization Procedures**

We have established rigorous approval processes for investing in financial products, which include the following:

- In general, our financial product investments are made subject to the annual limit and product type approved by the Board of Directors and shareholder's meeting;
- Our treasury department compares various factors of potential financial products which may include product characteristics, pricing, risks, liquidity, issuer creditworthiness, historical performance and expected returns, and report to our finance director and chief executive officer for review and approval;
- Investment contracts or agreements are subject to a thorough review and approval by our finance director, legal department and the chief executive officer; and
- Payment requests relating to the purchase of financial products must be formally documented and are subject to further approval by both our finance director and chief executive officer before execution of the investment transaction.

### **Ongoing Monitoring and Management**

To ensure continued oversight and proper management of our financial product investments, our treasury personnel shall send reconciliation statements provided by the issuing institutions for all such investments to our accounting department. These statements are carefully reviewed and verified by accounting staff to ensure accuracy, monitor ongoing investment performance and promptly detect and address any discrepancies or unusual findings. Our treasury personnel conduct internal reviews of our financial product investments, including assessment of issuer financial strength, market conditions, and performance relative to our risk and return objectives. If negative developments or changes in issuer creditworthiness or product risk profile occur, our finance director promptly reassesses our position and takes appropriate actions, including potential divestment or reallocation of funds. Our accounting personnel maintain comprehensive records and documentation of all investment decisions and monitoring activities, facilitating effective internal audits and compliance checks.

## FINANCIAL INFORMATION

Upon Listing, we intend to continue our investments, such as wealth management products, structured deposits and negotiable certificate of deposits with banks, strictly in accordance with our internal policies, and, to the extent that an investment in wealth management products is a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

### *Trade and Bills Payables*

Our trade and bills payables primarily consisting of payments due to our suppliers for wafer manufacturing and chip packaging and testing. Our trade and bills payables are non-interest-bearing and are normally settled in no more than 30 days upon invoice. The fair values of trade and bills payables as at the end of each year of the Track Record Period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 Year	8,324	12,270	7,325

Our trade and bills payables increased by 47.4% from RMB8.3 million as of December 31, 2022 to RMB12.3 million as of December 31, 2023, primarily due to the increased wafer procurements by us in anticipation of increased sales. Our trade and bills payables decreased from RMB12.3 million as of December 31, 2023 to RMB7.3 million as of December 31, 2024, mainly due to decreased payables to our foundry partner as a result of increased payment for procurement by us in 2024.

The following table sets forth our trade and bills payables turnover days during the dates indicated:

	<b>For the year ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Trade and bills payables turnover days <sup>(1)</sup>	16.2	19.5	12.6

*Note:*

- (1) The trade and bills payables turnover days is the average of the opening and closing trade payable divided by our total cost of sales for that year and multiplied by 365 days for the year.

Our trade and bills payables turnover days remained generally stable at 16.2 days, 19.5 days and 12.6 days in 2022, 2023 and 2024, respectively, as we maintained stable business relationship with our suppliers.

As of April 30, 2025, all of our total trade and bills payables as of December 31, 2024, had been settled.



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## FINANCIAL INFORMATION

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### *Contract Liabilities*

Our contract liabilities include payments from our customers based on sales order in advance of our delivery of products under the contracts.

Our contract liabilities increased from RMB0.5 million as of December 31, 2022 to RMB1.0 million as of December 31, 2023, and further increased to RMB1.3 million as of December 31, 2024, primarily attributable to an increase in customers' advance payments for purchase of our products as a result of rising customer demand.

As of April 30, 2025, all of our contract liabilities as of December 31, 2024, had been subsequently recognized as revenue.

### *Other Payables and Accruals*

Our other payables and accruals primarily consist of (i) deposits payable, (ii) payroll payables, (iii) accruals and other payables, (iv) instalments payable due within one year and (v) other tax payables.

The table below sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deposits payable	49,302	38,430	4,832
Payroll payables	21,085	27,652	37,483
Accruals and other payables	4,871	3,934	17,855
Instalments payable due within one year	544	2,151	1,701
Other tax payables	2,787	3,617	4,590
<b>Total</b>	<b>78,589</b>	<b>75,784</b>	<b>66,461</b>

Our other payables and accruals decreased from RMB78.6 million as of December 31, 2022 to RMB75.8 million as of December 31, 2023, primarily due to the decrease in deposits payable attributable to the return of customer deposits upon meeting settlement conditions. Our other payables and accruals decreased from RMB75.8 million as of December 31, 2023 to RMB66.5 million as of December 31, 2024, primarily due to the decrease in deposits payable attributable to the return of customer deposits upon meeting settlement conditions, partially offset by (i) an increase in payroll payables due to an increase in employment compensation, and (ii) an increase in accruals and other payables related to an increase in professional service fees.

As of April 30, 2025, RMB59.0 million, or 88.8% of our other payables and accruals as of December 31, 2024, had been settled.

## FINANCIAL INFORMATION

### *Lease Liabilities*

Our lease liabilities increased from RMB3.2 million as of December 31, 2022 to RMB3.9 million as of December 31, 2023, primarily due to the expansion of office and warehouses. Our lease liabilities decreased from RMB3.9 million as of December 31, 2023 to RMB3.6 million as of December 31, 2024, primarily due to our payment of rent.

### **Non-current Assets/Liabilities**

The following table sets out our non-current assets and liabilities as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5,069	10,903	147,636
Right-of-use assets	8,581	7,259	16,150
Intangible assets	3,016	8,295	9,054
Equity investments designated at fair value through other comprehensive income	–	–	716
Debt investments at fair value through other comprehensive income	110,938	461,012	794,344
Deferred tax assets	1,755	10,099	15,603
Other non-current assets	15,689	25,674	29,567
<b>Total non-current assets</b>	<b>145,048</b>	<b>523,242</b>	<b>1,013,070</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	18,410	1,649	–
Lease liabilities	5,454	3,717	12,434
Deferred Income	2,395	3,452	4,928
Deferred tax liabilities	973	773	–
<b>Total non-current liabilities</b>	<b>27,232</b>	<b>9,591</b>	<b>17,362</b>
<b>Net assets</b>	<b>2,255,059</b>	<b>2,391,118</b>	<b>2,552,935</b>

## FINANCIAL INFORMATION

### *Property, Plant and Equipment*

Our property, plant and equipment primarily consist of buildings, machine equipment, electronic equipment, furniture and fixture, and leasehold improvements. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Buildings	–	–	133,017
Machine equipment	2,268	6,297	7,443
Electronic equipment	2,435	3,889	6,275
Furniture and fixtures	14	14	62
Leasehold improvements	352	703	839
<b>Total</b>	<b>5,069</b>	<b>10,903</b>	<b>147,636</b>

Our property, plant and equipment increased from RMB5.1 million as of December 31, 2022 to RMB10.9 million as of December 31, 2023, primarily due to increases in machine equipment, electronic equipment attributable to outsourced packaging and testing and our R&D activities. Our property, plant and equipment increased from RMB10.9 million as of December 31, 2023 to RMB147.6 million as of December 31, 2024, primarily due to the increase in buildings attributable to our purchase of a building in Shanghai for R&D and office use.

### *Right-of-Use Assets*

Our right-of-use assets primarily consist of plant and properties. Our right-of-use assets decreased from RMB8.6 million as of December 31, 2022 to RMB7.3 million as of December 31, 2023, and increased to RMB16.2 million as of December 31, 2024, mainly due to an increase in properties as we renewed our leases and entered into additional lease agreements, partially offset by amortization of our right-of-use assets.

## FINANCIAL INFORMATION

### *Intangible assets*

Our intangible assets primarily consist of software and IP license.

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Software	2,630	8,058	4,833
IP license	386	237	4,221
<b>Total</b>	<b>3,016</b>	<b>8,295</b>	<b>9,054</b>

Our intangible assets increased from RMB3.0 million as of December 31, 2022 to RMB8.3 million as of December 31, 2023, mainly due to the increase in software attributable to our purchase of EDA software. Our intangible assets increased from RMB8.3 million as of December 31, 2023 to RMB9.1 million as of December 31, 2024, mainly due to the amortization of our intangible assets.

### *Debt Investments at Fair Value Through Other Comprehensive Income*

Our debt investments at fair value through other comprehensive income consists of negotiable certificate of deposit. Our debt investments at fair value through other comprehensive income increased from RMB110.9 million as of December 31, 2022 to RMB461.0 million as of December 31, 2023, and further increased to RMB794.3 million as of December 31, 2024, mainly due to our increased purchase of negotiable certificates of deposit.

### *Other Payables and Accruals*

Our other payables and accruals primarily consist of long-term deposits payable and instalments payable for purchase of intangible assets. We recognized other payables and accruals of RMB18.4 million, RMB1.6 million and nil as of December 31, 2022, 2023, and 2024. Other payables and accruals as of December 31, 2022 was mainly due to certain customer deposits that we needed to return to them upon meeting settlement conditions. Other payables and accruals as of December 31, 2023 was mainly due to instalments payable for purchase of intangible assets.

### *Lease Liabilities*

Our non-current lease liabilities decreased from RMB5.5 million as of December 31, 2022 to RMB3.7 million as of December 31, 2023 and subsequently increased to RMB12.4 million as of December 31, 2024, mainly because we renewed our leases and entered into additional lease agreements.

## FINANCIAL INFORMATION

### INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	RMB'000	RMB'000	RMB'000	2025
				(unaudited)
<b>Current</b>				
Lease liabilities	3,219	3,895	3,640	4,307
<b>Non-current</b>				
Lease liabilities	5,454	3,717	12,434	10,915
<b>Total</b>	<b>8,673</b>	<b>7,612</b>	<b>16,074</b>	<b>15,222</b>

As of the Latest Practicable Date, we did not have any bank borrowings.

### Lease Liabilities

As of December 31, 2022, 2023 and 2024, we have outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB8.7 million, RMB7.6 million and RMB16.1 million, respectively, in relation to the corresponding lease liabilities. See “Selected Balance Sheet Items – Net Current Assets/Liabilities – Lease Liabilities” and “Selected Balance Sheet Items – Non-current Assets/Liabilities– Lease Liabilities” in this section.

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2025. We had not experienced any difficulty in obtaining bank loans and other borrowings, or default in payment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there have been no material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

### CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

## FINANCIAL INFORMATION

### CAPITAL EXPENDITURE

During the Track Record Period, we incurred capital expenditures of RMB16.1 million, RMB25.3 million and RMB153.2 million in 2022 and 2023, and 2024, respectively, mainly consisted of payment for cooperative building construction and expenditures on property, plant and equipment.

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of property, plant and equipment	3,601	7,305	147,795
Additions of other intangible assets	1,530	5,081	2,868
Payment for cooperative building construction	10,949	12,950	2,519
<b>Total</b>	<b>16,080</b>	<b>25,336</b>	<b>153,182</b>

We expect to fund our future capital expenditures with our operating cash flows. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

### CAPITAL COMMITMENTS

The following table sets forth a breakdown of our capital commitments for the periods indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:			
Property, plant and equipment	1,645	1,099	2,562
Cooperative building construction	10,949	99,919	64,952
<b>Total</b>	<b>12,594</b>	<b>101,018</b>	<b>67,514</b>

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## FINANCIAL INFORMATION

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### OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

### RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time, primarily related to the compensation of our key management personnel. See Note 36 to the Accountants' Report in Appendix I to this prospectus for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance.

### DIVIDENDS AND DIVIDEND POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we declared dividends of RMB40.6 million, RMB44.3 million and RMB56.3 million in 2022, 2023 and 2024, respectively. In April 2025, our shareholders approved dividend of RMB0.78 for every ordinary share of our Company for the year 2024. The source of funding was from our internal resources.

Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號 – 上市公司現金分紅(2023年修訂)》), we shall pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

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## FINANCIAL INFORMATION

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### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees (such as the discretionary incentive fee) incurred in connection with the Global Offering. We estimate that our Listing expenses will be approximately RMB107.6 million (or HK\$117.8 million, representing 6.0% of the gross proceeds from the Global Offering) (assuming an Offer Price of HK\$120.50 per Offer Share (being the maximum Offer Price) and no exercise of the Offer Size Adjustment Option and the Over-allotment Option), of which (i) approximately RMB102.0 million, directly attributable to the issue of our Offer Shares, will be subsequently charged to equity upon completion of the proposed Listing, (ii) approximately RMB5.6 million is expected to be expensed in our consolidated statements of profit or loss. By nature, our Listing expenses are composed of (i) underwriting commission of approximately RMB71.8 million and (ii) non-underwriting-related expenses of approximately RMB35.8 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately RMB23.4 million, and (b) other fees and expenses of approximately RMB12.4 million. During the Track Record Period, we incurred listing expenses of RMB11.6 million, all of which was directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing.

### DISTRIBUTABLE RESERVES

As of December 31, 2024, our consolidated retained profits amounted to RMB537.7 million, available for distribution to our shareholders.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2022	2023	2024
Gross profit margin	57.3%	53.2%	52.6%
Net profit margin	44.0%	42.5%	37.0%
Return on equity <sup>(1)</sup>	10.6%	7.5%	9.0%
Return on total assets <sup>(2)</sup>	9.8%	7.2%	8.6%
Current ratio <sup>(3)</sup>	24.6	21.2	20.7

*Notes:*

- (1) Return on equity was calculated based on net profit of the respective year divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
- (2) Return on total assets was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (3) Current ratio was calculated based on current assets of the respective year, divided by current liabilities.



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## FINANCIAL INFORMATION

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### Return on Equity

Our return on equity decreased from 10.6% in 2022 to 7.5% in 2023, primarily due to increase in total equity due to our A Share offering in 2022. Our return on equity increased from 7.5% in 2023 to 9.0% in 2024, primarily due to the increase in net profits in 2024.

### Return on Total Assets

Our return on total assets decreased from 9.8% in 2022 to 7.2% in 2023, primarily due to increase in our total assets due to our A Share offering in 2022. Our return on total assets increased from 7.2% in 2023 to 8.6% in 2024 primarily due to the increase in net profits in 2024.

### Current Ratio

Our current ratio decreased from 24.6 in 2022 to 21.2 in 2023, primarily due to decrease in our current assets attributable to decrease in financial assets at fair value through profit or loss of RMB397.1 million.

Our current ratio decreased from 21.2 in 2023 to 20.7 in 2024, primarily due to decrease in financial assets at fair value through profit or loss and decrease in cash and cash equivalents, primarily as a result of increased purchase of debt investments at fair value through other comprehensive income.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

### Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as our customer bases are dispersed. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of our credit control department. See Note 39 to the Accountants' Report set out in Appendix I to this prospectus for more details.

### Liquidity Risk

We monitor the risk in relation to shortage of funds through using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets, such as trade receivables and projected cash flows from operations. Our objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations.

For the maturity profile of our financial liabilities as of December 31, 2022, 2023, and 2024, see Note 39 to the Accountants' Report set forth in Appendix I to this prospectus.

## FINANCIAL INFORMATION

### Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than our functional currencies. For a sensitivity analysis of a reasonably possible change in the USD exchange rates, with all other variables held constant, of our profit before tax for each period of the Track Record Period, see Note 39 to the Accountants' Report set forth in Appendix I to this prospectus.

### UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2024 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of December 31, 2024 or at any future date.

	Consolidated net tangible assets attributable to owners of the Company as of December 31, 2024 <i>RMB'000</i> <i>(note 1)</i>	Estimated net proceeds from the Global Offering <i>RMB'000</i> <i>(note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as of December 31, 2024 <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as of December 31, 2024 <i>RMB</i> <i>(note 3)</i>	
				<i>HKD</i> <i>(note 4)</i>	
Based on an Offer Price of HK\$120.50 per Share	2,543,881	1,686,221	4,230,102	39.00	42.70

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## FINANCIAL INFORMATION

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*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2024 were equal to the audited net assets attributable to owners of the Company as of December 31, 2024 of approximately RMB2,552,935,000 less intangible assets of approximately RMB9,054,000 as of December 31, 2024 set out in Accounts' Report in Appendix I in this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$120.50 per Share, after the deduction of the underwriting fees and other related expenses payable by the Group and do not take into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 108,469,880 Shares (including 92,170,380 A shares (excluding 193,000 A shares as Treasury shares) and 16,299,500 H Shares) are in issue assuming the Global Offering have been completed on December 31, 2024 but takes no account of any shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option or any Shares which may be issued or repurchased by the Company for the vesting of restricted Shares under the Restricted Share Incentive Plans.
- (4) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.00 to RMB0.9133 and the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2024.
- (6) If the Company paid 2024 dividend of RMB0.78 for total of 92,170,380 shares, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$41.98 based on the Offer Price of HK\$120.50 per Share.

### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus there had been no material adverse change in our financial, operational or prospects since December 31, 2024, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus.

### Unaudited Financial Information for the Three Months Ended March 31, 2025

Please see "Summary – Recent Development and No Material Adverse Change – Recent Development – Unaudited Financial Information for the Three Months Ended March 31, 2025" for a description of our unaudited financial information for the three months ended March 31, 2025.

### DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) 38.06% by Fortior HK, which was majority-controlled by Mr. Bi Lei and his brother, Dr. Bi Chao, and (ii) 1.46% by Xinyun Technology, which was wholly owned by Ms. Gao Shuai, the spouse of Mr. Bi Lei, representing 38.14% and 1.47% of the voting power at general meetings of our Company, respectively (excluding the 193,000 A Shares held by our Company as treasury Shares). For details, see “History and Corporate Structure – Corporate Structure” in this prospectus. Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into, and will continue to renew, the Acting-in-Concert Agreement, pursuant to which they agreed, among other things, to act in concert when voting at general meetings of our Company and meetings of our Board. In particular, each of Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai agreed that:

- (i) without the unanimous consent among the concert parties, they will not conduct any equity transfer or any other actions that may cause them or any of them to lose control of our Company or cause the largest shareholder of the Company, namely Mr. Bi Lei, to change; or entrust any other person to manage their own Shares, cause the Company to repurchase its own Shares, or create any pledge, guarantee or other third party rights on their own Shares;
- (ii) when exercising their respective Shareholders’ rights such as major decision-making and selecting managers pursuant to the applicable laws and regulations and the Articles, they will reach a consensus after sufficient communication and discussion, and vote in accordance with such consensus; where a consensus cannot be reached, the opinion of Mr. Bi Lei will prevail; and
- (iii) where they also serve as a Director and the Board convenes a meeting, they will reach a consensus after sufficient communication and discussion, and vote in accordance with such consensus; where a consensus cannot be reached, the opinion of Mr. Bi Lei or his appointed director(s) will prevail; the concert party serving as director may attend the Board in person; if they do not attend the board of directors in person, they will entrust Mr. Bi Lei or his appointed Director(s) to attend and vote.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), our Company will be held as to 32.35% by Fortior HK and 1.24% by Xinyun Technology, representing 32.41% and 1.25% of the voting power at general meetings of our Company, respectively (excluding the 193,000 A Shares held by our Company as treasury Shares). Accordingly, Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai, through Fortior HK and Xinyun Technology, will collectively be entitled to exercise 33.65% of the voting power at general meetings of our Company, and each of Mr. Bi Lei, Dr. Bi Chao, Ms. Gao Shuai, Fortior HK and Xinyun Technology will together constitute a group of our Controlling Shareholders under the Listing Rules upon Listing.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirms that he/she/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

### NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has provided non-competition undertakings to our Company, pursuant to which each of our Controlling Shareholders has undertaken that, among others:

- (i) each of our Controlling Shareholders and other enterprises controlled by our Controlling Shareholders (collectively, the “**Relevant Parties**”) would avoid competing with our Company within the same industry in the future. If there are any business opportunities within the scope of our Company’s principal business in the future, our Controlling Shareholders would give priority in referring those opportunities to our Company;
- (ii) if any of our Controlling Shareholders fails to fulfill the above undertakings, he/she/it would indemnify our Company for any loss suffered as a result thereof; and
- (iii) the above undertakings shall be legally binding on each of our Controlling Shareholders and expire on the date when he/she/it ceases to be a controlling shareholder, actual controller or person acting in concert with the actual controller of our Company.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon Listing.

#### **Management Independence**

Upon Listing, our Board will comprise five Directors, including two executive Directors and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in “Directors, Supervisors and Senior Management.” Save for Mr. Bi Lei and Dr. Bi Chao, who are our Controlling Shareholders and executive Directors, none of our Directors or members of the senior management is a Controlling Shareholder or holds any directorship or executive position in our Controlling Shareholders or their close associates.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (iv) all of the other Directors are independent from our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and
- (v) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after Listing.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### **Operational Independence**

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after Listing.

### **Financial Independence**

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after Listing.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

- (i) As part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon Listing. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting.
- (ii) Where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.
- (iii) Our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules.
- (iv) We are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors, Supervisors and Senior Management – Directors – Independent Non-Executive Directors" in this prospectus.

We have appointed Altus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.



## SHARE CAPITAL

### BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the issued share capital of our Company consisted of 92,363,380 A Shares (including 193,000 A Shares as treasury Shares) with a nominal value of RMB1.00 each, all of which are listed on the STAR Market.

### UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	92,363,380 <sup>(1)</sup>	85.00%
H Shares to be issued pursuant to the Global Offering	16,299,500	15.00%
<b>Total</b>	<b>108,662,880</b>	<b>100.00 %</b>

*Note:*

(1) Including 193,000 A Shares which are held by our Company as treasury Shares.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is exercised in full, the Over-allotment Option is not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	92,363,380 <sup>(1)</sup>	83.13%
H Shares to be issued pursuant to the Global Offering	18,744,400	16.87%
<b>Total</b>	<b>111,107,780</b>	<b>100.00 %</b>

*Note:*

(1) Including 193,000 A Shares which are held by our Company as treasury Shares.

## SHARE CAPITAL

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised, the Over-allotment Option is exercised in full and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	92,363,380 <sup>(1)</sup>	83.13%
H Shares to be issued pursuant to the Global Offering	18,744,400	16.87%
<b>Total</b>	<b>111,107,780</b>	<b>100.00%</b>

*Note:*

(1) Including 193,000 A Shares which are held by our Company as treasury Shares.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are exercised in full and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	92,363,380 <sup>(1)</sup>	81.08%
H Shares to be issued pursuant to the Global Offering	21,556,000	18.92%
<b>Total</b>	<b>113,919,380</b>	<b>100.00%</b>

*Note:*

(1) Including 193,000 A Shares which are held by our Company as treasury Shares.

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## SHARE CAPITAL

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### OUR SHARES

Upon the completion of the Global Offering, our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in mainland China, the qualified investors in mainland China under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in mainland China.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be traded by investors in mainland China, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be traded by investors in mainland China in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請「全流通」業務指引) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for listing and trading on the Stock Exchange.

As of the Latest Practicable Date, 193,000 A Shares were held by our Company as treasury Shares, which shall only be used by our Company in connection with employee stock ownership plan(s) or employee share incentives of our Company. These A Shares were repurchased by our Company during the period from January 31, 2024 to September 12, 2024. If such 193,000 A Shares are not utilized within three years from the announcement of the results of repurchase and changes in our Shares, all such unutilized A Shares shall be cancelled. Upon adoption of any share scheme(s) of our Company which will be funded by such 193,000 A Shares after Listing, such 193,000 A Shares may be transferred out of treasury for the purpose of and pursuant to such share scheme(s) of our Company and our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required.

### RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive scrip dividends in the form of H Shares, and holders of our A Shares will receive scrip dividends in the form of A Shares.

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## SHARE CAPITAL

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### APPROVAL FROM A SHAREHOLDERS REGARDING THE GLOBAL OFFERING

We obtained our A Shareholders' approval to issue H Shares and seek the listing of H Shares on the Stock Exchange at the general meeting of our Company held on January 10, 2025. Such approval is subject to the following conditions:

- (i) **Size of the offer.** The proposed number of H Shares to be offered shall not exceed 20% of the total issued share capital enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option). The number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially under the Global Offering.
- (ii) **Method of offering.** The method of offering shall be by way of an international offering to institutional investors and a public offer for subscription in Hong Kong.
- (iii) **Target investors.** The H Shares shall be issued to public investors in Hong Kong under the Hong Kong Public Offering and international investors, qualified domestic institutional investors in mainland China and other investors who are in compliance with the relevant regulatory requirements to invest abroad in International Offering.
- (iv) **Price determination basis.** The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders as a whole, acceptance of investors and the risks related to the offering, according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions.
- (v) **Validity period.** The issue of H Shares and listing of H Shares on the Stock Exchange shall be completed within 18 months after the date of the shareholders' meeting.

There is no other approved offering plan for the Shares except the Global Offering.

### GENERAL MEETINGS

For details of circumstance under which our general meetings are required, see "Summary of the Articles of Association – Shareholders and Shareholders' General Meetings" in Appendix V to this prospectus.

### SHARE SCHEMES

For details of our Restricted Share Incentive Plans, see "Statutory and General Information – D. Restricted Share Incentive Plans" in Appendix VI to this prospectus.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest <sup>(1)</sup>	Number and class of Shares or underlying Shares held	Shareholding as of the Latest Practicable Date		Shareholding upon completion of the Global Offering <sup>(2)</sup>	
			in relevant class of Shares	in total issued share capital	in relevant class of Shares	in total issued share capital
Mr. Bi Lei <sup>(3)(4)(7)(8)(10)</sup>	Beneficial owner Interest in controlled corporation Interest of spouse Interest held jointly with other persons	36,585,147 A Shares	39.61%	39.61%	39.61%	33.67%
Dr. Bi Chao <sup>(5)(8)(10)</sup>	Beneficial owner Interest held jointly with other persons	36,585,147 A Shares	39.61%	39.61%	39.61%	33.67%
Ms. Gao Shuai <sup>(6)(7)(8)(10)</sup>	Interest in controlled corporation Interest of spouse Interest held jointly with other persons	36,585,147 A Shares	39.61%	39.61%	39.61%	33.67%
Fortior HK <sup>(3)(10)</sup>	Beneficial owner	35,154,431 A Shares	38.06%	38.06%	38.06%	32.35%
Shanghai Huaxin <sup>(9)</sup>	Beneficial owner	11,180,273 A Shares	12.10%	12.10%	12.10%	10.29%
Moselle Limited <sup>(9)</sup>	Interest in controlled corporation	11,180,273 A Shares	12.10%	12.10%	12.10%	10.29%

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## SUBSTANTIAL SHAREHOLDERS

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*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 108,662,880 Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans).
- (3) As of the Latest Practicable Date, Fortior HK was held as to 35.25% by Mr. Bi Lei. By virtue of the SFO, Mr. Bi Lei is deemed to be interested in the Shares held by Fortior HK.
- (4) As of the Latest Practicable Date, Mr. Bi Lei was interested in 60,000 restricted Shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 60,000 A Shares subject to vesting.
- (5) As of the Latest Practicable Date, Dr. Bi Chao was interested in 20,000 restricted Shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 20,000 A Shares subject to vesting.
- (6) As of the Latest Practicable Date, Xinyun Technology was wholly owned by Ms. Gao Shuai. By virtue of the SFO, Ms. Gao Shuai is deemed to be interested in the Shares held by Xinyun Technology. For details of interests of Xinyun Technology in our Company, see “History and Corporate Structure – Corporate Structure” in this prospectus.
- (7) Mr. Bi Lei and Ms. Gao Shuai are spouses. By virtue of the SFO, they are deemed to be interested in the Shares and underlying Shares held by each other.
- (8) Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into the Acting-in-Concert Agreement. By virtue of the SFO, they are deemed to be interested in the Shares and underlying Shares held by each other.
- (9) As of the Latest Practicable Date, the general partner of Shanghai Huaxin was Moselle Limited. By virtue of the SFO, Moselle Limited is deemed to be interested in the Shares held by Shanghai Huaxin.
- (10) By virtue of the SFO, since Mr. Bi Lei, Dr. Bi Chao, Ms. Gao Shuai and Fortior HK controlled one third or more of the voting power at general meetings of our Company as of the Latest Practicable Date, they might be taken to have an interest in the 193,000 treasury Shares held by our Company as of the Latest Practicable Date.

For details of Shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, see “Statutory and General Information – C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 1. Disclosure of Interests” in Appendix VI to this prospectus.

# CORNERSTONE INVESTORS

## THE CORNERSTONE PLACING

We have entered into cornerstone investment agreement (each a “**Cornerstone Investment Agreement**,” and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**,” and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to (subject to certain conditions) subscribe, or cause its designated entities to subscribe, for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased at the Offer Price of an aggregate amount of US\$112.0 million (or approximately HK\$879.2 million), exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee (the “**Cornerstone Placing**”). The calculations in this section, which are based on the exchange rates as disclosed in “Information about this Prospectus and the Global Offering – Exchange Rate Conversion,” are only for illustration purpose. The final number of H Shares to be subscribed by the Cornerstone Investors are subject to the exchange rate to be determined in accordance with the relevant Cornerstone Investment Agreements and will be set out in the allotment results announcement in respect of the Global Offering to be issued by our Company.

Assuming an Offer Price of HK\$120.50, being the maximum Offer Price, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 7,295,700. The table below sets out the relevant percentages such Offer Shares would represent immediately after completion of the Global Offering (assuming no additional Shares are issued pursuant to our Restricted Share Incentive Plans).

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of Offer Shares	Approximate % of total issued share capital	Approximate % of Offer Shares	Approximate % of total issued share capital	Approximate % of Offer Shares	Approximate % of total issued share capital	Approximate % of Offer Shares	Approximate % of total issued share capital
44.76%	6.71%	38.92%	6.57%	38.92%	6.57%	33.85%	6.40%

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors (and, for Cornerstone Investors who will subscribe for our Offer Shares through qualified domestic institutional investor (“**QDII**”), the QDIIs) and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors (and, for Cornerstone Investors who will subscribe for our Offer Shares through QDII, the QDIIs) will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders.

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## CORNERSTONE INVESTORS

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Among the Cornerstone Investors, Taikang Life and ChinaAMC (HK) (each as defined below) are existing minority Shareholders or their close associates. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 of, and consent under Paragraph 5(2) of Appendix F1 to, the Listing Rules to permit H Shares in the International Offering to be placed to certain Existing Minority Shareholders (as defined therein). For further details, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules – Allocation of H Shares to Existing Minority Shareholders and Their Close Associates.” Save as otherwise disclosed, to the best knowledge of our Company, each of the Cornerstone Investors (and, for Cornerstone Investors who will subscribe for our Offer Shares through QDII, the QDIIs) is (i) an Independent Third Party; (ii) not accustomed to take instructions from our Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of our subsidiaries or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of Shares registered in its name or otherwise held by it; and (iii) not financed by our Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of our subsidiaries or their respective close associates. In addition, to the best knowledge of our Company, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

As confirmed by the Cornerstone Investors, save for Wind Sabre (as defined below), each Cornerstone Investor’s subscription under the Cornerstone Placing would be financed by its own internal financial resources, financial resources of its shareholders or the assets managed for its investors (in the case of Cornerstone Investors which are funds or investment managers), and it has sufficient funds to settle its respective investment under the Cornerstone Placing. There are no side agreements or arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the H Shares commence on the Stock Exchange. Some of the Cornerstone Investors have agreed that our Company and the Overall Coordinators may in their sole discretion defer the delivery of all or part of the Offer Shares they will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors, (ii) the delayed delivery date should be no later than three business days following the last day on which the Over-allotment Option may be exercised, (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement, and (iv) each of the Cornerstone Investors has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. As such, there will not be any deferred settlement in payment by the Cornerstone Investors.



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## CORNERSTONE INVESTORS

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To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering and the allocation to such investors as placees in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

We believe that the Cornerstone Placing demonstrates our Cornerstone Investors' confidence in our Company and our business prospect, and will help raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in our ordinary course of operation through our business network or through introduction by our business partners or the Overall Coordinators.

### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

#### **Taikang Life**

Taikang Life Insurance Co., Ltd ("**Taikang Life**"), a company incorporated in China, is a wholly-owned subsidiary of Taikang Insurance Group Inc. There is no shareholder holding 30% or more in Taikang Insurance Group Inc. Taikang Life provides a full range of personal security and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others. Taikang Insurance Group Inc. is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care as main businesses. The Beijing-headquartered company consists of several subsidiaries including Taikang Life, Taikang AMC, Taikang Pension, Taikang Healthcare, Taikang Health, Taikang Dental, and TK.CN. Its product offering covers life insurance, internet based financial insurance, enterprise annuity, asset management, health and elderly care, health management and commercial real estate, among others.

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## CORNERSTONE INVESTORS

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### **Pinpoint**

Pinpoint Asset Management Limited (“**Pinpoint**”) is the investment advisor of the funds under its management, which comprise solely exempted companies incorporated in Cayman Islands, including Pinpoint China Fund and Pinpoint Multi-Strategy Master Fund. Pinpoint is a limited liability company incorporated in Hong Kong on June 4, 2010. It is an independent investment research and management company that provides active asset management services to institutional investors, pension funds, private banking, fund of funds, family offices and high net worth individuals. It is licensed to conduct asset management business (type 9 regulated activities as defined under the SFO) by the SFC. It is directly held by Pinpoint Capital Management Group as to 100%, and is ultimately held as to 84.1% by Mr. Wang Qiang (王強), and as to 15.9% by Ms. Bao Jiarong (鮑佳溶). Other than Mr. Wang Qiang, who holds 30% or more of the interests in Pinpoint China Fund and Pinpoint Multi-Strategy Master Fund, no single ultimate beneficial owner holds 30% or more interest in Pinpoint China Fund or Pinpoint Multi-Strategy Master Fund.

### **3W Fund**

3W Fund Management Limited (“**3W Fund**”) is incorporated in Hong Kong with limited liability and licensed by the Hong Kong SFC to carry out type 9 (asset management) regulated activity. 3W Fund, which is ultimately wholly owned by an Independent Third Party, has agreed to procure 3W Global Fund, over which 3W Fund has discretionary investment management power, to subscribe for such number of the Offer Shares. 3W Global Fund pursues to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach. No single investor holds 30% or more interests in 3W Global Fund.

### **Wind Sabre**

Wind Sabre Fund SPC on behalf of Wind Sabre Opportunities Fund SP (“**Wind Sabre**”) is a fund established in the Cayman Islands. Wind Sabre Fund SPC is a Segregated Portfolio Company incorporated in the Cayman Islands with limited liabilities and is an Independent Third Party, and Wind Sabre Opportunities Fund SP is a segregated portfolio of Wind Sabre Fund SPC. Wind Sabre Fund SPC is controlled by Wind Sabre Capital Limited as the investment manager, which is a company incorporated in Hong Kong and licensed to carry out type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. Other than Well Smart Developments Limited, which is wholly owned by Chow Tai Fook (Nominee) Limited, an Independent Third Party, no other investors hold 30% or more interest in the fund. No single ultimate beneficial owner holds 30% or more interest in Chow Tai Fook (Nominee) Limited.

Wind Sabre may obtain external financing from a prime broker (the “**Prime Broker**”) to finance its subscription of H Shares. The loan(s), if obtained, will be on normal commercial terms after arm’s length negotiations. The H Shares to be subscribed for by Wind Sabre will not be charged to the Prime Broker as security for such loan(s).

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## CORNERSTONE INVESTORS

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### **ChinaAMC (HK)**

China Asset Management (Hong Kong) Limited (“**ChinaAMC (HK)**”) is a wholly-owned subsidiary of China Asset Management Co., Ltd., (“**ChinaAMC**”), which is owned as to 62.2% by CITIC Securities Company Limited (a company listed on the Shanghai Stock Exchange with stock code 600030 and on the Hong Kong Stock Exchange with stock code 6030). ChinaAMC (HK) will hold the Offer Shares subscribed through the Cornerstone Placing on behalf of Independent Third Parties on a discretionary basis.

As a top Chinese fund management company in Hong Kong, ChinaAMC (HK) is committed to developing offshore and cross-border asset management businesses by leveraging the expertise of its experienced investment and research teams and its shareholder companies’ resources, services and connections in Mainland China. ChinaAMC provides a full range of services to retail and institutional investors home and abroad, covering equity, fixed income, money markets, etc. With more than RMB2.81 trillion in assets under management (including that of subsidiaries) as of March 30, 2025, it is one of the largest asset managers in China. ChinaAMC provides services to National Social Security Fund, corporate pensions, separate accounts, sovereign funds in Europe, America, and Asia, central banks, pensions, banks, asset managers, securities companies and other overseas institutional clients.

### **Mega Prime**

Mega Prime Development Limited (“**Mega Prime**”) is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of GBA Homeland Limited, which in turn is wholly owned by Greater Bay Area Homeland Investments Limited (“**GBAHIL**”). GBAHIL is a company incorporated in Hong Kong with limited liability and is jointly owned by a number of international large-scale industrial institutions, financial institutions and new economic enterprises, each of which holds less than 15% equity interest therein.

GBAHIL’s business encompasses investment, investment holding and the establishment or management of private equity funds through its subsidiaries to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an international innovation and technology hub, focusing on technological innovation, industrial upgrading, quality of life, smart city and all other related industries.

Mega Prime subscribes for the Offer Shares through the account managed by Greater Bay Area Development Fund Management Limited (大灣區發展基金管理有限公司), a company wholly owned by GBAHIL and licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities in Hong Kong.

### **Sanhua International Singapore**

Sanhua International Singapore Pte. Ltd. (“**Sanhua International Singapore**”) is a company incorporated in Singapore on October 24, 2005. Sanhua International Singapore principally engages in the sales of refrigeration and air-conditioning product components and automotive components. Sanhua International Singapore is wholly owned by Zhejiang Sanhua Intelligent Controls Co., Ltd., whose A shares are listed on the Shenzhen Stock Exchange (002050.SZ) and H shares are listed on the Stock Exchange (2050.HK).

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## CORNERSTONE INVESTORS

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### **Fourier Capital**

Fourier Capital Management Limited (“**Fourier Capital**”) is a private limited liability company incorporated in Hong Kong and holds a Type-9 (Asset Management) license from the SFC. Fourier Capital, which is ultimately wholly owned by an Independent Third Party, manages a Cayman Islands master-feeder fund named Fourier Global Master Fund, along with its feeder funds, with a total AUM of approximately US\$240 million. Fourier Global Master Fund is a long short equity fund that specializes in deep fundamental research, with a core focus on innovation-driven sectors with disruptive secular themes. No single investor holds 30% or more of the interest in Fourier Global Master Fund.

### **Torus**

Torus Fund SP (“**Torus**”) is a segregated portfolio of QRT Master Fund SPC, a Cayman Islands exempted company registered as a segregated portfolio company. There is no beneficial owner holding 30% or more of the shares in Torus. Torus is managed by Qube Research & Technologies Hong Kong Limited (“**QRT HK**”) and certain affiliates of QRT HK (collectively “**QRT**”). QRT HK is a company incorporated in Hong Kong and licensed by the SFC to carry on type 9 (asset management) regulated activity. QRT is a global investment manager and deploys a diverse range of investment strategies across geographies, asset classes and time frames, combining data, research, technology, and trading expertise.

### **Intac**

Intac Investment Fund (“**Intac**”) is an exempted company incorporated in the Cayman Islands in 2009. The entire management shares in Intac is held by Intac Investment Management Limited as the investment manager, which is held by Xilin Long as to 30.02%, Ge Wang as to 30%, and other shareholders none of whom hold 30% or more of the shares in Intac Investment Management Limited. No investors hold 30% or more of the participating shares in Intac.

Intac adheres to the concept of value investment, combines “top-down” industry allocation and “bottom-up” individual stock selection strategies, and selects individual stocks with rapid growth, excellent corporate governance, distinct strategic development, relatively undervalued prices, and a margin of safety for concentrated investment. It flexibly invests in multiple markets such as Hong Kong, the United States and A-shares, pursuing higher returns while diversifying risks. The investment portfolio focuses on value and growth stocks with medium and large market capitalization, and adheres to a medium- to long-term holding strategy to enjoy the high growth of corporate performance.

## CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing, assuming an Offer Price of HK\$120.50 (being the maximum Offer Price):

Cornerstone Investor	Investment amount <sup>(1)</sup>  (US\$ in millions)	Assuming the Offer Size Adjustment Option is not exercised					Assuming the Offer Size Adjustment Option is exercised in full				
		Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		
		Number of Offer Shares	Approximate % of total issued share capital <sup>(3)</sup>	Approximate % of Offer Shares	Approximate % of total issued share capital <sup>(3)</sup>	Approximate % of Offer Shares	Approximate % of total issued share capital <sup>(3)</sup>	Approximate % of Offer Shares	Approximate % of total issued share capital <sup>(3)</sup>	Approximate % of Offer Shares	Approximate % of total issued share capital <sup>(3)</sup>
		to be acquired <sup>(2)</sup>									
Taikang Life	25.00	1,628,600	9.99%	1.50%	8.69%	1.47%	8.69%	1.47%	7.56%	1.43%	
Pinpoint	15.00	977,100	5.99%	0.90%	5.21%	0.88%	5.21%	0.88%	4.53%	0.86%	
3W Fund	10.00	651,400	4.00%	0.60%	3.48%	0.59%	3.48%	0.59%	3.02%	0.57%	
Wind Sabre	10.00	651,400	4.00%	0.60%	3.48%	0.59%	3.48%	0.59%	3.02%	0.57%	
ChinaAMC (HK)	10.00	651,400	4.00%	0.60%	3.48%	0.59%	3.48%	0.59%	3.02%	0.57%	
Mega Prime	10.00	651,400	4.00%	0.60%	3.48%	0.59%	3.48%	0.59%	3.02%	0.57%	
Sanhua International											
Singapore	8.00	521,100	3.20%	0.48%	2.78%	0.47%	2.78%	0.47%	2.42%	0.46%	
Fourier Capital	8.00	521,100	3.20%	0.48%	2.78%	0.47%	2.78%	0.47%	2.42%	0.46%	
Torus	8.00	521,100	3.20%	0.48%	2.78%	0.47%	2.78%	0.47%	2.42%	0.46%	
Intac	8.00	521,100	3.20%	0.48%	2.78%	0.47%	2.78%	0.47%	2.42%	0.46%	
Total	112.00	7,295,700	44.76%	6.71%	38.92%	6.57%	38.92%	6.57%	33.85%	6.40%	

*Notes:*

- (1) Exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in “Information about this Prospectus and the Global Offering – Exchange Rate Conversion.”
- (2) Rounded down to the nearest whole board lot of 100 H Shares.
- (3) Immediately after completion of the Global Offering (assuming no additional Shares are issued pursuant to our Restricted Share Incentive Plans).

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## CORNERSTONE INVESTORS

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### CLOSING CONDITIONS

The subscription obligation of each of the Cornerstone Investors under its Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

- (a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);
- (c) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) the CSRC having accepted the CSRC filings and published the filing results in respect of the CSRC filings on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (e) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (f) the representations, warranties, undertakings and confirmations of the relevant Cornerstone Investors under their respective Cornerstone Investment Agreements are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of relevant Cornerstone Investor.

### RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares it has purchased pursuant to the relevant Cornerstone Investor Agreement, save for in certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## OVERVIEW

Our Board will comprise five Directors, including two executive Directors, and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director <sup>(1)</sup>	Roles and responsibilities	Relationship with other Directors, Supervisors and members of senior management
Mr. Bi Lei (畢磊)	54	Executive Director, chairman of the Board, general manager and chief executive officer	May 21, 2010	June 16, 2020	Overall management, strategic planning and decision-making for key business and operational matters of our Group	Brother of Dr. Bi Chao
Dr. Bi Chao (畢超)	67	Executive Director and chief technology officer	June 23, 2014	June 16, 2020	Overseeing business and daily operations of our Group and leading the overall technology development of our Group	Brother of Mr. Bi Lei
Dr. Lin Mingyao (林明耀)	65	Independent non-executive Director	April 22, 2025	April 22, 2025	Providing independent advice on the operations and management of our Group	N/A
Dr. Niu Shuangxia (牛雙霞)	43	Independent non-executive Director	August 8, 2024	August 8, 2024	Providing independent advice on the operations and management of our Group	N/A
Mr. Chen Jingyang (陳井陽)	42	Independent non-executive Director	January 10, 2025	January 10, 2025	Providing independent advice on the operations and management of our Group	N/A

*Note:*

- (1) For the avoidance of doubt, the date of appointment as Director refers to the appointment as Director after our conversion into a joint stock company with limited liability in June 2020. For details of our conversion, see “History and Corporate Structure – Major Shareholding Changes of Our Company – Early Development and Conversion into a Joint Stock Company” in this prospectus.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Board of Supervisors comprises three members, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Supervisor	Roles and responsibilities	Relationship with other Directors, Supervisors and members of senior management
Ms. Wang Yuhong (汪鈺紅)	45	Chairperson of the Board of Supervisors	May 7, 2012	June 1, 2022	Overseeing the performance of Directors and senior management of our Company	N/A
Ms. Liu Haimei (劉海梅)	46	Employee representative Supervisor	September 5, 2016	July 20, 2021	Overseeing the performance of Directors and senior management of our Company	N/A
Mr. Bai Yuhong (柏玉宏)	41	Supervisor	April 10, 2017	June 15, 2023	Overseeing the performance of Directors and senior management of our Company	N/A

Our senior management team comprises the following:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors, Supervisors and members of senior management
Mr. Bi Lei (畢磊)	54	Executive Director, chairman of the Board, general manager and chief executive officer	May 21, 2010	June 16, 2020	Overall management, strategic planning and decision-making for key business and operational matters of our Group	Brother of Dr. Bi Chao
Ms. Zhang Hongmei (張紅梅)	43	Finance director	February 2, 2024	February 23, 2024	Financial operations and capital management of our Group	N/A
Ms. Jiao Qianqian (焦倩倩)	30	Secretary of the Board and joint company secretary	December 13, 2021	January 26, 2024	Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group	N/A



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### DIRECTORS

#### Executive Directors

**Mr. Bi Lei (畢磊)**, aged 54, is our executive Director, chairman of our Board, general manager and chief executive officer. As the founder of our Group, Mr. Bi has been our Director, general manager and chief executive officer since the inception of our Company, and the chairman of our Board since September 2013. He was redesignated as our executive Director on January 10, 2025 with effect from the Listing Date. He is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group.

Prior to founding our Group, Mr. Bi served as a research and development vice president at Shenzhen Chipsbank Technologies Co., Ltd. (深圳芯邦科技股份有限公司) from October 2004 to February 2010. Before that, he was an IC design engineer at the Asia Pacific R&D Center of Philips Electronics Singapore Pte Ltd (Semiconductors – Asia Product Innovation Centre) and an R&D engineer at the Data Storage Institute under the Agency for Science, Technology and Research (A\*STAR), Singapore. Mr. Bi was recognized as an Overseas High-Caliber Personnel (Level A) under Shenzhen’s “Peacock Plan” in 2012 and a “High-Level Talent” in Nanshan District, Shenzhen, in 2016.

Mr. Bi Lei obtained a master’s degree of science in applied physics and electrical engineering from Linköping University in Sweden.

**Dr. Bi Chao (畢超)**, aged 67, is our executive Director and chief technology officer. Dr. Bi joined our Group in June 2014 as chief technology officer, and was appointed as our Director on June 16, 2020 and was redesignated as an executive Director on January 10, 2025 with effect from the Listing Date. He is primarily responsible for overseeing business and daily operations of our Group and leading the overall technology development of our Group.

Prior to joining our Group, Dr. Bi worked at the Data Storage Institute under the Agency for Science, Technology and Research (A\*STAR), Singapore, with his last position as the senior scientist. Previously, he served as a senior engineer at Western Digital (Singapore) Pte. Ltd. and a lecturer in electrical engineering at Southeast University, the PRC. Dr. Bi received the National Technology Award of Singapore for his achievements in the field of motor technology in 2006, and was recognized as an Overseas High-Caliber Personnel (Level A) under Shenzhen’s “Peacock Plan” in 2015, and a “High-Level Talent” in Nanshan District, Shenzhen, in 2016.

Dr. Bi Chao obtained a bachelor’s degree of engineering in motor technology from Hefei University of Technology (合肥工業大學) in the PRC in January 1982, a master’s degree of engineering in motor technology from Xi’an Jiaotong University (西安交通大學) in the PRC in October 1984, and a doctor of philosophy degree with a focus on motor technology from the National University of Singapore in Singapore in July 1995.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Independent Non-Executive Directors

**Dr. Lin Mingyao (林明耀)**, aged 65, was appointed as our independent non-executive Director on April 22, 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Lin has been working at Southeast University (東南大學, previously known as Nanjing Institute of Technology (南京工學院)) for nearly 40 years with his study focusing on motor control. He has been a professor at Southeast University since April 2004. Previously, he was an associated professor at Southeast University from April 1994 to March 2004, and a lecturer at Southeast University from May 1985 to March 1994.

Dr. Lin has also been serving as an independent director of Wetown Electric Group Co., Ltd. (威騰電氣集團股份有限公司, 688226.SH) since February 2023 and Jiangsu Daybright Intelligent Electric Co., Ltd. (江蘇大燁智能電氣股份有限公司, 300670.SZ) since December 2020.

Dr. Lin obtained a bachelor's degree, a master's degree and a doctoral degree in electric engineering from Southeast University in the PRC in July 1982, July 1985 and November 1995, respectively.

**Dr. Niu Shuangxia (牛雙霞)**, aged 43, has been our independent Director since August 8, 2024, and was redesignated as an independent non-executive Director on January 10, 2025 with effect from the Listing Date. She is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Niu has been working at the Faculty of Engineering of the Hong Kong Polytechnic University, serving successively as a research assistant professor, assistant professor, associate professor and professor since 2012.

Dr. Niu obtained a bachelor's degree of engineering in automation and a master's degree of engineering in control theory and control engineering from Tianjin University (天津大學) in the PRC in June 2002, and March 2005, respectively. Dr. Niu also obtained a doctor of philosophy degree with a focus on electrical engineering from The University of Hong Kong in December 2009.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Mr. Chen Jingyang (陳井陽)**, aged 42, was appointed as our independent non-executive Director on January 10, 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Chen has been the chairman of the board and general manager at Shenzhen Baocheng Investment Management Co., Ltd. (深圳市寶誠私募股權基金管理有限公司) since September 2016, an independent director and the chairman of the audit committee of the board of Huizhou ROYPOW Technology Co., Ltd. (惠州市樂億通科技股份有限公司) since October 2023, and the general manager and director at Shenzhen Huiju Gongchuang Enterprise Management Consulting Co., Ltd. (深圳匯炬共創企業管理諮詢有限公司) since November 2024. Prior to joining our Group, Mr. Chen worked at Dasheng Times Cultural Investment Co., Ltd. (大晟時代文化投資股份有限公司, 600892.SH, “**Dasheng Cultural**”) from March 2016 to November 2024, with his last position as the vice chairman of the board and a member of the audit committee of the board. Previously, he worked at Shenke Slide Bearing Corporation (申科滑動軸承股份有限公司, 002633.SZ) from July 2008 to June 2015, successively serving as the deputy head of finance department, head of finance department, assistant to board secretary, the board secretary and a director. Previously, Mr. Chen served as an audit assistant of the Hangzhou Branch of BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)杭州分所) from November 2006 to May 2008 and Hangzhou Zhongheng Certified Public Accountants Co., Ltd. (杭州中恆會計師事務所有限公司) from August 2004 to October 2006.

Mr. Chen obtained a bachelor’s degree of finance from Zhejiang Gongshang University (浙江工商大學) in the PRC in July 2004. He has been a member of the Chinese Institute of Certified Public Accountant since July 2012 and was qualified as a senior accountant by Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳) in November 2021. Mr. Chen also obtained the Legal Professional Qualification Certificate of the PRC in June 2023.

### SUPERVISORS

**Ms. Wang Yuhong (汪鈺紅)**, aged 45, is the chairperson of our Board of Supervisors. Ms. Wang joined our Group in May 2012 as a director of human resources and administration. She was appointed as a Supervisor and was elected as the chairperson of our Board of Supervisors on June 1, 2022. She is primarily responsible for overseeing the performance of Directors and senior management of our Company.

Prior to joining our Group, Ms. Wang worked at Shenzhen Kirisun Electronics Co., Ltd. (深圳科立訊電子有限公司, now known as Kirisun Communications Co., Ltd. (科立訊通信股份有限公司)) and Shenzhen Shinning Electronic Ltd. (深圳盛凌電子有限公司, now known as Shenzhen Shinning Electronic Co., Ltd. (深圳盛凌電子股份有限公司)).

Ms. Wang graduated from Shenzhen University (深圳大學) in the PRC in January 2012, majoring in human resource management.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Ms. Liu Haimei (劉海梅)**, aged 46, is our employee representative Supervisor. Ms. Liu joined our Group in September 2016 and is a director of supply chain of our Company. She was appointed as a Supervisor of the Company on July 20, 2021. She is primarily responsible for overseeing the performance of Directors and senior management of our Company.

Prior to joining our Group, Ms. Liu worked at Shenzhen SINE Electric Co., Ltd. (深圳市正弦電氣股份有限公司, 688395.SH) from April 2011 to August 2016, with her last position as the assistant marketing director. Previously, she worked at Emerson Network Energy Co., Ltd. (艾默生網絡能源有限公司).

Ms. Liu obtained a bachelor's degree of management from Shenzhen University (深圳大學) in the PRC in March 2012.

**Mr. Bai Yuhong (柏玉宏)**, aged 41, is a Supervisor. Mr. Bai joined our Group in April 2017 and is a warehouse supervisor of our Company. He was appointed as a Supervisor of the Company on June 15, 2023. He is primarily responsible for overseeing the performance of Directors and senior management of our Company.

Prior to joining our Group, Mr. Bai worked at Shenzhen Vital Enterprises Co., Ltd. (深圳市偉圖實業有限公司) from December 2016 to April 2017, and was a sole proprietor from May 2013 to November 2016. Previously, he also worked at the group of FirstPower Tech. Co., Ltd. (深圳市一電電池技術有限公司) from December 2004 to April 2013.

Mr. Bai obtained a bachelor's degree of management in accounting from Shenzhen University (深圳大學) in the PRC in June 2023.

### SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. Bi Lei, our executive Director, chairman of our Board, general manager and chief executive officer, is also a member of our senior management. For his biography, see “– Directors – Executive Directors” in this section.

**Ms. Zhang Hongmei (張紅梅)**, aged 43, has been our finance director since February 23, 2024. She is primarily responsible for financial operations and capital management of our Group.

Prior to joining our Group, Ms. Zhang served as the chief financial officer at Shenzhen MTN Electronics Co., Ltd. (深圳市邁騰電子有限公司) from October 2021 to July 2023 and the vice president at Guangdong Liwang High-tech Co., Ltd. (廣東力王高新科技股份有限公司, NEEQ: 835692) from May 2020 to July 2021. Prior to that, she served as the chief financial officer at Guangdong Redwall New Materials Co., Ltd. (廣東紅牆新材料股份有限公司, 002809.SZ).

Ms. Zhang obtained a bachelor's degree of management in accounting from Jinan University (暨南大學) in the PRC in December 2013. She obtained the Accounting Professional Qualification (Mid-level) in May 2004, and has been a member of The Institute of Certified Management Accountants since June 2021.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Ms. Jiao Qianqian (焦倩倩)**, aged 30, is the secretary of our Board and our joint company secretary. Ms. Jiao joined our Group in December 2021 as the head of securities affairs and has been the secretary of our Board since January 26, 2024. She is primarily responsible for the Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group.

Prior to joining our Group, Ms. Jiao worked at Shenzhen ATEC Clean Energy Co., Ltd. (深圳市安泰科清潔能源股份有限公司) from December 2020 to March 2021, Shenzhen Megmeet Electrical Co., Ltd. (深圳麥格米特電氣股份有限公司, 002851.SZ) from March 2019 to November 2020, and Haimo Technologies Group Corp. (海默科技(集團)股份有限公司, 300084.SZ) from March 2017 to January 2019.

Ms. Jiao obtained a bachelor's degree of management from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in July 2016.

### JOINT COMPANY SECRETARIES

**Ms. Jiao Qianqian (焦倩倩)**, the secretary of our Board, was appointed as one of our joint company secretaries on December 24, 2024 with effect from the Listing Date. For the biographical details of Ms. Jiao, see “– Senior Management” in this section.

**Mr. Hou Haowen (侯皓文)** (former name: Hou Kundong (侯坤棟)), aged 33, was appointed as one of our joint company secretaries on June 18, 2025 with effect from the Listing Date.

Prior to joining our Group, Mr. Hou served as the head of investor relations at Excellence Commercial Property & Facilities Management Group Limited (卓越商企服務集團有限公司, 06989.HK) from March 2022 to May 2025, the head of investor relations at Kuang-Chi Technologies Co., Ltd. (光啟技術股份有限公司, 002625.SZ) from April 2020 to March 2022, and worked at Hong Kong Airlines Limited from March 2018 to April 2020, with his last position as the officer, treasury and financing, investor relations representative in finance department.

Mr. Hou obtained a master's degree in Applied Economics from Hong Kong Baptist University in November 2016 and a master's degree of Corporate Governance and Compliance from Hong Kong Metropolitan University through long distance learning in September 2024. He is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

### OTHER INFORMATION

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, in the case of Dr. Lin Mingyao, March 19, 2025, and in the case of other Directors, December 24, 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors, Supervisors and members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date.

In August 2017, Mr. Chen Jingyang, one of our independent non-executive Directors, received a caution letter from Shenzhen Regulatory Bureau of the CSRC regarding certain non-compliance incidents of Dasheng Cultural during his tenure as its director and board secretary. The events of Dasheng Cultural cited in the caution letter include (i) inadequate preparation of results estimate, leading to significant correction in its 2015 results estimate published in April 2016; (ii) misclassification of certain accounting items in its accounts; (iii) weak control over its subsidiaries; and (iv) replacement of proceeds from its non-public issuance prior to obtaining required board approval. According to the caution letter, Mr. Chen, as Dasheng Culture's then director and board secretary, was responsible for, among others, the disclosure of results estimate. In addition, in January 2018, the Shanghai Stock Exchange issued a regulatory concern, noting that Mr. Chen, as Dasheng Cultural's then board secretary responsible for disclosure affairs, was responsible for events (ii) and (iii) above. Subsequently, Dasheng Culture has implemented the rectification measures required by the Shenzhen Regulatory Bureau of the CSRC, including among others strengthening its internal controls, training on accounting staff and supervision of subsidiaries. As of the Latest Practicable Date, no further regulatory actions had been taken against Mr. Chen by the relevant authorities in relation to the caution letter and regulatory concern. Mr. Chen left Dasheng Culture in November 2024 voluntarily. Our PRC Legal Advisor has advised that the caution letter and the regulatory concern are non-punitive regulatory measures implemented by the relevant authorities and do not constitute an administrative penalty under PRC laws. Given (i) our PRC Legal Advisor's view above, (ii) the incident took place before commencement of the Track Record Period (particularly, Mr. Chen only became Dasheng Culture's board secretary in March 2016, one month before the publication of the 2015 results estimate, and its director in May 2016) and (iii) Mr. Chen has not experienced any similar incident since then, our Directors are of the view that the incident does not impugn the suitability of Mr. Chen to serve as a Director of our Company. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view above, nothing has come to the Sole Sponsor's attention that would cause it to disagree with our view regarding Mr. Chen's suitability to serve as a Director of our Company.

Except as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors and Supervisors that need to be brought to the attention of the Shareholders.



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# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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## MANAGEMENT AND CORPORATE GOVERNANCE

### Board Committees

#### *Audit Committee*

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group and provide advice and comments to the Board. The Audit Committee comprises Mr. Chen Jingyang, Dr. Lin Mingyao and Dr. Niu Shuangxia, with Mr. Chen Jingyang (being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

#### *Remuneration and Appraisal Committee*

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Chen Jingyang, Mr. Bi Lei and Dr. Niu Shuangxia, with Mr. Chen Jingyang as the chairperson.

#### *Nomination Committee*

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Dr. Niu Shuangxia, Mr. Bi Lei and Dr. Lin Mingyao, with Dr. Niu Shuangxia as the chairperson.

#### *Strategy and ESG Committee*

Our Board has established a strategy and ESG committee (the “**Strategy and ESG Committee**”) with written terms of reference. The primary duties of the Strategy and ESG Committee are to research on making recommendations to our Board on our long-term development strategies, major decisions, and environmental, social and governance matters. The Strategy and ESG Committee comprises Mr. Bi Lei, Dr. Bi Chao and Dr. Niu Shuangxia, with Mr. Bi Lei as the chairperson.

### Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon Listing save for the below.

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## **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

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Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Bi Lei, performs both the roles of the chairman of our Board and chief executive officer of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. Bi Lei is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive officer to Mr. Bi Lei can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

### **Board Diversity**

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of one female and four male Directors ranging from 42 to 66 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience in BLDC motor control ICs. They obtained degrees in various majors including electrical engineering, motor technology, economics and accounting. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

### **REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Our Directors and Supervisors receive remuneration in the form of fees, basic salaries, allowances and benefits in kind, contributions to pension schemes and discretionary bonuses. We determine the remuneration of our Directors and Supervisors based on their responsibilities, qualification, position and seniority.



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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The aggregate amount of remuneration of our Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 were RMB5.5 million, RMB6.6 million and RMB10.4 million, respectively. None of our Directors or Supervisors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force as of the date of this prospectus, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors and Supervisors by our Group in respect of the year ending December 31, 2025 to be approximately RMB14.3 million.

The five highest paid individuals of our Group for the years ended December 31, 2022, 2023 and 2024 included two, one and two Director(s), respectively. During the same periods, the aggregate amount of remuneration of the five highest paid individuals were RMB8.3 million, RMB11.1 million and RMB14.7 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, Supervisors, former supervisors or the five highest paid individuals for the loss of office as a director or supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors or Supervisors in respect of the Track Record Period.

### COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or trading volume of our listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$120.50 per Share (being the maximum Offer Price stated in this prospectus), we estimate that we will receive net proceeds of approximately HK\$1,846.3 million (equivalent to approximately RMB1,686.2 million) from the Global Offering after deducting the underwriting commission and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 34% of the net proceeds, or HK\$627.7 million (equivalent to approximately RMB573.3 million), is expected to be used for enhancing our R&D and innovation capabilities, including:
  - (i) approximately 21% of the net proceeds, or HK\$387.7 million (equivalent to approximately RMB354.1 million), will be used over the next five to ten years to retain, expand and strengthen our R&D team. According to Frost & Sullivan, China’s BLDC motor control and driver chip market is expected to grow from RMB9.6 billion in 2024 to RMB20.4 billion in 2028 with a CAGR of 20.9%, primarily driven by expected increasing demand in the automotive, industrial sectors, and artificial intelligence applications. The semiconductor industry is a talent-intensive industry, and we have, since our inception, formulated a talent cultivation strategy centered around “in-house training, mentorship and project-based learning”. We have built a multi-level R&D talent team consisting of 198 members, accounting for 73.3% of our total employees as of December 31, 2024. In response to the growing demand in the downstream applications that adopt our products, in next five to ten years, we plan to attract and retain around 180 additional R&D talents, representing a CAGR from 6.7% to 13.6%, with professional knowledge in digital IC design, analog IC design, motor control algorithms, hardware and testing, as well as talents from prestigious universities with relevant degrees, thereby continuously enhancing our R&D capabilities in the rapid growing automotive, industrial sectors, and artificial intelligence applications;
  - (ii) approximately 5% of the net proceeds, or HK\$92.3 million (equivalent to approximately RMB84.3 million), will be used to invest in R&D infrastructure. Specifically, we plan to purchase (i) IC reliability testing devices, such as emission microscope, parameter and curve tracers and ultrasonic scanning microscope, (ii) laboratory equipment, such as semiconductor parametric test equipment, thermal interface material testers and IC testing host system, (iii) computers; and (iv) software; and
  - (iii) approximately 8% of the net proceeds, or HK\$147.7 million (equivalent to approximately RMB134.9 million), will be used to purchase R&D materials, such as photomasks, printed circuit boards, and electronic components.

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## FUTURE PLANS AND USE OF PROCEEDS

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- approximately 10% of the net proceeds, or HK\$184.6 million (equivalent to approximately RMB168.6 million), is expected to be used to further enrich our product portfolio and expand downstream application. Our product development strategy is underpinned by a robust technology layout and extensive coverage of downstream applications. Leveraging our proprietary dual-core architecture and specialized motor control algorithms, we will continuously develop products tailored for a diverse range of downstream applications, by investing in product research, product testing, and strategic collaborations with key industry partners.
- (i) approximately 5% of the net proceeds, or HK\$92.3 million (equivalent to approximately RMB84.3 million), will be used to enhance our competitiveness in consumer markets such as smart small household appliances and white goods. Specifically, we plan to diversify and upgrade our product line in consumer applications to attract more leading brands to become our end customers, which require us to incur additional cost in (a) supporting capacity enhancement at our packaging and testing suppliers through investment in critical equipment, in order to meet end customer demands, and (b) recruiting and retaining around 20 product sales and marketing personnel with extensive experience in the consumer markets to expand the downstream application of our products; and
- (ii) approximately 5% of the net proceeds, or HK\$92.3 million (equivalent to approximately RMB84.3 million), will be used to further expand our business into emerging applications such as automotive and robotics sectors. We plan to invest in the development and upgrade our technological advantages in these industries to seize new market opportunities. We expect to incur additional cost in (a) the qualification of automotive-grade products, (b) supporting capacity enhancement at our packaging and testing suppliers through investment in critical equipment to satisfy the demand of our end customers, and (c) recruiting and retaining 20 sales and marketing personnel with extensive experience in these emerging markets to expand the downstream application of our products, so as to gain a first-mover advantage among competitors.
- approximately 16% of the net proceeds, or HK\$295.4 million (equivalent to approximately RMB269.8 million), is expected to be used for expanding our overseas sales network and promoting our products in overseas markets. Specifically, we plan to invest in (a) establishing sales and technical support teams in overseas markets such as Singapore, South Korea, Japan and Europe; and (b) targeted marketing initiatives for overseas customer engagement, such as, among others, launching promotion campaigns, collaborating with local distributors and participating in exhibitions and forums to further enhance our brand awareness. Recruiting sales and marketing personnel for our sales and marketing teams overseas with industry insights will not only expand the geographical coverage of our sales network, but also attract and develop more customers involved in the relevant downstream applications of our products, particularly in the industries of automobile, industrial sectors, consumer electronics, and robots.

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## FUTURE PLANS AND USE OF PROCEEDS

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- approximately 30% of the net proceeds, or HK\$553.9 million (equivalent to approximately RMB505.9 million), is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies. We seek potential investment and acquisition opportunities within the global semiconductor industry and select potential targets based on the following general selection criteria:
  - (i) the business of the target should exhibit synergies with or complement to our business. We plan to invest in and/or acquire companies across the semiconductor value chain, including but not limited to wafer manufacturers, power device companies, IP suppliers, and other chip design or sensor companies to further enhance our technological capabilities, secure manufacturing capacity, and improve our processing technologies. Specifically, the target should: (a) possess strong technical capabilities that complement our own; or (b) be able to help us expand our product portfolio and accelerate market penetration into additional downstream applications. Wafer manufacturing is a critical part of the semiconductor value chain. While we will maintain our fabless model, we may seek to strengthen supply chain autonomy through strategic investments and/or acquisition in wafer manufacturers to enable closer collaboration and ensure better synergies with our product innovations; and
  - (ii) the management team of the target should have knowledge and extensive relevant experience in the semiconductor industry.
- approximately 10% of the net proceeds, or HK\$184.6 million (equivalent to approximately RMB168.6 million), is expected to be used for working capital and general corporate uses.

To the extent that the net proceeds from the Global Offering are either more or less than expected (including as a result of (i) the Offer Price being set at a price lower than the maximum Offer Price; or (ii) additional net proceeds from the exercise of the Over-allotment Option), we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

BOCI Asia Limited\*

GF Securities (Hong Kong) Brokerage Limited\*

(\* in no particular order)

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 1,630,000 Hong Kong Offer Shares and the International Offering of initially 14,669,500 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Offer Size Adjustment Option and the Over-allotment Option (in the case of the International Offering).

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange, and such approval and permission not subsequently having been withdrawn or revoked prior to the commencement of dealings in the H Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

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## UNDERWRITING

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### *Grounds for Termination*

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

- (a) there develops, occurs, exists or comes into force:
  - (i) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or other jurisdictions relevant to the Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
  - (ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions, Taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or other financial markets (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or
  - (iii) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or
  - (iv) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market; or

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## UNDERWRITING

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- (v) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (vi) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (vii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any entity within the Group or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (viii) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (ix) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (x) any litigation, dispute, public action, legal action or claim or regulatory or administrative investigation or action being commenced, threatened, instigated or announced against any member of the Group or any Director, Supervisor or senior management members as named in this prospectus; or
- (xi) any contravention by any entity within the Group or any Director or Supervisor of the Listing Rules or applicable laws; or
- (xii) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (1) has or will or may have a material adverse effect;
- (2) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or



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## UNDERWRITING

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- (3) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by any of this prospectus, any of its application proof, the formal notice, the post hearing information pack, the disclosure package as defined in the International Underwriting Agreement, the preliminary offering circular, the offering circular and any other announcement, document, materials, communications or information made, issued, given, released, arising out of or used in connection with or in relation to the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering, including, without limitation, any investor presentation materials relating to the Offer Shares and, in each case, all amendments or supplements thereto (collectively, the “**Offering Documents**”); or
  - (4) has or will or may have the effect of making any part of Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:
  - (i) any statement contained in any of the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Global Offering Documents**”) (save and except for any Underwriters’ Information) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
  - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or
  - (iii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by the Company in Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
  - (iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to the indemnities in Hong Kong Underwriting Agreement; or



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## UNDERWRITING

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- (v) any breach of any of the obligations or undertakings imposed upon the Company to Hong Kong Underwriting Agreement, the International Underwriting Agreement; or
- (vi) there is any change or development involving a prospective change, constituting or having a material adverse effect; or
- (vii) that the chairman of the Board, any Director, any Supervisor or any member of senior management of the Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or
- (viii) any Director or Supervisor is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or
- (ix) the Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (x) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (xi) any of the experts named in this prospectus (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (xii) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (xiii) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (xiv) (A) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC Filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable laws; or

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## UNDERWRITING

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- (xv) that (i) a material portion of the orders placed or confirmed in the bookbuilding process or (ii) any investment commitment made by any cornerstone investors under the cornerstone investment agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, as a result of the payment of the relevant investment amount not being received or settled in the stipulated time and manner or otherwise,

then, in each case, the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) may, in its sole and absolute discretion and upon giving notice in writing to the Company, terminate Hong Kong Underwriting Agreement with immediate effect.

### *Undertakings to the Stock Exchange Pursuant to the Listing Rules*

#### *Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering, the Offer Size Adjustment Option or the Over-Allotment Option or our Restricted Share Incentive Plans or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

#### *Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each Controlling Shareholder has irrevocably and unconditionally undertaken to us and to the Stock Exchange that he, she or it shall not and shall procure that the relevant registered holder(s) controlled by he, she or it shall not, either directly or indirectly:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 6 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the “**Relevant Shares**”); or
- (b) in the period of a further 6 months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he, she or it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or a Controlling Shareholder of our Company or would together with the other Controlling Shareholders cease to be controlling shareholders (as defined in the Listing Rules).

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## UNDERWRITING

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Each of the Controlling Shareholders has further irrevocably and unconditionally undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its/his/her shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will and will procure that the relevant registered holder(s) will:

- (a) when he, she or it pledges or charges any securities in our Company beneficially owned by it/him/her in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and
- (b) when he, she or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

### ***Undertakings Pursuant to the Hong Kong Underwriting Agreement***

#### ***Undertakings by Our Company in Respect of Our Company***

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except as disclosed in this Prospectus, including but not limited to the offer, allotment, issue and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) or for circumstances permitted under Rule 10.08 of the Listing Rules, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), it will not, without the prior written consent of the Sole Sponsor and the Sponsor Overall-Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the H Shares or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any H Shares or other securities of the Company, as applicable), or, if applicable, deposit any H Share or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

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## UNDERWRITING

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- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the H Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) offer to or agree to do any of the foregoing specified in paragraph (a), (b) or (c) above or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of H Shares or such other securities of the Company, in cash or otherwise (whether or not the issue of H Shares or other securities of the Company will be completed within the First Six Month Period). The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any H Shares or other securities of the Company.

The Controlling Shareholders undertake to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it/he/she shall procure the Company to comply with the undertakings described above.

Our Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it will, comply with the minimum public float requirements specified in the Listing Rules from time to time (the “**Minimum Public Float Requirement**”), and it will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the Second Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters).

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## UNDERWRITING

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### ***Hong Kong Underwriters' Interests in Our Company***

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

### **International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, it is expected that our Company and the Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the International Underwriters and the Capital Market Intermediaries on or about the Price Determination Date. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option or the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares being offered under the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See “Structure of the Global Offering – The International Offering.”

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## UNDERWRITING

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### *Offer Size Adjustment Option*

The Company has an Offer Size Adjustment Option under the International Underwriting Agreement, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date and will lapse immediately thereafter. Upon the exercise of the Offer Size Adjustment Option, the Company may issue up to 2,444,900 additional Offer Shares (being 15% of the Offer Shares initially available under the Global Offering) at the Offer Price. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand.

### *Over-allotment Option*

Our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, being Sunday, August 3, 2025, pursuant to which our Company may be required to issue up to an aggregate of 2,811,600 additional H Shares, representing not more than 15.0% of the Offer Shares initially available under the Global Offering (assuming Offer Size Adjustment Option is exercised in full) and up to an aggregate of 2,444,900 additional H Shares (assuming Offer Size Adjustment Option is not exercised at all), at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. See “Structure of the Global Offering – Over-allotment Option.”

### **Commissions and Expenses**

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the Offer Size Adjustment Option and the Over-allotment Option) (the “**Fixed Fees**”). Our Company may, at its discretion, pay to one or more Underwriter(s) and Capital Market Intermediary(ies) an additional discretionary fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the Offer Size Adjustment Option and the Over-allotment Option) (the “**Discretionary Fees**”). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees to the Discretionary Fees will be approximately 3:2.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering to the relevant International Underwriters (and not the Hong Kong Underwriters).

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## UNDERWRITING

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The aggregate underwriting commissions and fees payable to the Underwriters and the Capital Market Intermediaries, together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and other expenses payable by our Company in relation to the Global Offering are estimated to be approximately HK\$117.8 million (assuming an Offer Price of HK\$120.5 per H Share (being the maximum Offer Price), the full payment of the Discretionary Fees and before the exercise of the Offer Size Adjustment Option and the Over-allotment Option).

### **Indemnity**

Each of our Company and each of the Controlling Shareholders has agreed to jointly and severally indemnify the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries and each of them for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement or any breach by any of our Company and the Controlling Shareholder of the Hong Kong Underwriting Agreement.

### **ACTIVITIES BY SYNDICATE MEMBERS**

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Group and/or persons and entities with relationships with our Group and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group’s loans and other debts.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.



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## UNDERWRITING

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In relation to issues by the Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering – Stabilization.” Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilization Manager or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Group and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

### **INDEPENDENCE OF THE SOLE SPONSOR**

As of the Latest Practicable Date, the Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited are the Overall Coordinators of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus.

16,299,500 Offer Shares will initially be made available (subject to the Offer Size Adjustment Option and the Over-allotment Option) under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 1,630,000 H Shares (subject to reallocation) in Hong Kong as described in “– The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 14,669,500 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S as described in “– The International Offering” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 15.0% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans). If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full and no additional Shares are issued pursuant to our Restricted Share Incentive Plans, the Offer Shares (including H Shares to be issued pursuant to the full exercise of the Offer Size Adjustment Option and the Over-allotment Option) will represent approximately 18.9% of the total Shares in issue (assuming the Offer Size Adjustment Option is exercised in full) immediately following the completion of the Global Offering and the issue of H Shares pursuant to the Offer Size Adjustment Option and the Over-allotment Option.

References in this prospectus to applications, application monies or the procedures for applications relate solely to the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### HONG KONG PUBLIC OFFERING

#### Number of Offer Shares Initially Offered

Our Company is initially offering 1,630,000 H Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the Offer Shares initially available under the Global Offering. The Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering, will represent approximately 1.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional and institutional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “– Conditions of the Global Offering” below.

#### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

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## STRUCTURE OF THE GLOBAL OFFERING

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Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 815,000 Hong Kong Offer Shares (being 50% of the 1,630,000 Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering) is liable to be rejected.

### Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 to the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- 1,630,000 Offer Shares are initially available under the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or over-subscribed:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 4,889,900 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 6,519,800 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 8,149,800 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may also, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters). Subject to the following paragraph, the Overall Coordinators may at their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Offer Shares are not fully subscribed, the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

In the event that (i) the International Offer Shares are not fully subscribed and the Hong Kong Offer Shares are fully subscribed or over-subscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or over-subscribed and the Hong Kong Offer Shares are fully subscribed or over-subscribed with the number of Offer Shares validly applied for under the Hong Kong Public Offering representing less than 15 times the number of Offer Shares initially available under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall not exceed 3,260,000 Offer Shares, representing twice of the Offer Shares initially available under the Hong Kong Public Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Tuesday, July 8, 2025.

### **Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the maximum Offer Price of HK\$120.5 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$12,171.53 for one board lot of 100 H Shares. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the maximum Offer Price of HK\$120.5 H Share, appropriate refund payments (including brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to the relevant successful applicants (subject to application channels), without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.”

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE INTERNATIONAL OFFERING

#### Number of Offer Shares Initially Offered

Subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option, the International Offering will consist of an offering of initially 14,669,500 H Shares, representing approximately 90% of the Offer Shares initially available under the Global Offering. The Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering, will represent approximately 13.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans).

#### Allocation

The International Offering will include selective marketing of Offer Shares to professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and the Shareholders as a whole.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

#### Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of reallocation as described in “– The Hong Kong Public Offering – Reallocation” above and/or the Offer Size Adjustment Option or the exercise of the Over-allotment Option in whole or in part.

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## STRUCTURE OF THE GLOBAL OFFERING

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### OFFER SIZE ADJUSTMENT OPTION

In order to provide the Company with the flexibility to increase the number of Offer Shares available under the Global Offering to cover additional demand, the Company has an Offer Size Adjustment Option which will allow the Company to issue up to 2,444,900 additional Offer Shares (representing 15% of the Offer Shares initially being offered under the Global Offering) (the “**Offer Size Adjustment Option Shares**”) at the Offer Price. The Offer Size Adjustment Option may be exercised on or before the second Business Day prior to the Listing Date and will lapse immediately thereafter.

The Offer Size Adjustment Option is contained in the International Underwriting Agreement and is exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date. If it is not exercised by such time, then the Offer Size Adjustment Option will lapse. In considering whether to exercise the Offer Size Adjustment Option, the Company and the Sponsor-Overall Coordinator will take into account a number of factors, including, among other things:

- a. whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:
  - i. the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and
  - ii. the corresponding number of H Shares under the Over-allotment Option;
- b. the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole; and
- c. general market conditions. The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

<b>Number of Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option  (“Original Subscribers”)</b>	<b>Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option</b>	<b>Number of Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option</b>	<b>Approximate percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option</b>
16,299,500	15%	18,744,400	16.87%

The Offer Size Adjustment Option will not be associated with any price stabilization activities of the Shares in the secondary market after the listing of our Shares on the Stock Exchange and will not be subject to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

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## STRUCTURE OF THE GLOBAL OFFERING

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If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, on a pro rata basis.

The Company will disclose in the allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, where the Offer Size Adjustment Option had not been exercised by then, the Offer Size Adjustment Option has lapsed and cannot be exercised on any future date.

### OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, being Sunday, August 3, 2025, to require our Company to issue up to an aggregate of 2,811,600 additional H Shares, representing not more than 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is exercised in full and to issue up to an aggregate of 2,444,900 additional H Shares (assuming Offer Size Adjustment Option is not exercised at all), at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full and no additional Shares are issued pursuant to our Restricted Share Incentive Plans, the additional H Shares to be issued pursuant thereto will represent approximately 2.2% of the total Shares in issue (assuming the Offer Size Adjustment Option is not exercised at all) immediately following the completion of the Global Offering and the issue of H Shares pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.



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## STRUCTURE OF THE GLOBAL OFFERING

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In connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilization Manager (or its affiliates or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing or subscribing for or agreeing to purchase or subscribe for the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing or agreeing to purchase any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilization Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or its affiliates or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilization Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;
- (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date and is expected to expire on Sunday, August 3, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- (e) the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.



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## STRUCTURE OF THE GLOBAL OFFERING

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In order to effect stabilization actions, the Stabilizing Manager will arrange cover through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid before the Listing Date, accordingly there will be no delayed settlement of the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilization Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

### PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Monday, July 7, 2025, by agreement between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

We will determine the Offer Price by reference to, among other factors, the closing price of the A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at [https://english.sse.com.cn/markets/equities/list/overview/?COMPANY\\_CODE=688279&STOCKCODE=688279](https://english.sse.com.cn/markets/equities/list/overview/?COMPANY_CODE=688279&STOCKCODE=688279)), and the Offer Price will not be more than HK\$120.50. The historical prices of our A Shares and trading volume on Shanghai Stock Exchange are set out below.

Period	High (RMB)	Low (RMB)	ADTV <sup>(1)</sup> (A Shares)
Year ended December 31, 2022	98.00	52.98	1,109,507
Year ended December 31, 2023	135.00	76.63	809,346
Year ended December 31, 2024	171.68	79.40	785,463
Year of 2025 (up to the Latest Practicable Date)	297.72	147.90	1,567,712

*Note:*

- (1) Average daily trading volume (“ADTV”) represents daily average number of the A Shares of the Company traded over the relevant period.

The Offer Price will not be more than HK\$120.5 per H Share, unless otherwise announced by our Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below.

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## STRUCTURE OF THE GLOBAL OFFERING

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The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the maximum Offer Price stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortioritech.com](http://www.fortioritech.com) notices of the reduction in the number of Offer Shares and/or the maximum Offer Price, the cancellation of the Global Offering and the relaunch of the offering at the revised number of Offer Shares and/or maximum Offer Price. Our Company will also, as soon as practicable following the decision to make such reduction, issue a supplemental or new prospectus updating investors of the reduction in the number of Offer Shares and/or the maximum Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus shall include at least the following: updated (a) maximum Offer Price and market capitalization; (b) listing timetable and underwriting obligations; (c) price/earnings multiple (if applicable), unaudited pro forma and adjusted net tangible assets; and (d) use of proceeds and working capital adequacy confirmation based on revised estimated proceeds. In the event of a reduction in the number of Offer Shares, the Overall Coordinators may also at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares offered under the Hong Kong Public Offering shall not be less than 10% of the Offer Shares available under the Global Offering (without taking into account any additional H Shares that may be issued pursuant to the Offer Size Adjustment Option and the Over-allotment Option). In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set above the maximum Offer Price as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares initially offered under the Global Offering (other than pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option and/or the reallocation mechanism as disclosed in this prospectus), or if the Offer Price falls outside the Maximum Offer Price as stated in this prospectus, or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offering on FINI and issue a supplemental or new prospectus, and giving investors at least three business days to consider the new information.

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## STRUCTURE OF THE GLOBAL OFFERING

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The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Tuesday, July 8, 2025 on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortiortech.com](http://www.fortiortech.com).

### UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or about the Price Determination Date. These underwriting arrangements, including the Underwriting Agreements, are summarized in “Underwriting.”

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option) on the Main Board of the Stock Exchange, and such approval and permission not subsequently having been withdrawn or revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (b) the Offer Price having been agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Monday, July 7, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

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## STRUCTURE OF THE GLOBAL OFFERING

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If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortioritech.com](http://www.fortioritech.com) on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

The H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, July 9, 2025 (Hong Kong time), provided that the Global Offering has become unconditional in all respects and the right of termination described in “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

### DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 9, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, July 9, 2025.

The H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 1304.

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# HOW TO APPLY FOR HONG KONG OFFER SHARES

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## IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

### FULLY ELECTRONIC APPLICATION PROCESS

**We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.**

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under “HKEXnews > New Listings > New Listing Information” and our website at [www.fortioritech.com](http://www.fortioritech.com).

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## A. APPLICATION FOR HONG KONG OFFER SHARES

### 1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address (for the **HK eIPO White Form** service only); and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are an existing Shareholder or a Director;
- are a close associate of any of the above;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 2. Application Channels

**The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, June 30, 2025, and end at 12:00 noon on Friday, July 4, 2025 (Hong Kong time).**

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
<b>HK eIPO White Form service</b>	at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, June 30, 2025 to 11:30 a.m. on Friday, July 4, 2025, Hong Kong time.  The latest time for completing full payment of application monies will be 12:00 noon on Friday, July 4, 2025, Hong Kong time.
<b>HKSCC EIPO channel</b>	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions, and you are advised not to wait until the last day for applications to apply for Hong Kong Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the application instructions are given, you shall be deemed to have declared that only one set of application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instruction given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 3. Information Required to Apply

You must provide the following information with your application:

#### For Individual/Joint Applicants

- Full name(s)<sup>(2)</sup> as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Hong Kong identity card (“**HKID**”); or
  - ii. National identification document; or
  - iii. Passport
- Identity document number

#### For Corporate Applicants

- Full name(s)<sup>(2)</sup> as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Legal Entity Identifier (“**LEI**”) registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document
- Identity document number

#### Notes:

- (1) If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
- (2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both English and Chinese names, both English and Chinese names must be used. Otherwise, either English or Chinese name will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application for Hong Kong Offer Shares. Similarly, for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data (“**CID**”) of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each of the joint beneficial owners. If you do not include this information, the application will be treated as being made for your benefit.
- (6) If an application is made by an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of our Company;
- control more than half of the voting power of our Company; or
- hold more than half of the issued share capital of our Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

#### 4. Permitted Number of Hong Kong Offer Shares for Application

##### Board lot size

##### 100 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment

Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$120.5 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment HK\$
100	12,171.53	2,000	243,430.49	10,000	1,217,152.43	300,000	36,514,572.76
200	24,343.05	2,500	304,288.10	20,000	2,434,304.86	400,000	48,686,097.00
300	36,514.57	3,000	365,145.72	30,000	3,651,457.28	500,000	60,857,621.26
400	48,686.09	3,500	426,003.35	40,000	4,868,609.70	600,000	73,029,145.50
500	60,857.62	4,000	486,860.96	50,000	6,085,762.13	700,000	85,200,669.76
600	73,029.14	4,500	547,718.59	60,000	7,302,914.56	815,000 <sup>(1)</sup>	99,197,922.63
700	85,200.68	5,000	608,576.21	70,000	8,520,066.98		
800	97,372.19	6,000	730,291.45	80,000	9,737,219.40		
900	109,543.72	7,000	852,006.70	90,000	10,954,371.83		
1,000	121,715.24	8,000	973,721.95	100,000	12,171,524.26		
1,500	182,572.86	9,000	1,095,437.18	200,000	24,343,048.50		

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# HOW TO APPLY FOR HONG KONG OFFER SHARES

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*Notes:*

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

## 5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under “– A. Application for Hong Kong Offer Shares – 3. Information Required to Apply” above. If you are suspected of submitting or causing to be submitted more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) the **HKSCC EIPO** channel or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

## 6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or the **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators (or their agents or nominees), as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (ii) confirm that you have read and understood the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on the Hong Kong Public Offering set out in this prospectus and they do not apply to you or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it, and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made), and will not rely on any other information or representations;
- (vi) agree that we, the Sole Sponsor, the Joint Global Coordinators, the Overall Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our and their respective directors, supervisors, officers, employees, partners, agents, advisors and other parties involved in the Global Offering (the “**Relevant Persons**”), the H Share Registrar, the **HK eIPO White Form** Service Provider and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares nor participated in the International Offering;
- (viii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes specified under “– G. Personal Data” below;
- (ix) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (x) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in “–B. Publication of Results” below;
- (xi) confirm that you are aware of the situations specified in “– C. Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares” below;
- (xii) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xiii) agree and warrant that you have complied with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Act, the Memorandum and Articles of Association, and laws of any place outside Hong Kong that apply to your application, and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiv) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and the person(s) for whose benefit you have made the application are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xv) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xvi) warrant that the information you have provided is true and accurate;
- (xvii) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you, and that you may be prosecuted for making a false declaration;
- (xviii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (xix) authorize us to place your name(s) or the name of HKSCC Nominees on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as may be required under the Memorandum and Articles of Association, and we and/or our agents to send any H Share certificate(s) and/or any **HK eIPO White Form** e-Auto Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application to the address specified in your application instructions by ordinary post at your own risk, unless you are eligible to collect the H Share certificate(s) and/or refund check(s) in person;
- (xx) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xxi) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by you or by anyone as your agent or by any other person; and
- (xxii) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (b) you have due authority to give application instructions on behalf of that other person as its agent.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### B. PUBLICATION OF RESULTS

#### Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

	Platform	Date/Time
<b>Applying through the HK eIPO White Form service or HKSCC EIPO channel:</b>		
Website	From the “Allotment Results” page at <a href="http://www.hkeipo.hk/IPOResult">www.hkeipo.hk/IPOResult</a> (or <a href="http://www.tricor.com.hk/ipo/result">www.tricor.com.hk/ipo/result</a> ) with a “search by ID” function  The full list of (i) wholly or partially successful applicants using the <b>HK eIPO White Form</b> service and <b>HKSCC EIPO</b> channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed <a href="http://www.hkeipo.hk/IPOResult">www.hkeipo.hk/IPOResult</a> or <a href="http://www.tricor.com.hk/ipo/result">www.tricor.com.hk/ipo/result</a> .  The Stock Exchange’s website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our website at <a href="http://www.fortior tech.com">www.fortior tech.com</a> , which will provide links to the above-mentioned websites of the H Share Registrar.	24 hours, from 11:00 p.m. on Tuesday, July 8, 2025 to 12:00 midnight on Monday, July 14, 2025 (Hong Kong time).  By 11:00 p.m. on Tuesday, July 8, 2025 (Hong Kong time).
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the H Share Registrar	Between 9:00 a.m. and 6:00 p.m. on Wednesday, July 9, 2025, Thursday, July 10, 2025, Friday, July 11, 2025 and Monday, July 14, 2025 (Hong Kong time).

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time) on a 24-hour basis, and should report any discrepancies on allotments to HKSCC as soon as practicable.

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# HOW TO APPLY FOR HONG KONG OFFER SHARES

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## Allocation Announcement

We expect to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortiortech.com](http://www.fortiortech.com) by no later than 11:00 p.m. on Tuesday, July 8, 2025 (Hong Kong time).

## C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying:

### 1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### 2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

### 3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

### 4. If:

- you make multiple applications or suspected multiple applications. You may refer to “– A. Application for Hong Kong Offer Shares – 5. Multiple Applications Prohibited” above on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- our Company or the Overall Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations.

### 5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

**There is a risk of money settlement failure.** In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

### D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, July 9, 2025 (Hong Kong time), provided that the Global Offering has become unconditional in all respects and the right of termination described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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The following sets out the relevant procedures and time:

	<b>HK eIPO White Form service</b>	<b>HKSCC EIPO channel</b>
<b>Despatch/collection of H Share certificate</b>		
<b>For application of 1,000,000 Hong Kong Offer Shares or more</b>	Collection in person from the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account.
	Time: from 9:00 a.m. to 1:00 p.m. on Wednesday, July 9, 2025 (Hong Kong time).	No action by you is required.
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.	
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.	
	<i>Note:</i> If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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	HK eIPO White Form service	HKSCC EIPO channel
For application of less than 1,000,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.  Date: Tuesday, July 8, 2025	
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, July 9, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address specified in your application instructions by ordinary post at your own risk.	

Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong on Tuesday, July 8, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, our Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “– E. Severe Weather Arrangements” in this section.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### E. SEVERE WEATHER ARRANGEMENTS

The application lists will not open or close on Friday, July 4, 2025 if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning signal; and/or
- Extreme Conditions

(collectively, “**Severe Weather Signals**”)

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025 (Hong Kong time).

Instead they will open at 11:45 a.m. and/or close at 12:00 noon on the next business day which does not have **Severe Weather Signals** in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon (Hong Kong time).

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in “Expected Timetable,” an announcement will be made and published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.fortiortech.com](http://www.fortiortech.com) of the revised timetable.

If a **Severe Weather Signal** is hoisted on Tuesday, July 8, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Wednesday, July 9, 2025.

If a **Severe Weather Signal** is hoisted on Tuesday, July 8, 2025, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe Weather Signal** is lowered or cancelled (e.g. in the afternoon of Tuesday, July 8, 2025 or on Wednesday, July 9, 2025).

If a **Severe Weather Signal** is hoisted on Wednesday, July 9, 2025, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar’s office after the **Severe Weather Signal** is lowered or cancelled (e.g. in the afternoon of Wednesday, July 9, 2025 or on Thursday, July 10, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **F. ADMISSION OF THE H SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisors for details of those settlement arrangements as such arrangements may affect your rights and interests.

### **G. PERSONAL DATA**

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. Such personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

#### **1. Personal Information Collection Statement**

This Personal Information Collection Statement informs applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

#### **2. Reasons for the Collection of Your Personal Data**

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 3. Purposes

Your personal data may be used, held, processed and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Company's register of members;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants for and holders of the H Shares and/or regulators and/or any other purposes to which applicants for and holders of the H Shares may from time to time agree.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. Transfer of Personal Data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operations;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purposes of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

### 5. Retention of Personal Data

Our Company and the H Share Registrar will keep the personal data of the applicants for and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### 6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company, at our Company's registered address disclosed in "Corporate Information" or as notified from time to time, for the attention of the joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

*The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.*



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## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FORTIOR TECHNOLOGY (SHENZHEN) CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

### INTRODUCTION

We report on the historical financial information of Fortior Technology (Shenzhen) Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-94, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group, and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-94 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2025 (the “**Prospectus**”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.



Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE****Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

**Dividends**

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

**Ernst & Young***Certified Public Accountants*

Hong Kong

30 June 2025

**I HISTORICAL FINANCIAL INFORMATION****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB\$'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2022</b>	<b>2023</b>	<b>2024</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>REVENUE</b>	5	322,973	411,359	600,325
Cost of sales		<u>(137,774)</u>	<u>(192,678)</u>	<u>(284,303)</u>
<b>Gross profit</b>		185,199	218,681	316,022
Other income and gains	6	58,967	84,376	83,307
Selling and distribution expenses		(12,605)	(18,396)	(24,670)
Administrative expenses		(24,543)	(27,193)	(35,621)
Research and development costs		(63,845)	(84,674)	(116,730)
Impairment losses on financial assets, net		35	(143)	27
Other expenses		(2)	(1,780)	(785)
Finance costs	8	<u>(62)</u>	<u>(490)</u>	<u>(513)</u>
PROFIT BEFORE TAX	7	143,144	170,381	221,037
Income tax (expense)/credit	11	<u>(1,143)</u>	<u>4,466</u>	<u>1,325</u>
<b>PROFIT FOR THE YEAR</b>		<u>142,001</u>	<u>174,847</u>	<u>222,362</u>
Attributable to:				
Owners of the parent		<u>142,001</u>	<u>174,847</u>	<u>222,362</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	13			
Basic				
– for profit for the year		<u>RMB1.68</u>	<u>RMB1.89</u>	<u>RMB2.41</u>
Diluted				
– for profit for the year		<u>RMB1.68</u>	<u>RMB1.89</u>	<u>RMB2.40</u>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>142,001</u>	<u>174,847</u>	<u>222,362</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	<u>320</u>	<u>(1,087)</u>	<u>223</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>320</u>	<u>(1,087)</u>	<u>223</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	<u>–</u>	<u>–</u>	<u>(165)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>–</u>	<u>(165)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>320</u>	<u>(1,087)</u>	<u>58</u>
Total comprehensive income for the year, net of tax	<u>142,321</u>	<u>173,760</u>	<u>222,420</u>
Attributable to:			
Owners of the parent	<u>142,321</u>	<u>173,760</u>	<u>222,420</u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	14	5,069	10,903	147,636
Right-of-use assets	15	8,581	7,259	16,150
Intangible assets	16	3,016	8,295	9,054
Equity investments designated at fair value through other comprehensive income	18	–	–	716
Debt investments at fair value through other comprehensive income	19	110,938	461,012	794,344
Deferred tax assets	30	1,755	10,099	15,603
Other non-current assets	20	15,689	25,674	29,567
Total non-current assets		145,048	523,242	1,013,070
CURRENT ASSETS				
Inventories	21	156,227	172,999	160,483
Trade receivables	22	1,428	5,771	5,638
Prepayments, deposits and other receivables	23	55,602	38,889	49,998
Financial assets at fair value through profit or loss	24	1,467,624	1,070,565	824,396
Debt investments at fair value through other comprehensive income	19	–	10,724	181,818
Time deposits	25	27,417	62,802	116,493
Cash and cash equivalents	25	519,585	608,696	297,355
Total current assets		2,227,883	1,970,446	1,636,181
CURRENT LIABILITIES				
Trade and bills payables	26	8,324	12,270	7,325
Contract liabilities	27	508	1,030	1,275
Other payables and accruals	28	78,589	75,784	66,461
Lease liabilities	15	3,219	3,895	3,640
Tax payable		–	–	253
Total current liabilities		90,640	92,979	78,954
NET CURRENT ASSETS		2,137,243	1,877,467	1,557,227
TOTAL ASSETS LESS CURRENT LIABILITIES		2,282,291	2,400,709	2,570,297

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Other payables and accruals	28	18,410	1,649	–
Lease liabilities	15	5,454	3,717	12,434
Deferred income	29	2,395	3,452	4,928
Deferred tax liabilities	30	973	773	–
		<u>          </u>	<u>          </u>	<u>          </u>
Total non-current liabilities		27,232	9,591	17,362
		<u>          </u>	<u>          </u>	<u>          </u>
Net assets		2,255,059	2,391,118	2,552,935
		<u>          </u>	<u>          </u>	<u>          </u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	31	92,363	92,363	92,363
Treasury shares	31	–	–	(193)
Reserves	33	2,162,696	2,298,755	2,460,765
		<u>          </u>	<u>          </u>	<u>          </u>
Total equity attributable to owners of the parent		2,255,059	2,391,118	2,552,935
		<u>          </u>	<u>          </u>	<u>          </u>
Non-controlling interests		–	–	–
		<u>          </u>	<u>          </u>	<u>          </u>
Total equity		2,255,059	2,391,118	2,552,935
		<u>          </u>	<u>          </u>	<u>          </u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Share capital RMB'000 (Note 31)	Capital reserve RMB'000 (Note 33)	Share option reserve RMB'000 (Note 33)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 33)	Exchange fluctuation reserve RMB'000 (Note 33)	Statutory surplus reserve RMB'000 (Note 33)	Retained profits RMB'000	Total equity RMB'000
At 31 December 2021 and 1 January 2022	69,272	156,651	-	-	(63)	19,803	175,788	421,451
Profit for the year	-	-	-	-	-	-	142,001	142,001
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	-	-	-	-	320	-	-	320
Total comprehensive income for the year	-	-	-	-	320	-	142,001	142,321
Dividends declared	-	-	-	-	-	-	(40,640)	(40,640)
Share-based payments	-	-	3,465	-	-	-	-	3,465
Issue of shares	23,091	1,705,371	-	-	-	-	-	1,728,462
Transferred from retained profits	-	-	-	-	-	14,692	(14,692)	-
At 31 December 2022	92,363	1,862,022	3,465	-	257	34,495	262,457	2,255,059

## Year ended 31 December 2023

	Share capital RMB'000 (Note 31)	Capital reserve RMB'000 (Note 33)	Share option reserve RMB'000 (Note 33)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 33)	Exchange fluctuation reserve RMB'000 (Note 33)	Statutory surplus reserve RMB'000 (Note 33)	Retained profits RMB'000	Total equity RMB'000
At 31 December 2022 and 1 January 2023	92,363	1,862,022	3,465	–	257	34,495	262,457	2,255,059
Profit for the year	–	–	–	–	–	–	174,847	174,847
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	(1,087)	–	–	(1,087)
Total comprehensive income/(loss) for the year	–	–	–	–	(1,087)	–	174,847	173,760
Dividends declared	–	–	–	–	–	–	(44,334)	(44,334)
Share-based payments	–	–	6,633	–	–	–	–	6,633
Transferred from retained profits	–	–	–	–	–	19,204	(19,204)	–
At 31 December 2023	92,363	1,862,022	10,098	–	(830)	53,699	373,766	2,391,118



## Year ended 31 December 2024

	Share capital RMB'000 (Note 31)	Treasury shares RMB'000 (Note 31)	Capital reserve RMB'000 (Note 33)	Share option reserve RMB'000 (Note 33)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 33)	Exchange fluctuation reserve RMB'000 (Note 33)	Statutory surplus reserve RMB'000 (Note 33)	Retained profits RMB'000	Total equity RMB'000
At 31 December 2023 and 1 January 2024	92,363	-	1,862,022	10,098	-	(830)	53,699	373,766	2,391,118
Profit for the year	-	-	-	-	-	-	-	222,362	222,362
Other comprehensive income for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(165)	-	-	-	(165)
Exchange differences on translation of foreign operations	-	-	-	-	-	223	-	-	223
Total comprehensive income/(loss) for the year	-	-	-	-	(165)	223	-	222,362	222,420
Dividends declared	-	-	-	-	-	-	-	(56,272)	(56,272)
Share-based payments	-	-	-	15,690	-	-	-	-	15,690
Shares repurchased	-	(193)	(19,828)	-	-	-	-	-	(20,021)
Transferred from retained profits	-	-	-	-	-	-	2,163	(2,163)	-
At 31 December 2024	92,363	(193)	1,842,194*	25,788*	(165)*	(607)*	55,862*	537,693*	2,552,935

\* The reserve accounts comprise the consolidated reserves of RMB2,162,696,000, RMB2,298,755,000 and RMB2,460,765,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		143,144	170,381	221,037
Adjustments for:				
Bank interest income	7	(4,935)	(8,094)	(9,196)
Other interest income from debt investments at fair value through other comprehensive income	7	(2,977)	(9,110)	(21,359)
Finance costs	8	62	490	513
Fair value (gains)/losses on financial assets at fair value through profit or loss	7	(6,424)	1,359	(6,864)
Investment income from financial assets at fair value through profit or loss	7	(25,014)	(42,231)	(19,964)
Foreign exchange gains		(1,697)	(722)	(1,127)
Loss on disposal of items of property, plant and equipment	7	2	3	1
Gain on disposal of items of right-of-use assets		(62)	(7)	(68)
Depreciation of property and equipment	7	1,787	2,127	4,417
Depreciation of right-of-use assets	7	3,232	4,071	3,997
Amortisation of intangible assets	7	1,119	2,472	3,611
(Impairment losses)/ reversal of impairment losses on financial assets, net	7	(35)	143	(27)
Write-down of inventories to net realisable value	7	252	1,286	3,582
Equity-settled share-based payments	7	3,453	3,242	12,273
		111,907	125,410	190,826
(Increase)/decrease in inventories		(95,803)	(18,060)	8,933
(Increase)/decrease in trade receivables		1,376	(4,477)	137
(Increase)/decrease in prepayments, deposits and other receivables		(6,297)	17,147	639
Increase/(decrease) in trade and bills payables		4,409	3,947	(5,013)
Increase/(decrease) in other payables and accruals		14,886	(18,884)	(15,911)
Increase/(decrease) in deferred income		2,342	1,056	1,477
Cash generated from operations		32,820	106,139	181,088
Interest received		4,555	6,319	5,039
Income tax paid		(2,542)	(1,115)	(1,397)
Net cash flows from operating activities		34,833	111,343	184,730

	Year ended 31 December		
Notes	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of wealth management products and structured deposits	4,659,832	5,546,616	3,713,037
Investment income from financial assets at fair value through profit or loss	25,014	42,231	19,964
Proceeds from time deposits	21,369	39,232	266,995
Proceeds from debt investments at fair value through other comprehensive income	108,875	–	10,000
Purchases of property, plant and equipment	(3,601)	(7,305)	(147,795)
Additions of intangible assets	(1,530)	(5,081)	(2,868)
Payment for cooperative building construction	(10,949)	(12,950)	(2,519)
Purchases of wealth management products and structured deposits	(6,120,242)	(5,150,473)	(3,460,253)
Purchases of equity investments at fair value through other comprehensive income	–	–	(900)
Purchases of time deposits	(48,066)	(74,008)	(318,808)
Purchases of debt investments at fair value through other comprehensive income	(219,212)	(351,687)	(494,133)
Interest received from time deposits and debt investments at fair value through other comprehensive income	2,502	1,486	4,971
Net cash flows (used in)/from investing activities	(1,586,008)	28,061	(412,309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	1,721,955	–	–
Dividends paid	(40,640)	(44,334)	(56,272)
Lease payments	(3,369)	(4,333)	(4,240)
Payment for deferred listing expenses	–	–	(834)
Settlements under instalment payables	–	(577)	(2,555)
Repurchase of shares	–	–	(20,021)
Net cash flows from/(used in) financing activities	1,677,946	(49,244)	(83,922)

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		126,771	90,160	(311,501)
Cash and cash equivalents at beginning of year		391,773	519,585	608,696
Effect of foreign exchange rate changes, net		1,041	(1,049)	160
CASH AND CASH EQUIVALENTS AT END OF YEAR		519,585	608,696	297,355
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	25	519,585	608,696	297,355

## STATEMENTS OF FINANCIAL POSITION THE COMPANY

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	4,674	10,586	14,006
Right-of-use assets	15	7,849	6,731	15,180
Intangible assets	16	3,016	4,510	7,016
Investments in subsidiaries	17	52,583	84,080	236,747
Equity investments designated at fair value through other comprehensive income	18	–	–	716
Debt investments at fair value through other comprehensive income	19	110,938	461,012	794,344
Deferred tax assets	29	822	4,001	6,836
Other non-current assets	20	15,677	25,674	29,313
Total non-current assets		195,559	596,594	1,104,158
CURRENT ASSETS				
Inventories	21	155,295	126,988	131,226
Trade receivables	22	1,428	11,255	5,894
Prepayments, deposits and other receivables	23	56,703	40,036	54,505
Financial assets at fair value through profit or loss	24	1,423,394	1,060,885	770,290
Debt investments at fair value through other comprehensive income	19	–	10,724	181,818
Time deposits	25	27,417	47,813	109,258
Cash and cash equivalents	25	487,669	580,058	255,906
Total current assets		2,151,906	1,877,759	1,508,897
CURRENT LIABILITIES				
Trade and bills payables	26	8,323	12,038	6,409
Contract liabilities	27	477	659	998
Other payables and accruals	28	73,907	68,222	52,760
Lease liabilities	15	2,811	3,430	3,272
Total current liabilities		85,518	84,349	63,439
NET CURRENT ASSETS		2,066,388	1,793,410	1,445,458
TOTAL ASSETS LESS CURRENT LIABILITIES		2,261,947	2,390,004	2,549,616

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Other payables and accruals	28	18,410	–	–
Lease liabilities	15	5,241	3,717	11,970
Deferred income	29	2,395	3,452	4,928
Deferred tax liabilities	30	932	657	–
Total non-current liabilities		26,978	7,826	16,898
Net assets		2,234,969	2,382,178	2,532,718
EQUITY				
Share capital	31	92,363	92,363	92,363
Treasury shares	31	–	–	(193)
Reserves	33	2,142,606	2,289,815	2,440,548
Total equity		2,234,969	2,382,178	2,532,718

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in People's Republic of China ("PRC") on 21 May 2010. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688279) on 20 April 2022. The registered address of the Company is 203, Building 11, Software Park (Phase II), 1 Keji Central Road II, Gaoxin Central Zone, Nanshan District, Shenzhen, Guangdong, PRC. The Company is ultimately controlled by Mr. BI CHAO, Mr. BI LEI and Ms. Gao Shuai who are acting in concert.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the development and commercialisation of BLDC (Brushless DC) motor control and drive products and solutions.

As of the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries are set out below:

Name	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Fortior Technology (Qingdao) Co., Ltd. (峰崙科技(青島)有限公司) (Note (a), (b), (c))	11 October 2019 Mainland China	RMB25,000,000	100	–	R&D, design and sales
Fortior Technology (Shanghai) Co., Ltd. (峰崙科技(上海)有限公司) (Note (a), (b), (c))	8 June 2018 Mainland China	RMB170,000,000	100	–	R&D, design and sales

*Notes:*

- (a) The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.
- (b) The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 prepared in accordance with generally accepted accounting principles and financial regulations in the PRC were audited by Da Hua CPAs LLP, a certified public accounting firm registered in the PRC.
- (c) The statutory financial statements of these entities for the year ended 31 December 2024 prepared in accordance with generally accepted accounting principles and financial regulations in the PRC were audited by ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP, a certified public accounting firm registered in the PRC.

### 2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB").

All IFRSs effective for the accounting period commencing on/before 1 January 2024, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value at the end of each of the Relevant Periods.

### Basis of consolidation

The consolidated financial statement includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>3</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>3</sup></i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>3</sup></i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>4</sup></i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>4</sup></i>

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group has expected that these standards will have an impact on the presentation and disclosure of the Group's financial statements but will not have a significant financial effect on the Group's operating results and financial position.



**2.3 MATERIAL ACCOUNTING POLICY INFORMATION****Fair value measurement**

The Group measures its equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

**Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17%
Leasehold improvements	20% to 50%
Machine equipment	9.50% to 19%
Furniture and fixtures	19%
Electronic equipment	31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

#### **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### ***IP licenses***

Purchased IP licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 3 to 10 years.

#### ***Software***

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

#### ***Research and development costs***

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

#### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant and properties	1 to 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

*(c) Short-term leases and leases of low-value assets*

A lease with a term of not more than 12 months at the inception of the lease term and without any purchase option is recognised as a short-term lease; lease comprising an individual lease asset in brand new conditions and with low value is recognised as a low-value asset lease. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**Investments and other financial assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

##### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**General approach**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

***Simplified approach***

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as follows:

***Financial liabilities at amortised cost (trade and other payables)***

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

**Revenue recognition*****Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

***Sale of products***

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery or acceptance of the products as agreed in the sales contracts.

***Other income***

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

**Contract assets**

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Contract cost**

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

**Share-based payments**

The Company operates a share incentive plan. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**Other employee benefits*****Pension scheme***

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

**Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

**Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

**Foreign currencies**

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

**3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

***Business model***

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed and how managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

***Characteristics of contractual cash flow***

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and judgement is required to determine whether they are "solely payments of principal and interest on the principal amount outstanding". The Group needs to determine whether the resulting cash flows from those of an instrument with modified time value of money element are significantly different from an instrument that has an unmodified time value of money element when assessing modification to time value of money element, and the Group needs to determine whether the fair value of the prepayment feature is insignificant when assessing a financial asset with a prepayment feature.

***Research and development expenses***

All research costs are charged to the profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the timing and the amounts of development costs to be capitalised requires the use of judgements and estimation.

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

***Provision against obsolete and slow-moving inventories***

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each year and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each year. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

***Deferred tax assets***

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised as well as the tax rate that is expected to apply to the period when the liability is settled, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 30 to the Historical Financial Information.

***Leases – estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay,” which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

***Share-based payment***

The Group, makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the vesting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The fair value of the share awards to employees is determined by a black-scholes model at the date they are granted. Significant estimates on assumptions, including the expected volatility, risk-free interest rate and expected life of options, are made by the management of the Group. Further details are included in note 32 to the Historical Financial Information.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the segment which principally engages in the development and commercialisation of BLDC (Brushless DC) motor control and drive products and solutions.

No operating segments have been aggregated to form the above reportable operating segment.

##### Geographical information

##### (a) Revenue from external customers

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mainland China*	304,149	394,836	563,146
Other countries/regions**	18,824	16,523	37,179
	<u>322,973</u>	<u>411,359</u>	<u>600,325</u>
Total revenue	<u>322,973</u>	<u>411,359</u>	<u>600,325</u>

The revenue information above is based on the locations of the customers.

\* Mainland China means the People's Republic of China excluding Hong Kong, Macau and Taiwan, China.

\*\* Other countries/regions primarily including (i) Taiwan, China, (ii) India and (iii) Hong Kong.

##### (b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of non-current assets is presented.

##### Information about a major customer

Revenue derived from a single customer which accounted for 10% or more of the Group's total revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Customer A	67,381	71,889	89,910
Customer B	42,752	N/A*	N/A*

\* Less than 10% of the Group's revenue.

## 5. REVENUE

An analysis of revenue is as follows:

**Revenue from contracts with customers**

(i) *Disaggregated revenue information*

**For the year ended 31 December 2022**

<b>Segments</b>	<b>Sale of products</b> <i>RMB'000</i>
<b>Types of goods</b>	
MCU	232,343
ASIC	19,697
HVIC	56,261
MOSFET	7,828
IPM	4,751
Others	2,093

Total revenue from contracts with customers	<b>322,973</b>
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**Geographical markets**

Mainland China	304,149
Other countries/areas	18,824

Total revenue from contracts with customers	<b>322,973</b>
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**Timing of revenue recognition**

Goods transferred at a point in time	<b>322,973</b>
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**For the year ended 31 December 2023**

<b>Segments</b>	<b>Sale of products</b> <i>RMB'000</i>
<b>Types of goods</b>	
MCU	274,748
ASIC	48,254
HVIC	66,395
MOSFET	3,655
IPM	16,929
Others	1,378

Total revenue from contracts with customers	<b>411,359</b>
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**Geographical markets**

Mainland China	394,836
Other countries/areas	16,523

Total revenue from contracts with customers	<b>411,359</b>
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**Timing of revenue recognition**

Goods transferred at a point in time	<b>411,359</b>
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**For the year ended 31 December 2024**

<b>Segments</b>	<b>Sale of products</b> <i>RMB'000</i>
<b>Types of goods</b>	
MCU	384,574
ASIC	84,748
HVIC	84,268
MOSFET	2,331
IPM	43,369
Others	1,035
	<hr/>
Total revenue from contracts with customers	600,325
	<hr/> <hr/>
<b>Geographical markets</b>	
Mainland China	563,146
Other countries/areas	37,179
	<hr/>
Total revenue from contracts with customers	600,325
	<hr/> <hr/>
<b>Timing of revenue recognition</b>	
Goods transferred at a point in time	600,325
	<hr/> <hr/>

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of year:			
Sale of products	1,975	508	1,030
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(a) *Performance obligations*

Information about the Group's performance obligation is summarised below:

## Sale of products

The performance obligation is satisfied upon delivery and acceptance of the chips products and the payment in advance is normally required.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within one year	44,471	50,966	60,167

## 6. OTHER INCOME AND GAINS

	Year ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
<b>Other income</b>			
Bank interest income	4,935	8,094	9,196
Other interest income from debt investments at fair value through other comprehensive income	2,977	9,110	21,359
Investment income from financial assets at fair value through profit or loss	25,014	42,231	19,964
Government grants *	16,920	24,325	25,118
	49,846	83,760	75,637
<b>Other gains</b>			
Fair value gains on financial assets at fair value through profit or loss	6,424	–	6,864
Foreign exchange gains	2,373	–	–
Others	324	616	806
	9,121	616	7,670
	58,967	84,376	83,307

\* The Group has received certain government grants related to assets and income. Certain of the grants have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions.

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cost of inventories sold *		137,774	192,678	284,303
Depreciation of property, plant and equipment	14	1,787	2,127	4,417
Depreciation of right-of-use assets	15	3,232	4,071	3,997
Amortisation of intangible assets **	16	1,119	2,472	3,611
Research and development costs		63,845	84,674	116,730
Lease payments not included in the measurement of lease liabilities		362	529	517
Auditor's remuneration		1,165	1,312	1,460
Employee benefit expense (excluding directors' and chief executive's remuneration):				
Salaries, bonuses and other benefits		58,285	78,878	101,637
Pension scheme contributions, social welfare and other welfare ***		8,069	10,670	13,718
Equity-settled share-based payments		3,453	3,242	11,933
		69,807	92,790	127,288
Impairment of financial assets:				
Impairment/(reversal of impairment) on trade receivables	22	(41)	134	(4)
Impairment on other receivables	23	6	9	(23)
		(35)	143	(27)
Fair value (gains)/losses:				
Financial assets at fair value through profit or loss		(6,424)	1,359	(6,864)
Foreign exchange (gains)/losses		(2,373)	347	783
Bank interest income	6	(4,935)	(8,094)	(9,196)
Other interest income from debt investments at fair value through other comprehensive income	6	(2,977)	(9,110)	(21,359)
Government grants	6	(16,920)	(24,325)	(25,118)
Investment income from financial assets at fair value through profit or loss	6	(25,014)	(42,231)	(19,964)
Write-down of inventories to net realisable value *		252	1,286	3,582
Loss on disposal of items of property, plant and equipment		2	3	1

\* Write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

\*\* The amortisation of intangible assets is included in "Selling and distribution expenses," "Administrative expenses," and "Research and development expenses" in the consolidated statement of profit or loss.

\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**8. FINANCE COSTS**

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest expenses on lease liabilities	275	443	283
Other finance cost	(213)	47	230
	<u>62</u>	<u>490</u>	<u>513</u>

**9. DIRECTORS' AND SUPERVISORS' REMUNERATION**

The remuneration of each director and supervisor as recorded during each of the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	200	200	241
Other emoluments:			
Salaries, allowances and benefits in kind	3,221	4,061	4,332
Performance related bonuses	1,755	1,980	5,190
Pension scheme contributions	305	326	335
Share-based payments	–	–	340
	<u>5,481</u>	<u>6,567</u>	<u>10,438</u>

**(a) Independent non-executive directors**

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mr. Wang Jianxin ( <i>note (a)</i> )	100	100	120
Mr. Shen Jianxin ( <i>note (b)</i> )	100	100	73
Ms. Niu Shuangxia ( <i>note (c)</i> )	–	–	48
	<u>200</u>	<u>200</u>	<u>241</u>

## (b) Executive directors, director and supervisors

## Year ended 31 December 2022

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Executive directors</b>				
Mr. Bi Lei	1,365	936	93	2,394
Mr. Bi Chao	719	240	–	959
<b>Non-Executive Director</b>				
Mr. Wang Lin	–	–	–	–
<b>Supervisors</b>				
Ms. Wang Yuhong ( <i>note (d)</i> )	302	276	57	635
Ms. Liu Haimei	468	250	94	812
Ms. Huang Xiaoying ( <i>note (g)</i> )	126	53	31	210
Mr. Xie Zhengkai ( <i>note (e)</i> )	241	–	30	271
	<u>3,221</u>	<u>1,755</u>	<u>305</u>	<u>5,281</u>

## Year ended 31 December 2023

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Executive directors</b>				
Mr. Bi Lei	2,019	960	99	3,078
Mr. Bi Chao	779	293	–	1,072
<b>Non-Executive Director</b>				
Mr. Wang Lin	–	–	–	–
<b>Supervisors</b>				
Ms. Wang Yuhong ( <i>note (d)</i> )	572	330	100	1,002
Ms. Liu Haimei	570	330	100	1,000
Mr. Bai Yuhong ( <i>note (f)</i> )	63	67	12	142
Ms. Huang Xiaoying ( <i>note (g)</i> )	58	–	15	73
	<u>4,061</u>	<u>1,980</u>	<u>326</u>	<u>6,367</u>

## Year ended 31 December 2024

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Share-based payments <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Executive directors</b>					
Mr. Bi Lei	2,058	960	102	255	3,375
Mr. Bi Chao	836	2,540	–	85	3,461
<b>Non-Executive Director</b>					
Mr. Wang Lin	–	–	–	–	–
<b>Supervisors</b>					
Ms. Wang Yuhong	678	872	103	–	1,653
Ms. Liu Haimei	634	746	103	–	1,483
Mr. Bai Yuhong	126	72	27	–	225
	<u>4,332</u>	<u>5,190</u>	<u>335</u>	<u>340</u>	<u>10,197</u>

## Notes:

- (a) Mr. Wang Jianxin was appointed as an independent non-executive director of the Company with effect from 16 June 2020 and resigned on 22 April 2025.
- (b) Mr. Shen Jianxin was appointed as an independent non-executive director of the Company with effect from 16 June 2020 and resigned on 8 August 2024.
- (c) Ms. Niu Shuangxia was appointed as an independent non-executive director of the Company with effect from 8 August 2024.
- (d) Ms. Wang Yuhong was appointed as a supervisor of the Company with effect from 1 June 2022.
- (e) Mr. Xie Zhengkai resigned as a supervisor of the Company on 1 June 2022.
- (f) Mr. Bai Yuhong was appointed as a supervisor of the Company with effect from 15 June 2023.
- (g) Ms. Huang Xiaoying resigned as a supervisor of the Company on 15 June 2023.
- (h) Mr. Lin Mingyao was appointed as an independent non-executive director of the Company with effect from 22 April 2025.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

**10. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees of the Group during the Relevant Periods included 2, 1, 2 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the 3, 4, 3 highest paid employees who are neither a director of the Group during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	2,787	4,753	4,042
Performance related bonuses	1,736	2,320	1,928
Pension scheme contributions	257	377	295
Share-based payments	208	556	1,640
	<u>4,988</u>	<u>8,006</u>	<u>7,905</u>

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2022	2023	2024
HK\$1,000,001 to HK\$1,500,000	1	–	–
HK\$1,500,001 to HK\$2,000,000	1	3	1
HK\$2,000,001 to HK\$2,500,000	1	–	1
HK\$3,000,001 to HK\$3,500,000	–	1	–
HK\$4,000,001 to HK\$4,500,000	–	–	1
	<u>3</u>	<u>4</u>	<u>3</u>

During the Relevant Periods, no highest paid employees waived or agreed to waive any remuneration, and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

**11. INCOME TAX**

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

**Mainland China**

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

The Company was accredited as a “High and New Technology Enterprise” in 2022, and therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pursuant to Guofa [2020] No. 8 “Several Policies to Promote the High-Quality Development of Integrated Circuit Industry and Software Industry in the New Period”(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), key integrated circuit design enterprises encouraged by the government shall, from the profit-making year, be exempted from enterprise income tax from the first to the fifth year, and a reduction of enterprise income tax at a rate of 10% in the succeeding years. The Company, as a qualified key integrated circuit design enterprise encouraged by the government, was exempted from income tax during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every year.

Fortior Technology (Shanghai) Co., Ltd. was accredited as a “High and New Technology Enterprise” in 2021 and entitled to a preferential income tax rate of 15%. The qualification is subject to review by the relevant tax authority in the PRC for every three years. Fortior Technology (Shanghai) Co., Ltd. has successfully passed the review of “High and New Technology Enterprise” in 2024 and was subject to income tax rate of 15% during the Relevant Periods.

Pursuant to Caishui [2021] No. 8 “Announcement of the State Taxation Administration on Matters Related to the Implementation of Income Tax Preferential Policies for Supporting the Development of Small Meagre-profit Enterprises and Self-employed Businesses”(國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告), Fortior Technology (Qingdao) Co., Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 12.5% of taxable income less than RMB1,000,000, from 1 January 2021 to 31 December 2022.

Pursuant to Caishui [2022] No. 13 “Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises” (關於進一步實施小微企業所得稅優惠政策的公告), Fortior Technology (Qingdao) Co., Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from 1 January 2022 to 31 December 2024.

Pursuant to Caishui [2023] No. 6 “Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses” (關於小微企業和個體工商戶所得稅優惠政策的公告), Fortior Technology (Qingdao) Co., Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB1,000,000 from 1 January 2023 to 31 December 2024.

Pursuant to Caishui [2023] No. 12 “Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses” (關於小微企業和個體工商戶所得稅優惠政策的公告), Fortior Technology (Qingdao) Co., Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from 1 January 2023 to 31 December 2027.



The major components of the income tax expense/(credit) for the year are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax expense			
Mainland China	1,061	–	1,486
Under provision in prior years from Mainland China	–	671	–
Total	<u>1,061</u>	<u>671</u>	<u>1,486</u>
Deferred tax expense/(credit)			
Mainland China	627	(4,322)	(1,509)
Elsewhere	(545)	(815)	(1,302)
Total	<u>82</u>	<u>(5,137)</u>	<u>(2,811)</u>
Total tax charge/(credit) for the year	<u>1,143</u>	<u>(4,466)</u>	<u>(1,325)</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the statutory tax rate to the effective tax rate, are as follows:

	Year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Profit before tax	<u>143,144</u>		<u>170,381</u>		<u>221,037</u>	
Tax charge at the preferential tax rate of 15%	21,472	15.0	25,557	15.0	33,156	15.0
Effect of different tax rates enacted by local authorities	(13,343)	(9.3)	(17,558)	(10.3)	(18,178)	(8.2)
Adjustments in respect of current tax of previous periods	–	–	671	0.4	–	–
Super deduction for research and development expenses	(7,142)	(5.0)	(13,342)	(7.8)	(17,384)	(7.9)
Effect on deferred tax of change in tax rates	–	–	–	–	867	0.4
Income not subject to tax	(1)	–	(19)	–	(58)	–
Expenses not deductible for tax	157	0.1	225	0.1	272	0.1
Tax charge/(credit) at the Group's effective rate	<u>1,143</u>	<u>0.8</u>	<u>(4,466)</u>	<u>(2.6)</u>	<u>(1,325)</u>	<u>(0.6)</u>

According to the EIT Law, the Company is entitled to additional deduction of qualified research and development expenses from the taxable income. The additional deduction percentage was 75% from 1 January 2022 to 30 September 2022, and it increased to 100% from 1 October 2022 to 31 December 2022 and further increased to 120% from 1 January 2023 to 31 December 2027.

**12. DIVIDENDS**

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dividends declared by the Company	40,640	44,334	56,272

On 1 June 2022, the Company's shareholders approved the 2021 profit distribution plan at an annual general meeting, pursuant to which an aggregate amount of RMB40,640,000 (inclusive of tax) was subsequently paid in June 2022 to the shareholders of the Company on the record date for determining the shareholders' entitlement to the 2021 profit distribution plan, which amounted to a dividend of RMB4.4 (inclusive of tax) for every 10 shares of the Company.

On 23 May 2023, the Company's shareholders approved the 2022 profit distribution plan at an annual general meeting, pursuant to which an aggregate amount of RMB44,334,000 (inclusive of tax) was subsequently paid in June 2023 to the shareholders of the Company on the record date for determining the shareholders' entitlement to the 2022 profit distribution plan, which amounted to a dividend of RMB4.8 (inclusive of tax) for every 10 shares of the Company.

On 22 May 2024, the Company's shareholders approved the 2023 profit distribution plan at an annual general meeting, pursuant to which an aggregate amount of RMB56,272,000 (inclusive of tax) were subsequently paid in June 2024 to the shareholders of the Company on the record date for determining the shareholders' entitlement to the 2023 profit distribution plan, which amounted to a dividend of RMB6.1 (inclusive of tax) for every 10 shares of the Company.

**13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding (excluding treasury shares) during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic earnings per share is based on:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Earnings</b>			
Profit attributable to ordinary equity holders of the parent	142,001	174,847	222,362

	Number of shares		
	Year ended 31 December		
	2022	2023	2024
<b>Number of shares</b>			
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	84,666,430	92,363,380	92,247,547
Effect of dilution – weighted average number of ordinary shares:			
Type II restricted shares*	–	–	463,076
<b>Total</b>	<b>84,666,430</b>	<b>92,363,380</b>	<b>92,710,623</b>

\* The number of the outstanding restricted shares contingently issuable was not included in the diluted earnings per share calculation for 2022 and 2023 as the earnings based contingencies were not met as at the end of the years.

#### 14. PROPERTY, PLANT AND EQUIPMENT

##### The Group

	Machine equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2022</b>					
At 1 January 2022:					
Cost	2,843	4,299	274	1,677	9,093
Accumulated depreciation	(305)	(2,275)	(260)	(967)	(3,807)
Net carrying amount	2,538	2,024	14	710	5,286
At 1 January 2022, net of accumulated depreciation	2,538	2,024	14	710	5,286
Additions	–	1,440	–	123	1,563
Disposals	–	(2)	–	–	(2)
Depreciation provided during the year	(270)	(1,032)	–	(485)	(1,787)
Exchange realignment	–	5	–	4	9
At 31 December 2022, net of accumulated depreciation	2,268	2,435	14	352	5,069
At 31 December 2022:					
Cost	2,843	5,724	274	1,805	10,646
Accumulated depreciation	(575)	(3,289)	(260)	(1,453)	(5,577)
Net carrying amount	2,268	2,435	14	352	5,069

	<b>Machine equipment</b> <i>RMB'000</i>	<b>Electronic equipment</b> <i>RMB'000</i>	<b>Furniture and fixtures</b> <i>RMB'000</i>	<b>Leasehold improvements</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>31 December 2023</b>					
At 1 January 2023:					
Cost	2,843	5,724	274	1,805	10,646
Accumulated depreciation	(575)	(3,289)	(260)	(1,453)	(5,577)
Net carrying amount	<u>2,268</u>	<u>2,435</u>	<u>14</u>	<u>352</u>	<u>5,069</u>
At 1 January 2023, net of accumulated depreciation	2,268	2,435	14	352	5,069
Additions	4,393	2,952	–	617	7,962
Disposals	–	(3)	–	–	(3)
Depreciation provided during the year	(364)	(1,496)	–	(267)	(2,127)
Exchange realignment	–	1	–	1	2
At 31 December 2023, net of accumulated depreciation	<u>6,297</u>	<u>3,889</u>	<u>14</u>	<u>703</u>	<u>10,903</u>
At 31 December 2023:					
Cost	7,236	8,667	274	2,423	18,600
Accumulated depreciation	(939)	(4,778)	(260)	(1,720)	(7,697)
Net carrying amount	<u>6,297</u>	<u>3,889</u>	<u>14</u>	<u>703</u>	<u>10,903</u>

	<b>Buildings</b> <i>RMB'000</i>	<b>Machine equipment</b> <i>RMB'000</i>	<b>Electronic equipment</b> <i>RMB'000</i>	<b>Furniture and fixtures</b> <i>RMB'000</i>	<b>Leasehold improvements</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>31 December 2024</b>						
At 1 January 2024:						
Cost	–	7,236	8,667	274	2,423	18,600
Accumulated depreciation	–	(939)	(4,778)	(260)	(1,720)	(7,697)
Net carrying amount	–	6,297	3,889	14	703	10,903
At 1 January 2024, net of accumulated depreciation	–	6,297	3,889	14	703	10,903
Additions	134,436	1,915	4,313	48	438	141,150
Disposals	–	–	(1)	–	–	(1)
Depreciation provided during the year	(1,419)	(769)	(1,927)	–	(302)	(4,417)
Exchange realignment	–	–	1	–	–	1
At 31 December 2024, net of accumulated depreciation	133,107	7,443	6,275	62	839	147,636
At 31 December 2024:						
Cost	134,436	9,151	12,958	322	2,863	159,730
Accumulated depreciation	(1,419)	(1,708)	(6,683)	(260)	(2,024)	(12,094)
Net carrying amount	133,017	7,443	6,275	62	839	147,636

## The Company

	<b>Machine equipment</b> <i>RMB'000</i>	<b>Electronic equipment</b> <i>RMB'000</i>	<b>Furniture and fixtures</b> <i>RMB'000</i>	<b>Leasehold improvements</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>31 December 2022</b>					
At 1 January 2022:					
Cost	2,843	3,907	274	1,677	8,701
Accumulated depreciation	(305)	(2,160)	(260)	(967)	(3,692)
Net carrying amount	<u>2,538</u>	<u>1,747</u>	<u>14</u>	<u>710</u>	<u>5,009</u>
At 1 January 2022, net of accumulated depreciation	2,538	1,747	14	710	5,009
Additions	–	1,286	–	20	1,306
Disposals	–	(2)	–	–	(2)
Depreciation provided during the year	(270)	(892)	–	(477)	(1,639)
At 31 December 2022, net of accumulated depreciation	<u>2,268</u>	<u>2,139</u>	<u>14</u>	<u>253</u>	<u>4,674</u>
At 31 December 2022:					
Cost	2,843	5,173	274	1,697	9,987
Accumulated depreciation	(575)	(3,034)	(260)	(1,444)	(5,313)
Net carrying amount	<u>2,268</u>	<u>2,139</u>	<u>14</u>	<u>253</u>	<u>4,674</u>

	<b>Machine equipment</b> <i>RMB'000</i>	<b>Electronic equipment</b> <i>RMB'000</i>	<b>Furniture and fixtures</b> <i>RMB'000</i>	<b>Leasehold improvements</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>31 December 2023</b>					
At 1 January 2023:					
Cost	2,843	5,173	274	1,697	9,987
Accumulated depreciation	(575)	(3,034)	(260)	(1,444)	(5,313)
Net carrying amount	2,268	2,139	14	253	4,674
At 1 January 2023, net of accumulated depreciation	2,268	2,139	14	253	4,674
Additions	4,393	2,792	–	617	7,802
Disposals	–	–	–	–	–
Depreciation provided during the year	(364)	(1,314)	–	(212)	(1,890)
At 31 December 2023, net of accumulated depreciation	6,297	3,617	14	658	10,586
At 31 December 2023:					
Cost	7,236	7,956	274	2,315	17,781
Accumulated depreciation	(939)	(4,339)	(260)	(1,657)	(7,195)
Net carrying amount	6,297	3,617	14	658	10,586

	Machine equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2024</b>					
At 1 January 2024:					
Cost	7,236	7,956	274	2,315	17,781
Accumulated depreciation	(939)	(4,339)	(260)	(1,657)	(7,195)
Net carrying amount	6,297	3,617	14	658	10,586
At 1 January 2024, net of accumulated depreciation	6,297	3,617	14	658	10,586
Additions	1,195	4,176	48	73	6,212
Disposals	–	(1)	–	–	(1)
Depreciation provided during the year	(769)	(1,785)	–	(237)	(2,791)
At 31 December 2024, net of accumulated depreciation	7,443	6,007	62	494	14,006
At 31 December 2024:					
Cost	9,151	12,108	322	2,388	23,969
Accumulated depreciation	(1,708)	(6,101)	(260)	(1,894)	(9,963)
Net carrying amount	7,443	6,007	62	494	14,006



## 15. LEASES

**The Group as a lessee**

The Group has lease contracts for various items of plant and properties. Leases of plant and properties generally have lease terms with from 12 months to 60 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

**(a) Right-of-use assets**

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

**The Group**

**Plant and  
properties**  
RMB'000

**31 December 2022**

At 1 January 2022:

Cost	6,695
Accumulated depreciation	(2,705)

Net carrying amount	3,990
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At 1 January 2022, net of accumulated depreciation	3,990
Additions	7,987
Depreciation provided during the year	(3,232)
Disposals	(164)

At 31 December 2022, net of accumulated depreciation	8,581
--	-------

At 31 December 2022:

Cost	10,957
Accumulated depreciation	(2,376)

Net carrying amount	8,581
---------------------	-------

**The Group****Plant and  
properties**  
*RMB'000***31 December 2023**

At 1 January 2023:

Cost	10,957
Accumulated depreciation	(2,376)

Net carrying amount	8,581
---------------------	-------

At 1 January 2023, net of accumulated depreciation	8,581
Additions	2,955
Depreciation provided during the year	(4,071)
Disposals	(206)

At 31 December 2023, net of accumulated depreciation	7,259
--	-------

At 31 December 2023:

Cost	13,194
Accumulated depreciation	(5,935)

Net carrying amount	7,259
---------------------	-------

**Plant and  
properties**  
*RMB'000***31 December 2024**

At 1 January 2024:

Cost	13,194
Accumulated depreciation	(5,935)

Net carrying amount	7,259
---------------------	-------

At 1 January 2024, net of accumulated depreciation	7,259
Additions	13,526
Depreciation provided during the year	(3,997)
Disposals	(638)

At 31 December 2024, net of accumulated depreciation	16,150
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At 31 December 2024:

Cost	23,035
Accumulated depreciation	(6,885)

Net carrying amount	16,150
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**The Company****Plant and  
properties**  
*RMB'000***31 December 2022**

At 1 January 2022:

Cost	5,834
Accumulated depreciation	(2,567)

Net carrying amount	3,267
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At 1 January 2022, net of accumulated depreciation	3,267
Additions	7,415
Depreciation provided during the year	(2,833)

At 31 December 2022, net of accumulated depreciation	7,849
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At 31 December 2022:

Cost	9,742
Accumulated depreciation	(1,893)

Net carrying amount	7,849
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**Plant and  
properties**  
*RMB'000***31 December 2023**

At 1 January 2023:

Cost	9,742
Accumulated depreciation	(1,893)

Net carrying amount	7,849
---------------------	-------

At 1 January 2023, net of accumulated depreciation	7,849
Additions	2,447
Depreciation provided during the year	(3,359)
Disposals	(206)

At 31 December 2023, net of accumulated depreciation	6,731
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At 31 December 2023:

Cost	11,636
Accumulated depreciation	(4,905)

Net carrying amount	6,731
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**The Company****Plant and  
properties**  
*RMB'000***31 December 2024**

At 1 January 2024:

Cost	11,636
Accumulated depreciation	(4,905)

Net carrying amount	6,731
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At 1 January 2024, net of accumulated depreciation	6,731
Additions	12,449
Depreciation provided during the year	(3,362)
Disposals	(638)

At 31 December 2024, net of accumulated depreciation	15,180
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At 31 December 2024:

Cost	21,958
Accumulated depreciation	(6,778)

Net carrying amount	15,180
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**(b) Lease liabilities**

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

**The Group**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year	3,896	8,673	7,612
Additions	7,802	2,811	12,895
Accretion of interest recognised during the year	275	443	283
Early termination	(163)	(213)	(706)
Payments	(3,137)	(4,102)	(4,010)
At the end of year	8,673	7,612	16,074
Analysed into:			
Current portion	3,219	3,895	3,640
Non-current portion	5,454	3,717	12,434

**The Company**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year	3,317	8,052	7,147
Additions	7,342	2,416	11,818
Accretion of interest recognised during the year	252	402	267
Early termination	–	(213)	(706)
Payments	(2,859)	(3,510)	(3,284)
	<u>8,052</u>	<u>7,147</u>	<u>15,242</u>
Analysed into:			
Current portion	2,811	3,430	3,272
Non-current portion	5,241	3,717	11,970
	<u>5,241</u>	<u>3,717</u>	<u>11,970</u>

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

**The Group**

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	275	443	283
Depreciation charge of right-of-use assets	3,232	4,071	3,997
Expense relating to short-term leases/leases of low-value assets	362	529	517
	<u>3,869</u>	<u>5,043</u>	<u>4,797</u>
Total amount recognised in profit or loss	<u>3,869</u>	<u>5,043</u>	<u>4,797</u>

**The Company**

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	252	402	267
Depreciation charge of right-of-use assets	2,833	3,359	3,362
Expense relating to short-term leases/leases of low-value assets	84	52	52
	<u>3,169</u>	<u>3,813</u>	<u>3,681</u>
Total amount recognised in profit or loss	<u>3,169</u>	<u>3,813</u>	<u>3,681</u>

## 16. INTANGIBLE ASSETS

## The Group

	Software RMB'000	IP licenses RMB'000	Total RMB'000
<b>31 December 2022</b>			
At 1 January 2022:			
Cost	2,139	1,092	3,231
Accumulated amortisation	(661)	(755)	(1,416)
Net carrying amount	1,478	337	1,815
Cost at 1 January 2022, net of accumulated amortisation	1,478	337	1,815
Additions	2,148	172	2,320
Amortisation provided during the year	(996)	(123)	(1,119)
At 31 December 2022	2,630	386	3,016
At 31 December 2022:			
Cost	4,287	1,319	5,606
Accumulated amortisation	(1,657)	(933)	(2,590)
Net carrying amount	2,630	386	3,016
	Software RMB'000	IP licenses RMB'000	Total RMB'000
<b>31 December 2023</b>			
At 1 January 2023:			
Cost	4,287	1,319	5,606
Accumulated amortisation	(1,657)	(933)	(2,590)
Net carrying amount	2,630	386	3,016
Cost at 1 January 2023, net of accumulated amortisation	2,630	386	3,016
Additions	7,751	–	7,751
Amortisation provided during the year	(2,323)	(149)	(2,472)
At 31 December 2023	8,058	237	8,295
At 31 December 2023:			
Cost	12,038	1,330	13,368
Accumulated amortisation	(3,980)	(1,093)	(5,073)
Net carrying amount	8,058	237	8,295

	Software RMB'000	IP licenses RMB'000	Total RMB'000
<b>31 December 2024</b>			
At 1 January 2024:			
Cost	12,038	1,330	13,368
Accumulated amortisation	(3,980)	(1,093)	(5,073)
Net carrying amount	8,058	237	8,295
Cost at 1 January 2024, net of accumulated amortisation	8,058	237	8,295
Additions	72	4,298	4,370
Amortisation provided during the year	(3,297)	(314)	(3,611)
At 31 December 2024	4,833	4,221	9,054
At 31 December 2024:			
Cost	12,110	4,973	17,083
Accumulated amortisation	(7,277)	(752)	(8,029)
Net carrying amount	4,833	4,221	9,054

**The Company**

	Software RMB'000	IP licenses RMB'000	Total RMB'000
<b>31 December 2022</b>			
At 1 January 2022:			
Cost	2,139	503	2,642
Accumulated amortisation	(661)	(166)	(827)
Net carrying amount	1,478	337	1,815
Cost at 1 January 2022, net of accumulated amortisation	1,478	337	1,815
Additions	2,148	172	2,320
Amortisation provided during the year	(996)	(123)	(1,119)
At 31 December 2022	2,630	386	3,016
At 31 December 2022:			
Cost	4,287	675	4,962
Accumulated amortisation	(1,657)	(289)	(1,946)
Net carrying amount	2,630	386	3,016

	Software RMB'000	IP licenses RMB'000	Total RMB'000
<b>31 December 2023</b>			
At 1 January 2023:			
Cost	4,287	675	4,962
Accumulated amortisation	(1,657)	(289)	(1,946)
Net carrying amount	2,630	386	3,016
Cost at 1 January 2023, net of accumulated amortisation	2,630	386	3,016
Additions	2,802	–	2,802
Amortisation provided during the year	(1,159)	(149)	(1,308)
At 31 December 2023	4,273	237	4,510
At 31 December 2023:			
Cost	7,089	675	7,764
Accumulated amortisation	(2,816)	(438)	(3,254)
Net carrying amount	4,273	237	4,510
	Software RMB'000	IP licenses RMB'000	Total RMB'000
<b>31 December 2024</b>			
At 1 January 2024:			
Cost	7,089	675	7,764
Accumulated amortisation	(2,816)	(438)	(3,254)
Net carrying amount	4,273	237	4,510
Cost at 1 January 2024, net of accumulated amortisation	4,273	237	4,510
Additions	72	4,298	4,370
Amortisation provided during the year	(1,550)	(314)	(1,864)
At 31 December 2024	2,795	4,221	7,016
At 31 December 2024:			
Cost	7,161	4,973	12,134
Accumulated amortisation	(4,366)	(752)	(5,118)
Net carrying amount	2,795	4,221	7,016



## 17. INVESTMENTS IN SUBSIDIARIES

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	52,583	84,080	236,747

## 18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## The Group and The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Equity investments designated at fair value through other comprehensive income</b>			
Unlisted equity investments, at fair value:			
Shenzhen Guochuang Embodied Intelligent Robot Co., Ltd	—	—	716

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

## 19. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Non-current asset</b>			
Negotiable Certificate of Deposit	110,938	461,012	794,344
<b>Current asset</b>			
Negotiable Certificate of Deposit	—	10,724	181,818

The above certificate deposits are issued by banks in Mainland China. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

## 20. OTHER NON-CURRENT ASSET

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayment for outsourced processing fees	2,832	2,124	708
Prepayment for purchase of property plant and equipment	1,908	255	3,242
Cooperative building construction*	10,949	23,295	25,617
	<u>15,689</u>	<u>25,674</u>	<u>29,567</u>

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayment for outsourced processing fees	2,832	2,124	708
Prepayment for purchase of property plant and equipment	1,896	255	2,988
Cooperative building construction*	10,949	23,295	25,617
	<u>15,677</u>	<u>25,674</u>	<u>29,321</u>

\* It represented the payments for the construction costs of the land and the buildings which are jointly owned by the Group and other independent third parties. Pursuant to the Joint Land Bidding Agreement, upon successful acquisition of the target land parcel, all participating parties jointly fund the cooperative development and construction of the project. Each party shares the costs required for the project's full completion and operational commencement based on the agreed proportion. As the land remains collectively owned and does not meet the definition of an identifiable asset, the allocated construction costs of the land and the buildings borne by the Group are classified as non-current assets and separately disclosed.

## 21. INVENTORIES

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	90,966	88,194	56,628
Finished goods	43,790	34,857	46,460
Outsourced Processing Materials	21,471	49,948	57,300
Goods in transit	—	—	95
	<u>156,227</u>	<u>172,999</u>	<u>160,483</u>

The inventories are net of a write-down of approximately RMB2,341,000, RMB3,205,000 and RMB5,800,000 as at 31 December 2022, 2023 and 2024, respectively.

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	91,002	73,709	52,869
Finished goods	42,981	11,343	27,391
Outsourced Processing Materials	21,312	41,936	50,871
Goods in transit	—	—	95
	<u>155,295</u>	<u>126,988</u>	<u>131,226</u>

The inventories are net of a write-down of approximately RMB2,341,000, RMB2,292,000 and RMB3,893,000 as at 31 December 2022, 2023 and 2024, respectively.

## 22. TRADE RECEIVABLES

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	1,472	5,949	5,812
Allowance for expected credit losses	(44)	(178)	(174)
	<u>1,428</u>	<u>5,771</u>	<u>5,638</u>

The Group's trading terms with its customers are mainly received in advance, and only a few customers are on credit. The credit period is generally within 30 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the billing date and net of allowance for expected credit losses, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	<u>1,428</u>	<u>5,771</u>	<u>5,638</u>

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of year	85	44	178
Impairment losses, net (note 7)	<u>(41)</u>	<u>134</u>	<u>(4)</u>
At the end of year	<u>44</u>	<u>178</u>	<u>174</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Set out below is the information during the Relevant Periods about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December		
	2022	2023	2024
	<i>Current</i>	<i>Current</i>	<i>Current</i>
Expected credit loss rate	3.00%	3.00%	3.00%
Gross carrying amount ( <i>RMB'000</i> )	1,472	5,949	5,812
Expected credit losses ( <i>RMB'000</i> )	44	178	174

**The Company**

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables due from subsidiaries	–	5,605	403
Trade receivables due from third parties	1,472	5,824	5,660
Allowance for expected credit losses	(44)	(174)	(169)
	<u>1,428</u>	<u>11,255</u>	<u>5,894</u>

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year	57	44	174
Impairment losses, net	(13)	130	(5)
At the end of year	<u>44</u>	<u>174</u>	<u>169</u>

## 23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments	24,196	5,705	7,727
Deposits and other receivables*	1,434	1,797	3,090
VAT recoverable	28,594	31,199	27,670
Prepaid tax	1,442	261	–
Deferred listing expenses	–	–	11,561
	55,666	38,962	50,048
Less: Impairment of other receivables **	(64)	(73)	(50)
	55,602	38,889	49,998

\* Deposits and other receivables are unsecured, non-interest-bearing and repayable on demand.

\*\* As at 31 December 2022, 2023 and 2024, the impairment of the financial assets included in prepayments, other receivables and other assets were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for other receivables are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of year	58	64	73
Impairment losses, net (note 7)	6	9	(23)
At the end of year	64	73	50

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments	24,127	5,635	6,820
Deposits and other receivables	1,092	1,498	1,798
VAT recoverable	28,494	24,203	20,679
Amount due from subsidiaries	3,047	8,765	13,680
Deferred listing expenses	—	—	11,561
	56,760	40,101	54,538
Less: Impairment of other receivables	(57)	(65)	(33)
	56,703	40,036	54,505

The movements in the loss allowance for other receivables are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of year	53	57	65
Impairment losses, net	4	8	(32)
	57	65	33

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products	47,479	7,679	41,913
Structured Deposits	1,420,145	1,062,886	782,483
	<u>1,467,624</u>	<u>1,070,565</u>	<u>824,396</u>

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products	10,257	–	27,875
Structured Deposits	1,413,137	1,060,885	742,415
	<u>1,423,394</u>	<u>1,060,885</u>	<u>770,290</u>

The wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.



## 25. CASH AND CASH EQUIVALENTS

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	519,585	608,696	297,355
Time deposits	27,417	62,802	116,493
	547,002	671,498	413,848
Less:			
Time deposits	(27,417)	(62,802)	(116,493)
	519,585	608,696	297,355

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances			
Denominated in			
– RMB	510,305	590,964	280,128
– USD	9,267	14,070	14,721
– Others	13	3,662	2,506
	519,585	608,696	297,355

The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

#### The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	487,669	580,058	255,906
Time deposits	27,417	47,813	109,258
	515,086	627,871	365,164
Less:			
Time deposits	(27,417)	(47,813)	(109,258)
	487,669	580,058	255,906
	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances			
Denominated in			
– RMB	482,945	578,189	255,743
– USD	4,724	1,869	163
	487,669	580,058	255,906

## 26. TRADE AND BILLS PAYABLES

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bills payable	–	–	68
Trade payables	8,324	12,270	7,257
	<u>8,324</u>	<u>12,270</u>	<u>7,325</u>

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the date of goods received from the suppliers, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	<u>8,324</u>	<u>12,270</u>	<u>7,325</u>

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bills payable	–	–	68
Trade payables	8,323	12,038	6,341
	<u>8,323</u>	<u>12,038</u>	<u>6,409</u>

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the date of goods received from the suppliers, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	<u>8,323</u>	<u>12,038</u>	<u>6,409</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 days.

## 27. CONTRACT LIABILITIES

## The Group

The Group recognised the following revenue-related contract liabilities:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sale of products	508	1,030	1,275

## The Company

The Company recognised the following revenue-related contract liabilities:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sale of products	477	659	998

Contract liabilities include short-term advances received to deliver products.

## 28. OTHER PAYABLES AND ACCRUALS

## The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>			
Deposits payable	49,302	38,430	4,832
Payroll payables	21,085	27,652	37,483
Accruals and other payables	4,871	3,934	17,855
Instalments payable due within one year	544	2,151	1,701
Other tax payables	2,787	3,617	4,590
	78,589	75,784	66,461
<b>Non-current liabilities</b>			
Deposits payable	17,842	–	–
Instalments payable for purchase of intangible assets	568	1,649	–
	18,410	1,649	–

## The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>			
Deposits payable	49,302	38,430	4,832
Payroll payables	17,011	22,259	27,341
Accruals and other payables	4,353	3,616	17,369
Instalments payable due within one year	544	578	–
Other tax payables	2,697	3,339	3,218
	<u>73,907</u>	<u>68,222</u>	<u>52,760</u>
<b>Non-current liabilities</b>			
Deposits payable	17,842	–	–
Instalments payable for purchase of intangible assets	568	–	–
	<u>18,410</u>	<u>–</u>	<u>–</u>

Instalments payable relates to the purchase of intangible assets which are payable in three instalments over three years. Deposits payable represents the deposits received from the customers to secure the production capacity, which will be returned to the customers proportionally when future sales occur. Other than that, other payables included in the above balances are non-interest-bearing and have no fixed terms of settlement.

## 29. DEFERRED INCOME

## The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants	<u>2,395</u>	<u>3,452</u>	<u>4,928</u>

The movements of deferred income for the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	53	2,395	3,452
Grants received during the year	2,700	2,000	4,500
Amounts released to profit or loss during the year	<u>(358)</u>	<u>(943)</u>	<u>(3,024)</u>
At end of the year	<u>2,395</u>	<u>3,452</u>	<u>4,928</u>

## 30. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

**The Group**

	Impairment of trade and other receivables <i>RMB'000</i>	Impairment of inventories <i>RMB'000</i>	Unrealised internal trading profits <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Share incentive plan <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	21	329	348	123	–	588	–	1,409
Deferred tax (charged)/credited to the statement of profit or loss during the year	(5)	22	(203)	567	519	727	–	1,627
At 31 December 2022	16	351	145	690	519	1,315	–	3,036
At 1 January 2023	16	351	145	690	519	1,315	–	3,036
Deferred tax credited/(charged) to the statement of profit or loss during the year	22	283	1,609	2,540	471	(136)	1	4,790
Deferred tax credited to share option reserve during the year	–	–	–	–	3,387	–	–	3,387
At 31 December 2023	38	634	1,754	3,230	4,377	1,179	1	11,213
At 1 January 2024	38	634	1,754	3,230	4,377	1,179	1	11,213
Deferred tax (charged)/credited to the statement of profit or loss during the year	(15)	235	(527)	1,565	1,062	494	503	3,317
Deferred tax credited to share option reserve during the year	–	–	–	–	3,416	–	–	3,416
Deferred tax credited to other comprehensive income during the year	–	–	–	–	–	–	18	18
At 31 December 2024	23	869	1,227	4,795	8,855	1,673	522	17,964

## The Company

	Impairment of trade and other receivables <i>RMB'000</i>	Impairment of inventories <i>RMB'000</i>	Share incentive plan <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	17	328	–	498	–	843
Deferred tax (charged)/credited to the statement of profit or loss during the year	(2)	23	423	712	–	1,156
At 31 December 2022	15	351	423	1,210	–	1,999
At 1 January 2023	15	351	423	1,210	–	1,999
Deferred tax credited/(charged) to the statement of profit or loss during the year	21	(7)	379	(137)	1	257
Deferred tax credited to share option reserve during the year	–	–	2,756	–	–	2,756
At 31 December 2023	36	344	3,558	1,073	1	5,012
At 1 January 2024	36	344	3,558	1,073	1	5,012
Deferred tax (charged)/credited to the statement of profit or loss during the year	(16)	46	693	453	492	1,668
Deferred tax credited to share option reserve during the year	–	–	2,332	–	–	2,332
Deferred tax credited to other comprehensive income during the year	–	–	–	–	18	18
At 31 December 2024	20	390	6,583	1,526	511	9,030

The movements in deferred tax liabilities during the Relevant Periods are as follows:

**The Group**

	<b>Fair value adjustments of financial assets at fair value through profit and loss RMB'000</b>	<b>Right-of-use assets RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2022	–	581	–	581
Deferred tax charged to the statement of profit or loss during the year	965	700	8	1,673
At 31 December 2022	<u>965</u>	<u>1,281</u>	<u>8</u>	<u>2,254</u>
At 1 January 2023	965	1,281	8	2,254
Deferred tax (credited)/charged to the statement of profit or loss during the year	(205)	(168)	6	(367)
At 31 December 2023	<u>760</u>	<u>1,113</u>	<u>14</u>	<u>1,887</u>
At 1 January 2024	760	1,113	14	1,887
Deferred tax (credited)/charged to the statement of profit or loss during the year	(68)	550	(8)	474
At 31 December 2024	<u>692</u>	<u>1,663</u>	<u>6</u>	<u>2,361</u>



## The Company

	Fair value adjustments of financial assets at fair value through profit and loss <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	–	489	–	489
Deferred tax charged to the statement of profit or loss during the year	929	688	3	1,620
At 31 December 2022	929	1,177	3	2,109
At 1 January 2023	929	1,177	3	2,109
Deferred tax credited to the statement of profit or loss during the year	(271)	(167)	(3)	(441)
At 31 December 2023	658	1,010	–	1,668
At 1 January 2024	658	1,010	–	1,668
Deferred tax charged to the statement of profit or loss during the year	18	508	–	526
At 31 December 2024	676	1,518	–	2,194

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

**The Group**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	1,755	10,099	15,603
Net deferred tax liabilities recognised in the consolidated statement of financial position	973	773	–

**The Company**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the statement of financial position	822	4,001	6,836
Net deferred tax liabilities recognised in the statement of financial position	932	657	–

## 31. SHARE CAPITAL AND TREASURY SHARES

## (a) Share capital

*The Group and the Company*

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Registered, issued and fully paid:			
A shares	92,363	92,363	92,363

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2022	69,272,530	69,272
Issue of A shares	23,090,850	23,091
At 31 December 2022 and 1 January 2023	92,363,380	92,363
At 31 December 2023 and 1 January 2024	92,363,380	92,363
At 31 December 2024	92,363,380	92,363

## (b) Treasury shares

*The Group and the Company*

	Number of shares in issue	Treasury shares RMB'000
At 31 December 2022 and 2023 and 1 January 2024	–	–
A shares repurchased	193,000	193
At 31 December 2024	193,000	193

As at 31 December 2024, the Company repurchased 193,000 issued A shares at a consideration of RMB20,021,000.

## 32. EQUITY INCENTIVE PLAN

## (1) 2022 Equity incentive plan

The Company operates an equity incentive plan which became effective on 2 September 2022 and will remain in force for five years from that date. The board approved a total of 2,471,000 type II restricted shares, and the grant price for each share is RMB56.00. It was confirmed that 133 participants were granted 2,361,000 type II restricted shares, and 110,000 type II restricted shares were reserved. On 3 August 2023, the Second Meeting of the Second Session of the Board of Directors approved the grant of 110,000 reserved restricted shares to four participants.

Type II restricted shares refer to A shares granted to the participants pursuant to which the participants have the right to subscribe new A shares of the Company upon the satisfaction of certain vesting conditions.

The vesting periods and vesting arrangements for the initially granted restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period*	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	20%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2022 is not less than 20%
Second vesting period*	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	40%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2023 is not less than 40%
Third vesting period	From the first trading day 36 months after the date of the first grant to the first grant end of the last trading day within 48 months	40%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2024 is not less than 60%

The vesting periods and vesting arrangements for the reserved restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period*	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	50%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2023 is not less than 40%
Second vesting period	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	50%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2024 is not less than 60%

\* These vesting conditions were not met and related granted shares were forfeited accordingly.

## (2) 2024 Equity incentive plan

The Company operates an equity incentive plan which became effective on 22 November 2024 and will remain in force for five years from that date. The board of directors approved a total of 1,629,000 type II restricted shares, and the grant price for each share is RMB70.00. It was confirmed that 221 participants were granted 1,599,000 type II restricted shares, and 30,000 type II restricted shares were reserved.

Type II restricted shares refer to A shares granted to the participants pursuant to which the participants have the right to subscribe new A shares of the Company upon the satisfaction of certain vesting conditions.

The vesting periods and vesting arrangements for the initially granted restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	30%	Based on the revenue of 2023, the growth rate of revenue of 2024 is not less than 30%
Second vesting period	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	30%	Based on the revenue of 2023, the growth rate of revenue of 2025 is not less than 60%
Third vesting period	From the first trading day 36 months after the date of the first grant to the first grant end of the last trading day within 48 months	40%	Based on the revenue of 2023, the growth rate of revenue of 2026 is not less than 85%

## (3) The following restricted shares were outstanding under 2022 and 2024 Equity incentive plan during the Relevant Periods:

	Year ended 31 December					
	2022		2023		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB per share	'000	RMB per share	'000	RMB per share	'000
At 1 January	—	—	56.00	1,869	55.52	965
Granted during the year	56.00	2,361	55.52	110	70.00	1,599
Forfeited during the year	56.00	(492)	55.52	(1,014)	55.47	(49)
At the end of the year	56.00	1,869	55.52*	965	64.50*	2,515

- (4) The following restricted shares were outstanding under the Scheme during the Relevant Periods:

	Number of options '000	Exercise price * RMB per share	Exercise period
As at 31 December 2022			
	934	56.00	2-9-24 to 1-9-25
	935	56.00	2-9-25 to 1-9-26
	<u>1,869</u>		
As at 31 December 2023			
	910	55.52	2-9-25 to 1-9-26
	55	55.52	3-8-25 to 2-8-26
	<u>965</u>		
As at 31 December 2024			
	861	54.91	2-9-25 to 1-9-26
	55	54.91	3-8-25 to 2-8-26
	480	70.00	22-11-25 to 21-11-26
	480	70.00	22-11-26 to 21-11-27
	639	70.00	22-11-27 to 21-11-28
	<u>2,515</u>		

\* The exercise price per share was adjusted for the dividends entitlement for 2023 and 2024 respectively.

- (5) Details of equity-settled share-based payments during the Relevant Periods are as follows:

The fair value of equity-settled restricted shares granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

	As at 2 September 2022	As at 3 August 2023	As at 22 November 2023
Share price at the grant date	RMB64.40	RMB107.00	RMB134.70
Expected volatility (%)	15.65-17.13	12.99-14.92	15.97-19.39
Risk-free interest rate (%)	1.50-2.75	1.50-2.10	1.50-2.75
Expected life of options (years)	1-3	1-2	1-3

During the years ended 31 December 2022, 2023 and 2024, the Group recorded share-based payment expenses of RMB3,453,000, RMB3,242,000 and RMB12,273,000, respectively.

**33. RESERVES****The Group**

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the Historical Financial Information.

**(i) Capital reserve**

The capital reserve mainly represents the difference between the value of share capital and the consideration received.

**(ii) Statutory surplus reserve**

In accordance with the Company Law of the PRC, the companies in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the company registered capital. The statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

**(iii) Share option reserve**

The share option reserve comprises the fair value of restricted shares granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the Historical Financial Information. The amount will either be transferred to the capital reserve account when the related options are exercised or be transferred to retained profits should the related options expire after the vesting period.

**(iv) Exchange fluctuation reserve**

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statement of foreign operations whose functional currencies are different from the Group's presentation currency.

**(v) Fair value reserve**

The fair value reserve represents the fair value movement of equity investment designated at fair value through other comprehensive income.

**The Company**

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	<b>Capital reserve</b> <i>RMB'000</i>	<b>Share option reserve</b> <i>RMB'000</i>	<b>Fair value reserve</b> <i>RMB'000</i>	<b>Statutory surplus reserve</b> <i>RMB'000</i>	<b>Retained profits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2022	156,651	—	—	18,516	166,641	341,808
Profit for the year	—	—	—	—	132,602	132,602
Total comprehensive income for the year	—	—	—	—	132,603	132,603
Dividends declared to shareholders	—	—	—	—	(40,640)	(40,640)
Share-based payments	—	3,465	—	—	—	3,465
Issue of shares	1,705,371	—	—	—	—	1,705,371
Transferred from retained profits	—	—	—	13,260	(13,260)	—
At 31 December 2022	<u>1,862,022</u>	<u>3,465</u>	<u>—</u>	<u>31,776</u>	<u>245,343</u>	<u>2,142,606</u>
	<b>Capital reserve</b> <i>RMB'000</i>	<b>Share option reserve</b> <i>RMB'000</i>	<b>Fair value reserve</b> <i>RMB'000</i>	<b>Statutory surplus reserve</b> <i>RMB'000</i>	<b>Retained profits</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2023	1,862,022	3,465	—	31,776	245,343	2,142,606
Profit for the year	—	—	—	—	185,540	185,540
Total comprehensive income for the year	—	—	—	—	185,540	185,540
Dividends declared to shareholders	—	—	—	—	(44,334)	(44,334)
Share-based payments	—	6,003	—	—	—	6,003
Transferred from retained profits	—	—	—	18,554	(18,554)	—
At 31 December 2023	<u>1,862,022</u>	<u>9,468</u>	<u>—</u>	<u>50,330</u>	<u>367,995</u>	<u>2,289,815</u>



	Capital reserve <i>RMB'000</i>	Share option reserve <i>RMB'000</i>	Fair value reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	1,862,022	9,468	–	50,330	367,995	2,289,815
Profit for the year	–	–	–	–	212,393	212,393
Other comprehensive income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income	–	–	(165)	–	–	(165)
Total comprehensive income for the year	–	–	(165)	–	212,393	212,228
Dividends declared to shareholders	–	–	–	–	(56,272)	(56,272)
Share-based payments	–	14,605	–	–	–	14,605
Shares repurchased	(19,828)	–	–	–	–	(19,828)
At 31 December 2024	<u>1,842,194</u>	<u>24,073</u>	<u>(165)</u>	<u>50,330</u>	<u>524,116</u>	<u>2,440,548</u>

## 34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

## (a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,802,000, RMB2,811,000 and RMB12,895,000, respectively, in respect of lease arrangements for office premises.

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to intangible assets and other payables of RMB1,005,000, RMB3,222,000 and nil, respectively, in respect of software.

## (b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Instalment payables (including due within one year) RMB'000
At 1 January 2022	3,896	–
Additions	7,802	1,005
Changes from financing cash flows	(3,137)	–
Accretion of interest	275	–
Early termination of lease liabilities	(163)	–
Foreign exchange movement	–	107
At 31 December 2022	8,673	1,112
At 1 January 2023	8,673	1,112
Additions	2,811	3,222
Changes from financing cash flows	(4,102)	(577)
Accretion of interest	443	48
Early termination of lease liabilities	(213)	–
Foreign exchange movement	–	(5)
At 31 December 2023	7,612	3,800
At 1 January 2024	7,612	3,800
Additions	12,685	–
Changes from financing cash flows	(4,010)	(2,331)
Accretion of interest	283	230
Early termination of lease liabilities	(706)	–
Foreign exchange movement	–	2
At 31 December 2024	16,074	1,701

## (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities	365	526	510
Within financing activities	3,369	4,333	4,240
	<u>          </u>	<u>          </u>	<u>          </u>
Total	3,734	4,859	4,750
	<u>          </u>	<u>          </u>	<u>          </u>

## 35. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property, plant and equipment	1,645	1,099	2,562
Cooperative building construction	10,949	99,919	64,952
	<u>          </u>	<u>          </u>	<u>          </u>
	12,594	101,018	67,514
	<u>          </u>	<u>          </u>	<u>          </u>

## 36. RELATED PARTY TRANSACTIONS

## (a) Compensation of key management personnel of the Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,882	3,754	3,852
Performance related bonuses	1,508	1,595	3,900
Pension scheme contributions	269	293	250
Share-based payments	111	90	435
	<u>          </u>	<u>          </u>	<u>          </u>
	4,770	5,732	8,437
	<u>          </u>	<u>          </u>	<u>          </u>

Supervisors' emoluments are not included in the above amounts. Further details of directors' and supervisors' emoluments are included in note 9 to the Historical Financial Information.

## 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

**Financial assets***The Group***Financial assets**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	1,467,624	1,070,565	824,396
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	110,938	471,736	976,162
Equity investments designated at fair value through other comprehensive income	–	–	716
	110,938	471,736	976,878
At amortised cost:			
Cash and cash equivalents	519,585	608,696	297,355
Time deposits	27,417	62,802	116,493
Trade receivables	1,428	5,771	5,638
Financial assets included in prepayments, deposits and other receivables	1,370	1,724	3,040
	549,800	678,993	422,526

## The Company

## Financial assets

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	1,423,394	1,060,885	770,290
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	110,938	471,736	976,162
Equity investments designated at fair value through other comprehensive income	—	—	716
	110,938	471,736	976,878
At amortised cost:			
Cash and cash equivalents	487,669	580,058	255,906
Time deposits	27,417	47,813	109,258
Trade receivables	1,428	11,255	5,894
Financial assets included in prepayments, deposits and other receivables	4,082	10,198	15,445
	520,596	649,324	386,503

**Financial liabilities***The Group***Financial liabilities**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At amortised cost:			
Trade and bills payables	8,324	12,270	7,325
Financial liabilities included in other payables and accruals	73,127	46,164	24,388
Lease liabilities	8,673	7,612	16,074
	<u>90,124</u>	<u>66,046</u>	<u>47,787</u>

*The Company***Financial liabilities**

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At amortised cost:			
Trade and bills payables	8,323	12,038	6,409
Financial liabilities included in other payables and accruals	72,609	42,624	22,201
Lease liabilities	8,052	7,147	15,242
	<u>88,984</u>	<u>61,809</u>	<u>43,852</u>

**38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

As at 31 December 2022, 2023 and 2024, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, time deposits, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the finance director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group invests in unlisted investments, which represent wealth management products, structured deposits and negotiable certificate of deposits issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using an asset-based approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

**Fair value hierarchy*****The Group***

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

**As at 31 December 2022**

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Debt investments at fair value through other comprehensive income	–	110,938	–	110,938
Financial assets at fair value through profit or loss	–	1,467,624	–	1,467,624
Total	–	1,578,562	–	1,578,562

**As at 31 December 2023**

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Debt investments at fair value through other comprehensive income	–	471,736	–	471,736
Financial assets at fair value through profit or loss	–	1,070,565	–	1,070,565
Total	–	1,542,301	–	1,542,301

**As at 31 December 2024**

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	–	–	716	716
Debt investments at fair value through other comprehensive income	–	976,162	–	976,162
Financial assets at fair value through profit or loss	–	824,396	–	824,396
Total	–	1,800,558	716	1,801,274

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	<b>As at 31 December 2024 <i>RMB'000</i></b>
Equity investments designated at fair value through other comprehensive income	
At beginning of the year	–
Purchases	900
Total losses recognised in other comprehensive income	(184)
At end of the year	716



*The Company*

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

**As at 31 December 2022**

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Debt investments at fair value through other comprehensive income	–	110,938	–	110,938
Financial assets at fair value through profit or loss	–	1,423,394	–	1,423,394
Total	–	1,534,332	–	1,534,332

**As at 31 December 2023**

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Debt investments at fair value through other comprehensive income	–	471,736	–	471,736
Financial assets at fair value through profit or loss	–	1,060,885	–	1,060,885
Total	–	1,532,621	–	1,532,621

**As at 31 December 2024**

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	–	–	716	716
Debt investments at fair value through other comprehensive income	–	976,162	–	976,162
Financial assets at fair value through profit or loss	–	770,290	–	770,290
Total	–	1,746,452	716	1,747,168

**39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss, and investments at fair value through other comprehensive income. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

**Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax.

	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB/USD			
Strengthened 5%	(1,529)	(3,545)	(5,470)
Weakened 5%	1,529	3,545	5,470

**Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

**Maximum exposure and staging as at the end of each of the Relevant Periods**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

**At 31 December 2022**

	<b>12-month ECLs</b>	<b>Lifetime ECLs</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Simplified approach</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables*	–	–	–	1,472	1,472
Financial assets included in prepayments, deposits and other receivables					
– Normal**	1,434	–	–	–	1,434
– Doubtful**	–	–	–	–	–
Time deposits	27,417	–	–	–	27,417
Cash and cash equivalents	519,585	–	–	–	519,585
	<u>548,436</u>	<u>–</u>	<u>–</u>	<u>1,472</u>	<u>549,908</u>

## At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	5,949	5,949
Financial assets included in prepayments, deposits and other receivables					
– Normal**	1,797	–	–	–	1,797
– Doubtful**	–	–	–	–	–
Time deposits	62,802	–	–	–	62,802
Cash and cash equivalents	608,696	–	–	–	608,696
	<u>673,295</u>	<u>–</u>	<u>–</u>	<u>5,949</u>	<u>679,244</u>

## At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	5,812	5,812
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,090	–	–	–	3,090
– Doubtful**	–	–	–	–	–
Time deposits	116,493	–	–	–	116,493
Cash and cash equivalents	297,355	–	–	–	297,355
	<u>416,938</u>	<u>–</u>	<u>–</u>	<u>5,812</u>	<u>422,750</u>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the Historical Financial Information. At the end of each of the Relevant Periods, the Group had no significant concentrations of credit risk.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	<b>As at 31 December 2022</b>		
	<b>Less than 1 year RMB'000</b>	<b>Over 1 year RMB'000</b>	<b>Total RMB'000</b>
Trade and bills payables	8,324	–	8,324
Financial liabilities included in other payables and accruals	54,765	18,434	73,199
Lease liabilities	3,556	5,688	9,244
	<u>66,645</u>	<u>24,122</u>	<u>90,767</u>
	<b>66,645</b>	<b>24,122</b>	<b>90,767</b>
	<b>As at 31 December 2023</b>		
	<b>Less than 1 year RMB'000</b>	<b>Over 1 year RMB'000</b>	<b>Total RMB'000</b>
Trade and bills payables	12,270	–	12,270
Financial liabilities included in other payables and accruals	44,693	1,727	46,420
Lease liabilities	4,164	3,869	8,033
	<u>61,127</u>	<u>5,596</u>	<u>66,723</u>
	<b>61,127</b>	<b>5,596</b>	<b>66,723</b>
	<b>As at 31 December 2024</b>		
	<b>Less than 1 year RMB'000</b>	<b>Over 1 year RMB'000</b>	<b>Total RMB'000</b>
Trade and bills payables	7,325	–	7,325
Financial liabilities included in other payables and accruals	24,414	–	24,414
Lease liabilities	4,176	13,107	17,283
	<u>35,915</u>	<u>13,107</u>	<u>49,022</u>
	<b>35,915</b>	<b>13,107</b>	<b>49,022</b>

**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	<b>As at 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	2,372,931	2,493,688	2,649,251
Total liabilities	117,872	102,570	96,316
Asset-liability ratio	5%	4%	4%

**40. EVENT AFTER THE RELEVANT PERIOD**

- (1) On February 28, 2025, the Company and Sanhua Holding Group Co., Ltd. jointly established Zhejiang Sanhua Jingqu Future Technology Co., LTD (浙江三花精驅未來科技有限公司). The registered capital of Zhejiang Sanhua Jingqu Future Technology Co., LTD is RMB30 million, the Company's shareholding percentage is 36%. On 6 March 2025, the Company paid RMB10.8 million for the investment.
- (2) On April 1, 2025, the Company resolved to subscribe for RMB28 million in the total capital in Shanghai Huake Zhixin Venture Capital Partnership (Limited Partnership) (上海華科致芯創業投資合夥企業(有限合夥)), "Huake Zhixin") as a limited partner. Such subscription amount, which was determined after arm's-length negotiation, represents 9.06% of the equity interest in Huake Zhixin upon completion. On 6 May 2025, the Company paid RMB8.4 million for the investment.
- (3) On 9 April 2025, the board of directors approved the grant of 30,000 reserved restricted shares to four participants, according to 2024 Equity incentive plan.
- (4) On 22 April 2025, the Company's shareholders approved the payment of 2024 dividend of RMB0.78 for every ordinary share of the Company.

**41. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2024.



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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2025

To the board of directors of Fortior Technology (Shenzhen) Co., Ltd.  
(Incorporated in the People's Republic of China with limited liability)

### Introduction

We have reviewed the interim condensed consolidated financial information set out on pages IA-2 to IA-25, which comprises the condensed consolidated statement of financial position of Fortior Technology (Shenzhen) Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 31 March 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“**IAS 34**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certificate Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
30 June 2025

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

**For the Three Months Ended 31 March 2025**

		<b>Three months ended 31 March</b>	
	<i>Notes</i>	<b>2025</b>	<b>2024</b>
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
<b>REVENUE</b>	4	171,196	116,193
Cost of sales		<u>(82,216)</u>	<u>(53,712)</u>
<b>Gross profit</b>		88,980	62,481
Other income and gains	5	20,688	18,558
Selling and distribution expenses		(8,091)	(3,693)
Administrative expenses		(11,746)	(5,465)
Research and development costs		(35,086)	(19,346)
Impairment losses on financial assets, net		(39)	(72)
Other expenses		(917)	(369)
Finance costs		<u>(166)</u>	<u>(108)</u>
<b>PROFIT BEFORE TAX</b>	6	53,623	51,986
Income tax expense	7	<u>(3,210)</u>	<u>(1,425)</u>
<b>PROFIT FOR THE PERIOD</b>		<u>50,413</u>	<u>50,561</u>
Attributable to:			
Owners of the parent		<u>50,413</u>	<u>50,561</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic			
– for profit for the period		<u>RMB0.55</u>	<u>RMB0.55</u>
Diluted			
– for profit for the period		<u>RMB0.54</u>	<u>RMB0.55</u>

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**For the Three Months Ended 31 March 2025**

	<b>Three months ended 31 March</b>	
	<b>2025</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	<u>50,413</u>	<u>50,561</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	<u>30</u>	<u>37</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>30</u>	<u>37</u>
Other comprehensive income /(loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(106)</u>	<u>(1)</u>
Net other comprehensive income/ (loss) that will not be reclassified to profit or loss in subsequent periods	<u>(106)</u>	<u>(1)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>(76)</u>	<u>36</u>
Total comprehensive income for the period, net of tax	<u>50,337</u>	<u>50,597</u>
Attributable to:		
Owners of the parent	<u>50,337</u>	<u>50,597</u>



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**31 March 2025**

	<i>Notes</i>	<b>31 March 2025</b> <i>RMB'000</i> (unaudited)	<b>31 December 2024</b> <i>RMB'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	149,824	147,636
Right-of-use assets		15,029	16,150
Intangible assets		11,145	9,054
Investment in an associate	<i>11</i>	10,800	–
Equity investments designated at fair value through other comprehensive income		598	716
Debt investments at fair value through other comprehensive income	<i>12</i>	704,117	794,344
Deferred tax assets		27,589	15,603
Other non-current assets	<i>13</i>	30,346	29,567
Total non-current assets		949,448	1,013,070
<b>CURRENT ASSETS</b>			
Inventories	<i>14</i>	168,660	160,483
Trade receivables	<i>15</i>	6,905	5,638
Prepayments, deposits and other receivables	<i>16</i>	52,111	49,998
Financial assets at fair value through profit or loss	<i>17</i>	917,194	824,396
Debt investments at fair value through other comprehensive income	<i>12</i>	289,379	181,818
Time deposits		84,059	116,493
Cash and cash equivalents		253,960	297,355
Total current assets		1,772,268	1,636,181
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>18</i>	33,408	7,325
Contract liabilities	<i>20</i>	2,270	1,275
Other payables and accruals	<i>19</i>	29,461	66,461
Lease liabilities		4,344	3,640
Tax payable		4,755	253
Total current liabilities		74,238	78,954
NET CURRENT ASSETS		1,698,030	1,557,227
TOTAL ASSETS LESS CURRENT LIABILITIES		2,647,478	2,570,297

# APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	<i>Notes</i>	<b>31 March 2025 RMB'000 (unaudited)</b>	<b>31 December 2024 RMB'000 (audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	19	836	—
Lease liabilities		11,401	12,434
Deferred income		4,580	4,928
		<hr/>	<hr/>
Total non-current liabilities		16,817	17,362
		<hr/>	<hr/>
Net assets		2,630,661	2,552,935
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	21	92,363	92,363
Treasury shares		(193)	(193)
Reserves		2,538,491	2,460,765
		<hr/>	<hr/>
Total equity attributable to owners of the parent		2,630,661	2,552,935
		<hr/>	<hr/>
Non-controlling interests		—	—
		<hr/>	<hr/>
Total equity		2,630,661	2,552,935
		<hr/>	<hr/>

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended 31 March 2025

	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 31 December 2024 and 1 January 2025 (audited)	92,363	(193)	1,842,194*	25,788*	(165)*	(607)*	55,862*	537,693*	2,552,935
Profit for the period	-	-	-	-	-	-	-	50,413	50,413
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(106)	-	-	-	(106)
Exchange differences on translation of foreign operations	-	-	-	-	-	30	-	-	30
Total comprehensive income/(loss) for the period	-	-	-	-	(106)	30	-	50,413	50,337
Share-based payments	-	-	-	27,389	-	-	-	-	27,389
At 31 March 2025 (unaudited)	92,363	(193)	1,842,194*	53,177*	(271)*	(577)*	55,862*	588,106*	2,630,661

\*These reserve accounts comprise the consolidated reserves of RMB2,538,491,000 and RMB2,460,765,000 in the condensed consolidated statements of financial position as of 31 March 2025 and 31 December 2024, respectively.

## For the Three Months Ended 31 March 2025

	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 31 December 2023 and 1 January 2024 (audited)	92,363	-	1,862,022	10,098	-	(830)	53,699	373,766	2,391,118
Profit for the period	-	-	-	-	-	-	-	50,561	50,561
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value	-	-	-	-	(1)	-	-	-	(1)
through other comprehensive income, net of tax	-	-	-	-	-	37	-	-	37
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	(1)	37	-	50,561	50,597
Share-based payments	-	-	-	995	-	-	-	-	995
Shares repurchased	-	(73)	(7,020)	-	-	-	-	-	(7,093)
At 31 March 2024 (unaudited)	92,363	(73)	1,855,002	11,093	(1)	(793)	53,699	424,327	2,435,617

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Three Months Ended 31 March 2025**

		Three months ended 31 March	
	Notes	2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		53,623	51,986
Adjustments for:			
Bank interest income	6	(1,538)	(3,638)
Other interest income from debt investments at fair value through other comprehensive income	6	(6,774)	(3,446)
Finance costs		166	108
Fair value gains on financial assets at fair value through profit or loss	6	(4,819)	(4,652)
Investment income from financial assets at fair value through profit or loss	6	(1,210)	(2,896)
Foreign exchange losses/(gains)		292	(8)
Depreciation of property, plant and equipment	6	2,211	718
Depreciation of right-of-use assets	6	1,120	990
Amortisation of intangible assets	6	986	840
Impairment losses on financial assets	6	39	72
Write-down of inventories to net realisable value	6	902	859
Gain on disposal of a subsidiary		(167)	–
Equity-settled share-based payments		16,930	1,375
		<hr/>	<hr/>
		61,761	42,308
		<hr/>	<hr/>
(Increase)/decrease in inventories		(9,079)	20,658
Increase in trade receivables		(1,306)	(2,351)
Decrease/(Increase) in prepayments, deposits and other receivables		5,377	(2,372)
Increase/(decrease) in trade and bills payables		26,082	(6,643)
Decrease in other payables and accruals		(26,291)	(27,324)
Decrease in deferred income		(348)	(156)
		<hr/>	<hr/>
Cash generated from operations		56,196	24,120
Interest received		383	2,299
Income tax paid		(663)	(164)
		<hr/>	<hr/>
Net cash flows from operating activities		55,916	26,255
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of wealth management products and structured deposits		366,258	430,927

# APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	<i>Notes</i>	<b>Three months ended 31 March</b>	
		<b>2025</b>	<b>2024</b>
		<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Investment income from financial assets at fair value through profit or loss		1,210	2,896
Proceeds from time deposits		118,362	6,380
Purchases of property, plant and equipment		(5,707)	(517)
Additions of intangible assets		(1,948)	(1,120)
Payment for cooperative building construction		–	(739)
Purchases of wealth management products and structured deposits		(454,239)	(485,737)
Purchases of equity investments at fair value through other comprehensive income		–	(900)
Purchases of time deposits		(86,375)	(100,000)
Purchases of debt investments at fair value through other comprehensive income		(10,560)	–
Interest received from time deposits and debt investments at fair value through other comprehensive income		1,465	75
Addition of investment in an associate		(10,800)	–
Proceeds from disposal of a subsidiary		64	–
Net cash flows (used in)/from investing activities		<u>(82,270)</u>	<u>(148,735)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		(503)	(1,048)
Payment for deferred listing expenses		(16,477)	–
Settlements under instalment payables		–	(603)
Repurchase of shares		<u>–</u>	<u>(7,093)</u>
Net cash flows from/(used in) financing activities		<u>(16,980)</u>	<u>(8,744)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(43,334)</u>	<u>(131,224)</u>
Cash and cash equivalents at beginning of period		297,355	608,696
Effect of foreign exchange rate changes, net		<u>(61)</u>	<u>(35)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<u><u>253,960</u></u>	<u><u>477,437</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS</b>		<u><u>253,960</u></u>	<u><u>477,437</u></u>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in People's Republic of China ("PRC") on 21 May 2010. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688279) on 20 April 2022. The registered address of the Company is 203, Building 11, Software Park (Phase II), 1 Keji Central Road II, Gaixin Central Zone, Nanshan District, Shenzhen, Guangdong, PRC. The Company is ultimately controlled by Mr. BI CHAO, Mr. BI LEI and Ms. Gao Shuai who are acting in concert.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the development and commercialisation of BLDC (Brushless DC) motor control and drive products and solutions.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the three months ended 31 March 2025 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the historical financial information and should be read in conjunction with the Group's historical financial information for the years ended 31 December 2022, 2023 and 2024, which have been prepared in accordance with IFRS Accounting Standards ("IFRSs") and included in Appendix I to the prospectus of the Group in connection with the initial public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and methods of computation used in the interim condensed consolidated financial information for the three months ended 31 March 2025 are the same as those followed in the preparation of the Group's historical financial information for the years ended 31 December 2022, 2023 and 2024.

The comparative information for the three months ended 31 March 2024 included in this interim condensed consolidated financial information has not been audited or reviewed.

### 2.2 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>2</sup></i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>2</sup></i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>3</sup></i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>3</sup></i>

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group has expected that these standards will have an impact on the presentation and disclosure of the Group's financial statements but will not have a significant financial effect on the Group's operating results and financial position.

**3.      OPERATING SEGMENT INFORMATION**

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the segment which principally engages in the development and commercialisation of BLDC (Brushless DC) motor control and drive products and solutions.

No operating segments have been aggregated to form the above reportable operating segment.

**Geographical information**

**(a)      Revenue from external customers**

	<b>Three months ended 31 March</b>	
	<b>2025</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Mainland China*	158,942	108,612
Other countries/regions**	12,254	7,581
	<u>171,196</u>	<u>116,193</u>

The revenue information above is based on the locations of the customers.

\*      Mainland China means the People's Republic of China excluding Hong Kong, Macau and Taiwan.

\*\*      Other countries/regions primarily including (i) Taiwan, China, (ii) India and (iii) Hong Kong.

**(b)      Non-current assets**

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of non-current assets is presented.

**Information about major customers**

During the three months ended 31 March 2025, revenues of approximately RMB23,775,000, and RMB18,617,000, was derived from respective single external customers each accounted for more than 10% of total revenue (Three months ended 31 March 2024: RMB13,561,000 and RMB12,122,000).



4. REVENUE

Revenue from contracts with customers

(i) Disaggregated revenue information

	Three months ended 31 March	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Types of goods</b>		
MCU	102,937	65,540
ASIC	31,463	19,301
HVIC	20,159	19,171
MOSFET	427	229
IPM	16,040	11,712
Others	170	240
Total revenue from contracts with customers	<b>171,196</b>	<b>116,193</b>
<b>Geographical markets</b>		
Mainland China	158,942	108,612
Other countries/areas	12,254	7,581
Total revenue from contracts with customers	<b>171,196</b>	<b>116,193</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>171,196</b>	<b>116,193</b>

The following table shows the amounts of revenue recognised during the three months ended 31 March 2025 and 2024 that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	Three months ended 31 March	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue recognised that was included in the contract liabilities		
balance at the beginning of period:		
Sale of products	1,275	1,030

(ii) Performance obligations

Sale of products

The performance obligation is satisfied upon delivery and acceptance of the chips products and the payment in advance is normally required.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2025 and 31 December 2024 are as follows:

## APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	As at 31 March 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Within one year	84,240	60,167

All the performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

### 5. OTHER INCOME AND GAINS

	Three months ended 31 March 2025 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i> (unaudited)
<b>Other income</b>		
Bank interest income	1,538	3,638
Other interest income from debt investments at fair value through other comprehensive income	6,774	3,446
Investment income from financial assets at fair value through profit or loss	1,210	2,896
Government grants*	5,980	3,474
	15,502	13,454
<b>Other gains</b>		
Fair value gains on financial assets at fair value through profit or loss	4,819	4,652
Others	367	452
	5,186	5,104
	20,688	18,558

\* The Group has received certain government grants related to assets and income. Certain of the grants have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions.

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

# APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Three months ended 31 March	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold*	82,216	53,712
Depreciation of property, plant and equipment	2,211	718
Depreciation of right-of-use assets	1,120	990
Amortisation of intangible assets **	986	840
Research and development costs	35,086	19,346
Lease payments not included in the measurement of lease liabilities	181	129
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Salaries, bonuses and other benefits	20,057	17,296
Pension scheme contributions, social welfare and other welfare ***	4,045	3,063
Equity-settled share-based payments	16,145	1,375
	40,247	21,734
Impairment losses on financial assets:		
Impairment on trade receivables	39	71
Impairment on other receivables	–	1
	39	72
Fair value gains on financial assets at fair value through profit or loss	(4,819)	(4,652)
Foreign exchange losses	917	369
Bank interest income	(1,538)	(3,638)
Other interest income from debt investments at fair value through other comprehensive income	(6,774)	(3,446)
Government grants	(5,980)	(3,474)
Investment income from financial assets at fair value through profit or loss	(1,210)	(2,896)
Write-down of inventories to net realisable value *	902	859

\* Write-down of inventories to net realisable value is included in “Cost of sales” in the consolidated statement of profit or loss.

\*\* The amortisation of intangible assets is included in “Selling and distribution expenses”, “Administrative expenses”, and “Research and development expenses” in the consolidated statement of profit or loss.

\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. INCOME TAX

The major components of the income tax expense for the period are as follows:

# APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Three months ended 31 March	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax expense		
Mainland China	4,755	402
Under provision in prior years from the Mainland China	–	–
	<u>4,755</u>	<u>402</u>
Deferred tax expense/(credit)		
Mainland China	(1,344)	1,059
Elsewhere	(201)	(36)
	<u>(1,545)</u>	<u>1,023</u>
Total tax charge for the period	<u>3,210</u>	<u>1,425</u>

## 8. DIVIDENDS

The directors did not recommend the payment of any dividend in respect of the period ended 31 March 2025 (31 March 2024: nil).

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the three months ended 31 March 2025 and 2024 .

The calculation of basic and diluted earnings per share are based on:

	Three months ended 31 March	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>50,413</u>	<u>50,561</u>

	Three months ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculation	<u>92,170,380</u>	<u>92,339,047</u>
Effect of dilution – weighted average number of ordinary shares:		
Type II restricted shares	<u>946,145</u>	<u>–</u>
Total	<u>93,116,525</u>	<u>92,339,047</u>

## APPENDIX IA UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2025, the Group acquired assets with a cost of RMB4,400,000 (31 March 2024: RMB300,000) and had no disposal of assets (31 March 2024: nil).

### 11. INVESTMENT IN AN ASSOCIATE

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Share of net assets	10,800	–

Particulars of the Group's associate is as follows:

Names	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group		Principal activities
			31 March 2025	31 December 2024	
Zhejiang Sanhua Jingqu Future Technology Co., LTD	Ordinary shares	PRC	36.00%	–	Motors R&D, manufacture and sales

In February 2025, the Company and an independent third party established Zhejiang Sanhua Jingqu Future Technology Co., LTD. The Company invested RMB10,800,000 and owned 36% equity interests.

### 12. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
<b>Non-current asset</b>		
Negotiable Certificate of Deposit	704,117	794,344
<b>Current asset</b>		
Negotiable Certificate of Deposit	289,379	181,818

The above certificate deposits are issued by banks in Mainland China. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

## APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13. OTHER NON-CURRENT ASSETS

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Prepayment for outsourced processing fees	531	708
Prepayment for purchase of property, plant and equipment	4,198	3,242
Cooperative building construction*	25,617	25,617
	<u>30,346</u>	<u>29,567</u>

\* It represented the payments for the construction costs of the land and the buildings which are jointly owned by the Group and other independent third parties. Pursuant to the Joint Land Bidding Agreement, upon successful acquisition of the target land parcel, all participating parties jointly fund the cooperative development and construction of the project. Each party shares the costs required for the project's full completion and operational commencement based on the agreed proportion. As the land remains collectively owned and does not meet the definition of an identifiable asset, the allocated construction costs of the land and the buildings borne by the Group are classified as non-current assets and separately disclosed.

### 14. INVENTORIES

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Raw materials	43,668	56,628
Finished goods	53,223	46,460
Outsourced Processing Materials	71,315	57,300
Goods in transit	454	95
	<u>168,660</u>	<u>160,483</u>

The inventories are net of a write-down of approximately RMB6,346,000 as at 31 March 2025 (31 December 2024: RMB5,800,000).

**15.      TRADE RECEIVABLES**

	<b>As at 31 March 2025 RMB'000 (unaudited)</b>	<b>As at 31 December 2024 RMB'000 (audited)</b>
Trade receivables	7,118	5,812
Allowance for expected credit losses	(213)	(174)
	<u>6,905</u>	<u>5,638</u>

The Group's trading terms with its customers are mainly received in advance, and only a few customers are on credit. The credit period is generally within 30 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of 31 March 2025 and 31 December 2024, based on the billing date and net of allowance for expected credit losses, is as follows:

	<b>As at 31 March 2025 RMB'000 (unaudited)</b>	<b>As at 31 December 2024 RMB'000 (audited)</b>
Within one year	<u>6,905</u>	<u>5,638</u>

The movements in the allowance for expected credit losses of trade receivables are as follows:

	<b>As at 31 March 2025 RMB'000 (unaudited)</b>	<b>As at 31 December 2024 RMB'000 (audited)</b>
At the beginning of year/period	174	178
Impairment losses, net (note 6)	<u>39</u>	<u>(4)</u>
At the end of year/period	<u>213</u>	<u>174</u>

## APPENDIX IA UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Prepayments	2,374	7,727
Deposits and other receivables*	3,202	3,090
VAT recoverable	27,534	27,670
Prepaid tax	411	–
Deferred listing expenses	18,641	11,561
	52,162	50,048
Less: Impairment of other receivables **	(51)	(50)
	52,111	49,998

\* Deposits and other receivables are unsecured, non-interest-bearing and repayable on demand.

\*\* As at 31 December 2024 and 31 March 2025, the impairment of the financial assets included in prepayments, other receivables and other assets were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Wealth management products	20,133	41,913
Structured Deposits	897,061	782,483
	917,194	824,396

The wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.



## APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18.      TRADE AND BILLS PAYABLES

	As at 31 March 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Bills payable	5,609	68
Trade payables	27,799	7,257
	<u>33,408</u>	<u>7,325</u>

An aging analysis of the trade payable as at 31 December 2024 and 31 March 2025, based on the date of goods received from the suppliers, is as follows:

	As at 31 March 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Within one year	33,408	7,325

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 days.

### 19.      OTHER PAYABLES AND ACCRUALS

	As at 31 March 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
<b>Current liabilities</b>		
Deposits payable	4,832	4,832
Payroll payables	6,815	37,483
Accruals and other payables	11,331	17,855
Instalments payable due within one year	2,531	1,701
Other tax payables	3,952	4,590
	<u>29,461</u>	<u>66,461</u>
<b>Non-current liabilities</b>		
Instalments payable for purchase of intangible assets	836	—

Instalments payable relates to the purchase of intangible assets which are payable in three instalments over three years. Deposits payable represents the deposits received from the customers to secure the production capacity, which will be returned to the customers proportionally when future sales occur. Other than that, other payables included in the above balances are non-interest-bearing and have no fixed terms of settlement.

**20. CONTRACT LIABILITIES**

The Group recognised the following revenue-related contract liabilities:

	<b>As at 31 March 2025 RMB'000 (unaudited)</b>	<b>As at 31 December 2024 RMB'000 (audited)</b>
Sale of products	2,270	1,275

Contract liabilities include short-term advances received to deliver products.

**21. SHARE CAPITAL**

	<b>As at 31 March 2025 RMB'000 (unaudited)</b>	<b>As at 31 December 2024 RMB'000 (audited)</b>
Registered, issued and fully paid A shares	92,363	92,363

**22. COMMITMENTS**

The Group had the following capital commitments as at 31 March 2025 and 31 December 2024:

	<b>As at 31 March 2025 RMB'000 (unaudited)</b>	<b>As at 31 December 2024 RMB'000 (audited)</b>
Contracted, but not provided for:		
Property, plant and equipment	4,499	2,562
Cooperative building construction	64,952	64,952
	69,451	67,514

**23. RELATED PARTY TRANSACTIONS**

**(a) Compensation of key management personnel of the Group**

	<b>Three months ended 31 March</b>	
	<b>2025</b> <i>RMB'000</i> (unaudited)	<b>2024</b> <i>RMB'000</i> (unaudited)
Salaries, allowances and benefits in kind	956	960
Performance related bonuses	–	–
Pension scheme contributions	68	63
Share-based payments	983	9
	<u>2,007</u>	<u>1,032</u>

Supervisors' emoluments are not included in the above amounts.

**24. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments of the Group as at 31 March 2025 and 31 December 2024 are as follows:

<b>Financial assets</b>	<b>As at 31 March 2025 <i>RMB'000</i> (unaudited)</b>	<b>As at 31 December 2024 <i>RMB'000</i> (audited)</b>
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	<u>917,194</u>	<u>824,396</u>
Financial assets at fair value through other comprehensive income:		
Debt investments at fair value through other comprehensive income	993,496	976,162
Equity investments designated at fair value through other comprehensive income	<u>598</u>	<u>716</u>
	<u>994,094</u>	<u>976,878</u>
At amortised cost:		
Cash and cash equivalents	253,960	297,355
Time deposits	84,059	116,493
Trade receivables	6,905	5,638
Financial assets included in prepayments, deposits and other receivables	<u>3,151</u>	<u>3,040</u>
	<u>348,075</u>	<u>422,526</u>

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Financial liabilities	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
At amortised cost:		
Trade and bills payables	33,408	7,325
Financial liabilities included in other payables and accruals	19,530	24,388
Lease liabilities	15,745	16,074
	<u>68,683</u>	<u>47,787</u>

### 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2024 and 31 March 2025, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, time deposits, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the finance director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group invests in unlisted investments, which represent wealth management products and structured deposits and negotiable certificate of deposits issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using an asset-based approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

# APPENDIX IA      UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value:

*As at 31 March 2025 (unaudited)*

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	–	–	598	598
Debt investments at fair value through other comprehensive income	–	993,496	–	993,496
Financial assets at fair value through profit or loss	–	917,194	–	917,194
Total	–	1,910,690	598	1,911,288

*As at 31 December 2024 (audited)*

	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Fair value measurement using Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	–	–	716	716
Debt investments at fair value through other comprehensive income	–	976,162	–	976,162
Financial assets at fair value through profit or loss	–	824,396	–	824,396
Total	–	1,800,558	716	1,801,274

**26.    EVENTS AFTER THE RELEVANT PERIOD**

- (1)    On 1 April 2025, the Company resolved to subscribe for RMB28 million in the total capital in Shanghai Huake Zhixin Venture Capital Partnership (Limited Partnership) (上海華科致芯創業投資合夥企業(有限合夥), “**Huake Zhixin**”) as a limited partner. Such subscription amount, which was determined after arm’s-length negotiation, represents 9.06% of the equity interest in Huake Zhixin upon completion. On 6 May 2025, the Company paid RMB8.4 million for the investment.
- (2)    On 9 April 2025, the Board of directors approved the grant of 30,000 reserved restricted shares to four participants, according to 2024 Equity incentive plan.
- (3)    On 22 April 2025, the Company’s shareholders approved the payment of 2024 dividend of RMB0.78 for every ordinary share of the Company.

**27.    APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The interim condensed consolidated financial information has been approved for issue by the Board of Directors on 30 June 2025.

*The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" section in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.*

#### **A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 31 December 2024 or at any future date.

	Consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 RMB'000 (note 1)	Estimated net proceeds from the Global Offering RMB'000 (note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 RMB'000	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as at 31 December 2024 RMB HKD (note 3) (note 4)	
Based on an Offer Price of HK\$120.50 per Share	2,543,881	1,686,221	4,230,102	39.00	42.70

*Notes:*

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 were equal to the audited net assets attributable to owners of the Company as at 31 December 2024 of approximately RMB2,552,935,000 less intangible assets of approximately RMB9,054,000 as at 31 December 2024 set out in Accounts' Report in Appendix I in this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$120.50 per Share, after the deduction of the underwriting fees and other related expenses payable by the Group and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 108,469,880 Shares (including 92,170,380 A shares (excluding 193,000 A shares as Treasury shares) and 16,299,500 H Shares) are in issue assuming the Global Offering have been completed on 31 December 2024 but takes no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company for the vesting of restricted Shares under the Restricted Share Incentive Plans.
- (4) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi ("**RMB**") at an exchange rate of HK\$1.00 to RMB0.9133 and the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2024.
- (6) If the Company paid 2024 dividend of RMB0.78 for total of 92,170,380 shares, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$41.98 based on the Offer Price of HK\$120.50 per Share.



**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose for inclusion in this prospectus.*



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To the Directors of Fortior Technology (Shenzhen) Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Fortior Technology (Shenzhen) Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2024, and related notes as set out on page II-1 and page II-2 of the prospectus dated 30 June 2025 issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering of shares of the Company on the Group's financial position as at 31 December 2024 as if the transaction had taken place as at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the nine months ended 31 December 2024, on which an accountants' report has been published.

**Directors' responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our independence and quality management**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

30 June 2025

**TAXATION OF SECURITY HOLDERS**

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

**TAXATION IN MAINLAND CHINA****Tax on Dividends***Individual Investors*

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), latest 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稅法實施條例》) 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 Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the STA and the CSRC on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual’s taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporarily be included in the individual’s taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”), signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the “**Fifth Protocol**”), issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

#### *Enterprise Investors*

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) promulgated by the SCNPC, latest amended and became effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council, last amended and became effective on April 23, 2019, a non-resident enterprise is subject to a 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稅有關問題的通知》) issued by the STA 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.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

### ***Tax Treaties***

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

### **Tax on Gains from Share Transfer**

#### ***Individual Investors***

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the MOF and STA on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares (Cai Shui Zi [1998] No.61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》)(the “**Circular 61**”) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to Announcement about the Catalog of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》) issued by the MOF and STA on December 29, 2018, the Circular 61 will continue to be effective.

#### ***Enterprise Investors***

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

***Taxation Policy of Shanghai-Hong Kong Stock Connect***

Under the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui〔2014〕No. 81) (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) which came into effect on November 17, 2014, for dividends and bonus obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange (the “**HKSE**”) through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to the China Securities Depository and Clearing Corporation Limited (the “**CSDC**”) for provision by CSDC to the H-share companies register of individual investors in Mainland China, and the H-share companies shall withhold individual income tax at the rate of 20%.

Income from share dividend derived by Mainland China corporate investors from investment in shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect shall be included in their total income and be subject to enterprise income tax pursuant to the law. Income from share dividend derived by a Mainland China resident enterprise for holding H shares over 12 consecutive months shall be exempted from enterprise income tax pursuant to the law. The H shares company is not required to withhold income tax on share dividend for its Mainland China corporate investors, and the corporate investors shall make declaration and payment for the tax payable amount voluntarily.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

***Taxation Policy of Shenzhen-Hong Kong Stock Connect***

Under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui〔2016〕No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) which came into effect on December 5, 2016, for dividends and bonus income obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for provision by CSDC to the H-share companies register of individual investors in Mainland China, and individual income tax shall be withheld by H-share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a corporate investor in Mainland China from investment in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax pursuant to the law. Income from dividends and bonuses derived by a Mainland China resident enterprise for H shares held for 12 months consecutively shall be exempted from enterprise income tax pursuant to the law. The H shares company shall not withhold income tax on dividends and bonuses for corporate investors in Mainland China, and the tax payable amount shall be declared and paid by the corporate investor.



Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

***Stamp Duty***

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

***Estate Duty***

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

**MAJOR TAXATION OF OUR COMPANY IN THE PRC****Enterprise Income Tax**

According to the EIT Law and its implementation rules, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the MOF and the STA on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the Enterprise Income Tax Law.



According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (《關於進一步實施小微企業所得稅優惠政策的公告》), which was promulgated by the MOF and the STA on March 14, 2022, the annual taxable income of a small low-profit enterprise that is not less than 1 million yuan and not more than 3 million yuan shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》), which was promulgated on March 26, 2023, the annual taxable income of a small low-profit enterprise that is not more than 1 million yuan shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), which was promulgated on Aug 2, 2023, the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027.

### Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council, last amended and became effective on November 19, 2017 and the Implementation Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011 and became effective on November 1, 2011, all entities or individuals in the PRC engaging in the sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax (the “VAT”) and shall pay VAT. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%.

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

According to Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the MOF, the STA and the General Administration of Customs on March 20, 2019 and became effective from April 1, 2019, for general VAT payers’ sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

On December 25, 2024, the SCNPC promulgated the VAT Law of the PRC (《中華人民共和國增值稅法》), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC.

### Preferential Tax Policy for the Integrated Circuit Industry

As listed in the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (《軟件企業和集成電路企業稅費優惠政策指引》 issued by the STA in May 21, 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to 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 (Guo Fa [2020] No.8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》(國發〔2020〕8號) (the “**No.8 Notice**”) and the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) promulgated by the MOF, the STA, the NDRC and the MIIT, enterprises of integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. Notice of the National Development and Reform Commission and Other Departments on Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Preferential Tax Policies for 2024 (《國家發展改革委等部門關於做好2024年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》), on the basis of the No.8 Notice, makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy.

### FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The the State Administration of Foreign Exchange (the “SAFE”), authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People’s Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall complete registration formalities for overseas listing with the SAFE's local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. Funds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the prospectus document or disclosure documents such as the corporate bonds offering documentation, shareholders' circular and the board of directors or shareholders' general meeting resolution.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《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》) promulgated by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light of the balance of payment.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III – Taxation and Foreign Exchange". This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

## **PRC LEGAL SYSTEM**

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) amended and came into effect on March 11, 2018 (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) which was last amended on March 13, 2023 and came into effect on March 15, 2023 (the "**Legislation Law**"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The SCNPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate departmental rules and regulations within the permissions of their respective departments based on the laws as well as the administrative regulations, decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws or the administrative regulations, decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The NPC has the power to amend or repeal any inappropriate laws enacted by the SCNPC, and to repeal any autonomous regulations and separate rules approved by the SCNPC that are in conflict with the Constitution and the Legislation Law. The SCNPC has the power to repeal any administrative regulations that are in conflict with the Constitution and the laws, and to repeal any local regulations that are in conflict with the Constitution, the laws, and the administrative regulations, and to repeal autonomous regulations and separate regulations approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government as being in conflict with the Constitution and the Legislation Law. The State Council has the right to amend or repeal any inappropriate departmental and local government regulations. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government have the right to amend or repeal any inappropriate local laws or regulations promulgated or approved by their respective standing committees. The standing committees of local people's congresses have the right to repeal any inappropriate rules promulgated by the people's governments at the same level, and the people's governments of provinces and autonomous regions have the right to amend or repeal any inappropriate rules promulgated by the people's governments at lower levels.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the SCNPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to the application of laws other than in a court trial or in a prosecution process of the procuratorate should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

## PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019,, the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds any definite errors in a legally effective final judgment or ruling of a people's court at any lower level, the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”) latest amended on September 1, 2023 and took effect on January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally under the jurisdiction of the court located in the defendant's place of domicile. The litigants of a contract dispute or other property rights dispute may agree in writing on selection of the People's Court at the location of the Defendant's domicile, place of performance of contract, place of execution of contract, address of the Plaintiff, location of the subject matter, etc. or a venue which has actual connection with the dispute to be the People's Court which has jurisdiction, but shall not violate the provisions of the Civil Procedure Law on grade jurisdiction and exclusive jurisdiction.



A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the People's court of PRC may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. The laws governing the suspension or interruption of the statute of limitations shall apply to the suspension or interruption of the statute of limitations for the application for enforcement. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

**THE COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION**

A joint stock limited company established in the PRC seeking a listing on The HKSE is mainly subject to the following laws and regulations of the PRC.

The Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”) was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revision of the Company Law has taken effect on July 1, 2024.

The Trial Measures and relevant guidelines promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable both direct and indirect overseas share subscription and listing of domestic enterprises. The Trial Measures also set out the filing and administration methods and regulatory requirements for the overseas issuance of securities and listing of domestic enterprises.

On March 28, 2025, the CSRC newly promulgated Guidelines for Articles of Association of Listed Companies(《上市公司章程指引》) (the “**Guidelines for Articles of Association**”), which came into effect on the same date. Pursuant to the Trial Measures and its supporting Guidelines for the Application of Regulatory Rules – Overseas Issuance and Listing Category No.1, domestic enterprises that directly issue and list overseas shall formulate articles of association and standardize corporate governance with reference to the Articles of Association Guidelines and other relevant provisions of the CSRC on corporate governance.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

**General Provisions**

“A joint stock limited company” means a corporate legal person incorporated in China under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they have subscribed for and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.



**Incorporation**

A joint stock limited company may be established by means of promotion or stock floatation. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles within the territory of the PRC.

Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association. If a joint stock limited company is to be established by means of stock floatation, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

Promoters of a joint stock limited company established by means of stock floatation shall, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an establishment meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a joint stock limited company is established by means of promotion, the convening and voting procedures for the establishment meeting shall be prescribed by the articles of association of the company or the agreement of the promoters.

The establishment meeting of a company shall exercise the following functions and powers:

- (i) deliberating on the report on the preparations for establishment of the company by promoters;
- (ii) adopting the articles of association;
- (iii) electing directors and supervisors;
- (iv) reviewing the expenses for the establishment of the company;
- (v) reviewing the valuations of the non-monetary property contributed by the promoters; and
- (vi) where any force majeure or any major change of business conditions directly affects the establishment of the company, the resolution of not establishing the company may be made.

The resolutions made at the establishment meeting about the matters as mentioned in the preceding provision shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

**Registered Shares and Issue of Shares**

Under the Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation.

The capital of a joint stock limited shall be divided into shares. All the shares of the company shall alternatively be shares with or without par value in accordance with the articles of association. Where par value shares are adopted, all the shares shall be of equal value. The company may, according to the articles of association, convert all the issued par value shares into no par value shares, or vice versa. Where no par value shares are adopted, more than half of the proceeds from the issuance of the shares shall be included in the registered capital.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

- (i) name and domicile of each shareholder;
- (ii) class and number of shares subscribed for by each shareholder;
- (iii) serial number of shares if the shares are issued in paper form; and
- (iv) date on which each shareholder acquired the shares.

Shares of a joint stock limited company shall be issued under the principle of fairness and impartiality. The shares of the same class shall rank *pari passu*. Shares of the same class in the same issue shall be issued at the same price and on same conditions. The same price shall be paid for each share subscribed for by a subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

The Trial Measures provides that a company that offers and lists securities on overseas markets may raise funds and pay dividends in a foreign currency or Renminbi. Under certain circumstances, such as equity incentives and the acquisition of assets through the issuance of securities, a domestic enterprise is allowed to issue securities to specific domestic targets when it directly issues and lists overseas.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The term "domestic unlisted shares" in the preceding provision refers to shares offered by a domestic company but not listed or quoted for trading on any domestic trading venues. Domestic unlisted shares shall be centrally registered and deposited at a domestic securities depository and settlement agency. The registration and settlement of overseas listed shares is subject to applicable rules in overseas markets.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

### **Increase in Share Capital**

Pursuant to the relevant provisions of the Company Law, where a joint stock limited company intends to issue new stocks, its shareholders' general meeting shall make a resolution about the following matters:

- (i) the class and amount of the new stocks;
- (ii) the issuing price of the new stocks;
- (iii) the beginning and ending dates for the issuance of the new stocks;
- (iv) the class and amount of the new stocks to be issued to the original shareholders; and
- (v) if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Where a company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the prospectus.

### **Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (i) the company shall prepare a balance sheet and an inventory of property;
- (ii) the reduction of registered capital must be approved by shareholders at the shareholders' general meeting;
- (iii) the company shall notify its creditors within ten days from the date of the resolution of the shareholders' general meeting to reduce the registered capital and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within thirty days;
- (iv) the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; and
- (v) the company shall apply to the company registration authority for change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

**Share Buy-Back**

Under the Company Law, no company may purchase its own shares except under any of the following circumstances:

- (i) where the company's registered capital is reduced;
- (ii) where it merges with another company holding its shares;
- (iii) where its shares are used for employee stock ownership plan or equity incentives;
- (iv) where any shareholder, who raises objections to the resolution of the shareholders' general meeting on the merger or split-up of the company, requests the company to purchase its shares;
- (v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or
- (vi) it is necessary for a listed company to maintain its company value and its shareholders' equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders' general meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders' general meeting of the company.

After the company purchases its own shares according to the first paragraph of this Article, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as mentioned in item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in item (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in item (iii), (v) or (vi).

**Transfer of Shares**

Shares held by a shareholder may be transferred according to the law. Under the Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' general meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

**Shareholders**

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder include:

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;
- (iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

- (iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;
- (v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- (vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder include:

- (i) to comply with the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;
- (iv) other obligations conferred by laws, administrative regulations and the articles of association.

### **Shareholders' General Meetings**

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the authority of a company, which shall exercise the following functions and powers:

- (i) electing and replacing directors and supervisors and deciding on their remunerations;
- (ii) deliberating on and approving the reports of the board of directors;
- (iii) deliberating on and approving the reports of the board of supervisors;
- (iv) deliberating on and approving the plans for profit distribution and making up losses of the company;
- (v) making resolutions on the increase or decrease of the registered capital of the company;
- (vi) making resolutions on the issuance of corporate bonds;

- (vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;
- (viii) amending the articles of association; and
- (ix) other functions and powers as prescribed in the articles of association.

Under the Company Law, an annual shareholders' general meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' general meeting shall be held within two months:

- (i) where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;
- (ii) where the unrecovered losses of the company reach one third of the total capital stock;
- (iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request;
- (iv) where the board of directors deems it necessary;
- (v) where the board of supervisors so proposes; or
- (vi) other circumstances as provided for in the articles of association.

The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' general meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' general meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' general meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' general meeting is held. For an interim shareholders' general meeting, a notice shall be served 15 days in advance.

The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a shareholders' general meeting is held, submit an interim proposal in writing to the board of directors. The interim proposal shall contain a clear topic for discussion and specific matters for resolution. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the shareholders' general meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the shareholders' general meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholder who attends the shareholders' general meeting has one vote for each share held by it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

Under the Company Law and the Guidelines for Articles of Association, a resolution made at the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made at the shareholders' general meeting on modifying the articles of association, increasing or reducing the registered capital as well as merger, split-up, dissolution or change of the corporate form shall be adopted by two thirds or more of the voting rights held by the shareholders who attend the meeting.

The shareholders' general meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' general meeting. Under the cumulative voting system, when the shareholders' general meeting elects the directors or supervisors, each shareholder is entitled to one vote per share, multiplied by the number of candidates and uses them all for one candidate for director or supervisor.

### **The Board of Directors**

Under the Company Law, a joint stock limited company shall have a board of directors, which consists of more than three members. The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be reelected to serve another term.

The board of directors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen shall be elected by more than half of all the directors. The chairman shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairman shall assist the chairman in work. If the chairman is unable or fails to perform his/her duties, the deputy chairman shall perform such duties. If the deputy chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.



Under any of the following circumstances, anyone may not act as a director of a company:

- (i) having no capacity for civil conduct or having limited capacity for civil conduct;
- (ii) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;
- (iii) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation;
- (iv) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or
- (v) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers:

- (i) convening the shareholders' general meeting and reporting its work to the shareholders' general meeting;
- (ii) executing the resolutions of the shareholders' general meeting;
- (iii) deciding the business plans and investment scheme of the company;
- (iv) formulating the plans for profit distribution and making up for loss of the company;
- (v) formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds;
- (vi) formulating the plan for merger, division, dissolution, or change of corporate form of the company;
- (vii) deciding the establishment of the internal management body of the company;

- (viii) deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;
- (ix) formulating the basic management rules of the company; and
- (x) other functions and powers specified in the articles of association or granted by the shareholders' general meeting.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' general meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

### **The Board of Supervisors**

Under the Company Law, a joint stock limited company may have a board of supervisors which shall comprise 3 members or more. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through the employees' representative congress, employees' congress or by other means. No director or senior executive may concurrently hold the post of supervisor.

The board of supervisors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen of the board of supervisors shall be elected by more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform his/her duties, the deputy chairman of the board of supervisors shall convene and preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over such meeting.

The board of supervisors shall exercise the following functions and powers:

- (i) examining the financial affairs of the company;
- (ii) supervising the acts of the directors and senior executives in the performance of their duties, and proposing the removal of the directors and senior executives who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' general meeting;
- (iii) requiring the directors and senior executives to correct their acts if such acts damage the interests of the company;
- (iv) proposing to convene interim shareholders' general meetings, and convening and presiding over the shareholders' general meeting when the board of directors fails to implement the duties to convene and preside over the shareholders' general meeting as prescribed in the Company Law;
- (v) presenting proposals to the shareholders' general meetings;
- (vi) initiating lawsuits against the directors and senior executives according to Article 189 of the Company Law; and
- (vii) other functions and powers provided for in the articles of association.

A joint-stock company may, instead of setting up board of supervisors, in accordance with the provisions of its articles of association, set up an audit committee consisting of directors on its board of directors to exercise the powers and functions of the board of supervisors.

On December 27, 2024, the CSRC promulgated the Transitional arrangements relating to the implementation of the rules under the new Company Law (關於新《公司法》配套制度規則實施相關過渡期安排), Listed companies shall, before January 1, 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on Implementation of the Registered Capital Management System under the Company Law of the PRC and the supporting rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the supervisory board as stipulated in the Company Law, the listed companies will then have no supervisory board or supervisors. Before a listed company adjusts the establishment of the company's internal supervisory body, the supervisory board or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

**Managers and Senior Management**

Under the Company Law, a joint stock limited company may have a manager, who shall be appointed or removed as decided by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management refers to the company manager, deputy company manager, head of finance, secretary to the board of directors of a listed company, and any other persons as specified in the company's articles of association.

**Duties of Directors, Supervisors and Senior Management**

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior executives shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers.

The directors, supervisors and senior executives shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the property or misappropriating the funds of the company;
- (ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;
- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- (iv) taking commissions from the transactions between the company and any other person into his/her own pocket;
- (v) unlawfully disclosing the confidential information of the company; or
- (vi) other acts in violation of the obligation of loyalty to the company.

Where any director, supervisor or senior executive directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, which shall be subject to the resolution of the board of directors or shareholders' general meeting according to the articles of association.

Where any of the near relatives of the directors, supervisors or senior executives, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior executives or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, supervisors or senior executives, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

No director, supervisor or senior executive may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior executive fails to report to the board of directors or the shareholders' general meeting and obtain an approval by resolution of the board of directors or the shareholders' general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation.

### **Finance and Accounting**

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial accounting report which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial accounting report of a joint stock limited company shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books. No account shall be opened in the name of any individual for the deposit of a company's funds.

### **Appointment and Dismissal of Accounting Firms**

Pursuant to the Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be decided by the shareholders' general meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' general meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Guidelines for Articles of Association provide that the Company's engagement of an accounting firm shall be decided by the shareholders' general meeting. The board of directors shall not engage any accounting firm before the decision is made by the shareholders' general meeting. The audit fee to the accounting firm shall be decided by the shareholders' general meeting.

### **Profit Distribution**

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' general meeting. The residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company (in the case of a joint stock limited company) in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior executives shall be held liable for compensation if any loss is caused to the company.

If the shareholders' general meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution is made.

**Dissolution and Liquidation**

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;
- (ii) dissolution by a resolution of the shareholders' general meeting;
- (iii) dissolution due to merger or demerger of the company;
- (iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or
- (v) being dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation:

- (i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively;
- (ii) notifying the company's creditors by mail or public announcement;
- (iii) handling and liquidating the unfinished business of the company;
- (iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;
- (v) liquidation of claims and debts;
- (vi) distributing the remaining property after all the debts of the company are paid off; and
- (vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. When filing a proof of claim, the creditor shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proofs of claims, the liquidation group shall not pay off for any of the creditors.

The liquidation group shall, after liquidating the property of the company and preparing a balance sheet and an inventory of property, make a plan of liquidation and report the same to the shareholders' general meeting or the people's court for confirmation.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may, in the case of a limited liability company, be distributed in proportion to capital contributions of the shareholders, and in the case of a joint stock limited company, distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.



Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' general meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

### **Overseas Listing**

According to the Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first sentence of this paragraph.

### **Loss of Share Certificates**

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

**Suspension and Termination of Listing**

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event.

**SECURITIES LAW AND REGULATIONS**

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for the public issue of shares, trading of shares, takeover of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information by listed companies, investigation and penalties, and arbitration of disputes.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the “**PRC Securities Law**”), which was latest amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

**ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS**

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), amended by the SCNPC on September 1 2017 and effective on January 1 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where the disputing parties have reached an arbitration agreement and one party applies to the People's Court to have the case heard, the People's Court shall not deal with this, except if the arbitration agreement is invalid.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). Where a party applies for enforcement of an arbitral award made in the PRC pursuant to the law which has come into legal effect, and the person subject to enforcement or its properties are not located in the PRC, the party may apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

**JUDICIAL JUDGMENT AND ITS ENFORCEMENT**

Under the Supreme People’s Court’s Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People’s Court on July 3, 2008 and effective on August 1, 2008 and was abolished on January 29, 2024, as for an enforceable final judgment made by a court in Mainland China or Hong Kong court concerning a civil and commercial case under a written agreement on jurisdiction, in which payment must be made, the party concerned may, under the Arrangement, apply to a court in Mainland China or a Hong Kong court for recognition and enforcement. The term “written agreement on jurisdiction” refers to agreements clearly stipulated in written form by parties concerned that a court in Mainland China or Hong Kong court has sole jurisdiction as to the effectiveness of the Arrangement, so as to settle disputes relevant to a certain legal relationship that has either arisen or might arise. Therefore, the party concerned may apply to the court in Mainland China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Mainland China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 25, 2024, the Supreme People’s Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgements 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**”), which takes into effect on January 29, 2024 and seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgements in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the China. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement.

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

**SHARES AND REGISTERED CAPITAL**

The shares of the Company shall take the form of share certificates.

The Company shall issue shares in an open, equitable and fair manner, and each of the shares in the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares that it/he/she subscribes for.

All shares issued by the Company shall be denominated in RMB.

**INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES****Increase and Reduction of Shares**

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to a separate resolution of the shareholders' general meeting, by any of the following methods:

- (i) a public offering of shares;
- (ii) a private placement of shares;
- (iii) allotment of bonus shares to existing shareholders;
- (iv) conversion of reserve into share capital;
- (v) other methods permitted by laws, administrative regulations and the securities regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, as well as the Articles of Association.

**Share Buy-Back**

The Company shall not repurchase its shares. However, exceptions are made in any of the following cases:

- (i) to reduce the registered capital of the Company;
- (ii) to merge with other companies that hold shares in the Company;
- (iii) to use the shares for employee shareholding schemes or as share incentives;
- (iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any shareholders' general meetings on the merger or division of the Company;
- (v) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
- (vi) to safeguard corporate value and shareholders' equity as the Company deems necessary.

The Company may repurchase its own shares through public centralized trading, or through other means recognized by the laws, administrative regulations, the securities regulatory authorities of the place and the stock exchange where the Company's shares are listed, and shall comply with the provisions under applicable laws and regulations, as well as securities regulatory rules of the place where the Company's shares are listed. Where the purchases of the Company's shares under any of the circumstances specified in aforesaid items (iii), (v) and (vi), centralized trading shall be adopted publicly. Where the Company purchases its own shares under any of the circumstances specified in the aforesaid items (i) and (ii) shall require a resolution of the shareholders' general meeting. Where the purchases of the Company's shares under any of the circumstances specified in aforesaid items (iii), (v) and (vi) shall, prevailing provided that they comply with the applicable securities regulatory rules of the place where the Company's shares are listed, require a resolution of a board of directors attended by two-thirds or more of the directors. After the Company purchasing its own shares pursuant to the provisions above, such shares shall be cancelled within 10 days from the date of purchase under the circumstance as described in item (i); such shares shall be either transferred or cancelled within six months under the circumstances as described in items (ii) and (iv); the aggregate number of shares it holds shall not exceed 10% of the total shares in issue of the Company and such shares shall be transferred or cancelled within three years under the circumstances as described in items (iii), (v) and (vi).

**Transfer of Shares**

The shares of the Company held by the promoters thereof shall not be transferred within 1 year of the date of establishment of the Company. A Shares already issued by the Company before the public offering of A Shares shall not be transferred within 1 year of the date on which the A Shares of the Company are listed on the stock exchange.

The directors, supervisors, and senior executives of the Company shall declare, to the Company, the information on their holdings of the shares of the Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed twenty-five percent of the total shares they hold in the Company. The shares that they hold in the Company shall not be transferred within 1 year of the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares of the Company within half a year from the date of their resignation.

Where the Company's directors, supervisors, senior executives or shareholders who hold 5% or more of the Company's shares sell the Company's shares they hold within six months of the relevant purchase, or purchase any share they have sold within six months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the Company, and the Board of Directors of the Company shall recover the proceeds. However, the following circumstances shall be excluded where a securities company holds 5% or more of the shares of the Company due to its purchase of any remaining shares under best efforts underwriting or where the provisions of the CSRC are applicable.

Shares or other securities with the nature of equity held by directors, supervisors, senior executives and natural person shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, and held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the aforesaid provision of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the people's court in their own names for the interest of the Company. And if the Board of Directors fails to implement the aforesaid provisions of this Article, the responsible directors shall bear joint and several liability in accordance with law.

**SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS****Shareholders**

The Company shall establish a register of shareholders based on the certificates provided by the share registrar where the Company's shares are listed. The register of shareholders shall be sufficient evidence proving the shareholders' holding of the Company's shares. The original register of holders of H Shares listed in Hong Kong shall be maintained in Hong Kong and available for inspection by shareholders, whilst the Company may close the register of members in accordance with the provisions of applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares held by him/her. Shareholders who hold existing shares of the same class shall enjoy equal rights and assume the equal obligations.

Shareholders of the Company shall enjoy the following rights:

- (i) the right to receive dividends and other distributions in proportion to the number of shares held;
- (ii) the right to request, convene, preside over, attend or appoint proxy(ies) to attend the shareholders' general meeting and to exercise the corresponding right to vote according to law;
- (iii) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;
- (iv) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;
- (v) the right to inspect the Articles of Association, register of shareholders, corporate bond stubs, minutes of the shareholders' general meetings, resolutions of the Board of Directors, resolutions of the Board of Supervisors and financial and accounting reports;
- (vi) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (vii) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase the shares they hold;
- (viii) other rights provided for by laws, administrative regulations, departmental rules, the securities regulatory rules in the place where the Company's shares are listed or the Articles of Association.

When a shareholder requests to have access to or obtain the information mentioned above in the article, he or she shall present evidence to prove the class and amount of shareholdings in writing. The Company shall comply with the shareholder's request after verifying his/her identity.

A resolution of the shareholders' general meeting or the Board of Directors may be declared void by the people's court upon application from shareholders if the content contravenes the laws or administrative regulations. If the convening procedure or voting method of a shareholders' general meeting or the Board of Directors contravenes the laws, administrative regulations or the Articles of Association, or if the contents of the resolutions of such meetings contravene the Articles of Association, the shareholders can request the people's court to revoke the resolution within 60 days of the resolution.



The shareholders of the Company shall assume the following obligations:

- (i) to comply with laws, administrative regulations and the Articles of Association;
- (ii) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (iii) not to return shares unless prescribed otherwise in laws and regulations;
- (iv) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors;
- (v) other obligations imposed by laws, administrative regulations and the Articles of Association.

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with laws; any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and causes severe harms to the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

#### **General Requirements of Shareholders' General Meeting**

The shareholders' general meeting is the body of power of the Company which exercises the following functions and powers according to law:

- (i) to decide on the business policy and investment plans of the Company, and to approve significant changes in the Company's business scope;
- (ii) to elect and replace the directors and supervisors who are not employee representatives and to decide on the matters relating to the remuneration of directors and supervisors;
- (iii) to consider and approve the reports of the Board of Directors;
- (iv) to consider and approve the reports of the Board of Supervisors;
- (v) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (vi) to consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (vii) to resolve on the increase or reduction of the Company's registered capital;
- (viii) to resolve on issuance of corporate bonds;

- (ix) to resolve on the merger, division, dissolution, liquidation or changing the form of the Company;
- (x) to amend the Articles of Association and other important rules and regulations of the Company;
- (xi) to adopt resolutions on the Company's appointments and dismissals of accounting firms;
- (xii) to consider and approve the guarantees provided in Article 41 of the Articles of Association;
- (xiii) to consider the purchase or sale of major assets of the Company in excess of 30% of the Company's latest audited total assets within one year;
- (xiv) to consider and approve changes in the use of proceeds;
- (xv) to consider the equity incentive plans and employee shareholding schemes;
- (xvi) to consider all transactions where the Company's percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules relating to percentage ratios are not less than 25% (including one-off transactions and a series of transactions which require combined percentage ratio calculation) and related transactions where the percentage ratios are not less than 5% (including one-off transactions and a series of transactions which require combined percentage ratio calculation);
- (xvii) to consider other matters on which decisions shall be made by the shareholders' general meeting as required by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The annual shareholders' general meeting of the Company may authorize the Board of Directors to decide the issuance of shares with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets as at the end of the latest year to specific subject(s), and such authorization will expire on the date of the next annual shareholders' general meeting.

The following external guarantees provided by the Company shall be considered and approved by the shareholders' general meeting:

- (i) any guarantee provided after the total amounts of the external guarantees provided by the Company and its majority-owned subsidiaries exceed 50% of the latest audited net assets;
- (ii) a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (iii) provision of guarantee to any guaranteed party with a gearing ratio exceeding 70%;
- (iv) any guarantee provided after the total amounts of the external guarantees provided by the Company exceed 30% of the latest audited total assets;

- (v) guarantee that exceeds 30% of the latest audited total assets of the Company when determined based on the principle of accumulation of guarantee amounts for consecutive 12 months;
- (vi) guarantees provided to shareholders, de facto controllers and their related parties;
- (vii) other guarantee circumstances as stipulated by laws, regulations, securities regulatory rules in the place where the Company's shares are listed or the Articles of Association.

The guarantee in item (v) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by shareholders present at the shareholders' general meeting.

The shareholders' general meetings are classified into annual shareholders' general meetings and interim shareholders' general meetings. The annual shareholders' general meeting shall be convened once a year and be held within 6 months of the end of the previous accounting year.

In any of the following circumstances, the Company shall convene an interim shareholders' general meeting within 2 months from the date upon which the circumstance occurs:

- (i) when the number of directors falls short of the number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (ii) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;
- (iii) when shareholders individually or collectively holding more than 10% of the Company's shares request;
- (iv) when the Board of Directors deems necessary;
- (v) when proposed by the Board of Supervisors;
- (vi) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

### **Convening of Shareholders' General Meeting**

Independent directors shall be entitled to submit a proposal to the Board of Directors on holding an interim shareholders' general meeting. For such a proposal, the Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an interim shareholders' general meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations, and the Articles of Association. Where the Board of Directors agrees to hold an interim shareholders' general meeting, a notice of the shareholders' general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to hold such a meeting, its reasons shall be given, and an announcement shall be made.

The Board of Supervisors shall be entitled to submit a proposal in writing to the Board of Directors on holding an interim shareholders' general meeting. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an interim shareholders' general meeting within 10 days upon receipt of the proposal in accordance with laws, administrative regulations, and the Articles of Association. Where the Board of Directors agrees to hold an interim shareholders' general meeting, a notice of shareholders' general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval from the Board of Supervisors. Where the Board of Directors does not agree to hold an interim shareholders' general meeting or fails to give a reply within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening a shareholders' general meeting. In such case, the Board of Supervisors may convene and preside over the meeting on its own.

Shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to request the Board of Directors to convene an interim shareholders' general meeting and such request shall be made to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an interim shareholders' general meeting within 10 days upon receipt of the request in accordance with laws, administrative regulations, and the Articles of Association. Where the Board of Directors agrees to hold an interim shareholders' general meeting, it shall issue a notice of the shareholders' general meeting within 5 days after the resolution is made. Any change to the original request in the notice shall be subject to the approval from the relevant shareholders. Where the Board of Directors does not agree to hold an interim shareholders' general meeting or fails to give a reply within 10 days upon receipt of the request, shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to submit a proposal to the Board of Supervisors on holding an interim shareholders' general meeting and such request shall be made to the Board of Supervisors in writing. Where the Board of Supervisors agrees to hold an interim shareholders' general meeting, it shall issue a notice of Shareholders' general meeting within 5 days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders. Where the Board of Supervisors fails to give the notice of the shareholders' general meeting within the specified time limit, it shall be deemed that the Board of Supervisors does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.

Where the Board of Supervisors or shareholders decide to convene a shareholders' general meeting on their own, they must notify the Board of Directors in writing and, in accordance with the securities regulatory rules and the requirements of the stock exchange where the Company's shares are listed, complete the necessary reports or announcements. Prior to the announcement of the resolution of the shareholders' general meeting, the proportion of shares held by the convening shareholders shall not be less than 10%. The convening shareholders shall, upon issuing the notice of the shareholders' general meeting and the announcement of the resolutions of the shareholders' general meeting, complete the necessary reports or announcements in accordance with the securities regulatory rules and the requirements of the stock exchange where the Company's shares are listed.

The Board of Directors and the secretary to the Board of Directors should cooperate with the Board of Supervisors or shareholders to convene shareholders' general meetings on their own. The Board of Directors shall provide the register of shareholders on the record date of equity interests.

**Proposals and Notices of Shareholders' General Meeting**

The contents of a proposal of the shareholders' general meeting shall be within the scope of the duties and powers of the shareholders' general meeting, have definite themes and specific matters for resolutions, as well as be in compliance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the relevant requirements set forth in the Articles of Association.

When the Company convenes a shareholders' general meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or together hold 3% or more of the shares of the Company are entitled to put forward a proposal to the Company.

Shareholders individually or together holding 3% or more of the shares of the Company can put forward a temporary proposal 10 days before the shareholders' general meeting is held and submit the proposal to the convener of the meeting in writing. The convener shall issue a supplemental notice within 2 days upon receiving such proposal and notify shareholders of the content of such proposal. If the shareholders' general meeting needs to be postponed due to the issuance of a supplemental notice of the shareholders' general meeting according to the securities regulatory rules of the place where the Company's shares are listed, the convening of the shareholders' general meeting shall be postponed in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The convener shall notify each shareholder 21 days prior to an annual shareholders' general meeting and shall notify each shareholder 15 days prior to an interim shareholders' general meeting. For the purpose of calculating the starting date, the day on which the meeting is held shall be excluded.

Notice of shareholders' general meeting shall include the following contents:

- (i) the date, venue and duration of the meeting;
- (ii) matters and proposals to be considered at the meeting;
- (iii) an express statement that the entire shareholders are entitled to attend the shareholders' general meeting, and to appoint proxy(ies) to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;
- (iv) the record date on which the shareholders are entitled to attend the shareholders' general meeting;
- (v) the name and telephone number of permanent contact persons for the affairs of the meeting;
- (vi) the voting time and procedure via internet or through other means (if any).

The notice and the supplementary notice, if any, of the shareholders' general meeting shall fully and completely disclose the contents of all proposals. If the matters to be discussed require the opinions of the independent directors, the opinions of the independent directors and the reasons therefor shall be disclosed at the same time when the notice of shareholders' general meeting or its supplementary notice is issued.

**Holding of Shareholders' General Meeting**

All shareholders (or their proxies) who are legally registered on the record date according to the securities regulatory rules of the place where the Company's shares are listed shall have the right to attend the shareholders' general meeting and exercise voting rights in accordance with relevant laws, regulations, and the Articles of Association (unless certain shareholders are required to abstain from voting on specific matters according to the securities regulatory rules of the place where the Company's shares are listed). Shareholders may attend the shareholders' general meeting in person and exercise their voting rights, or appoint proxies to attend and exercise voting rights within the scope of authorization.

An individual shareholder who attends the meeting in person shall produce his/her own identification card or other valid documents or proof evidencing his/her identity and stock account cards. If a shareholder appoints a proxy to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

A legal person shareholder shall attend the meeting by its legal representative or proxy appointed by the legal representative. Where the legal representative attends the meeting, he/she shall produce his/her own identification card and valid certificates evidencing his/her capacity as the legal representative. Where a proxy is appointed to attend the meeting, he/she shall produce his/her own identification card and the written power of attorney issued by the legal representative of the legal person shareholder according to law.

Shareholders of a partnership should be represented at the meeting through a representative appointed by the executive partner of the partnership or a proxy entrusted by the appointed representative. The representative appointed by the executive partner attending the meeting shall produce his/her own identification card and valid proof of qualification as an appointed representative. If a proxy is entrusted to attend the meeting, the proxy shall produce his/her own identification card and the written power of attorney issued by the executive partner.

If the shareholder is a recognized clearing house (or its nominee) as defined in the relevant laws and regulations of the place where the Company's shares are listed, such shareholder may authorize 1 or more persons or corporate representatives as he/she deems appropriate to act on his/her behalf at any meetings (including but not limited to shareholders' general meetings and creditors' meetings); however, if more than 1 persons are thus authorized, the power of attorney shall specify the numbers and classes of shares in respect of which such persons are authorized, and signed by the authorized person of the recognized clearing house. The person(s) so authorized may attend the meeting, speak at the meeting and exercise the rights on behalf of the recognized clearing house (or its nominee) without producing certificates of shareholding, the notarized power of attorney and/or further evidence to prove that he/she has been duly authorized as if such person is an individual shareholder of the Company.

A proxy of attorney issued by a shareholder to entrust another person as his/her proxy to attend the shareholders' general meeting shall contain the following:

- (i) the name of the proxy;
- (ii) whether the proxy has voting right or not;
- (iii) separate instructions as to whether to cast affirmative, negative or abstention votes on each and every matter under consideration listed on the agenda of the shareholders' general meeting;
- (iv) the issuing date and validity period of the power of attorney;
- (v) Signature (or seal) of the principal. If the principal is a legal person shareholder or a partnership shareholder, the seal of the legal person or partnership shall be affixed, or it shall be signed by a duly authorized person.

The power of attorney shall indicate whether the proxy can vote as he/she thinks fit or not if the shareholder does not make specific instructions.

Where the power of attorney is signed by a person authorized by the principal, the power of attorney or other authorization instruments authorized to be signed shall be notarized. The notarized power of attorney or other authorization instruments, together with the power of attorney, shall be lodged at the domicile of the Company or other places as specified in the notice of the meeting.

Where the principal is a legal person or partnership, its legal representative, executive partner or the person authorized by the resolutions of its board of directors or other decision-making body shall be entitled to attend the shareholders' general meeting of the Company as a representative of the principal.

When the shareholders' general meeting is held, all directors, supervisors and secretary to the Board of Directors of the Company shall attend the meeting, and the general manager and other senior executives shall attend the meeting as non-voting participants. Subject to the securities regulatory rules of the place where the Company's shares are listed, the aforesaid persons may attend the meeting or attend the meeting as non-voting participants by internet, video, telephone or other means with equivalent effect.

The shareholders' general meeting shall be presided over by the chairman of the Board of Directors. Where the chairman of the Board of Directors is unable to or fails to perform his/her duty, a director elected by more than half of all directors shall preside over the meeting. If a shareholders' general meeting is convened by the Board of Supervisors itself, the chairman of the Board of Supervisors shall preside over the meeting. If the chairman of the Board of Supervisors is unable to or will not discharge his duties, not less than one half of the supervisors shall nominate a supervisor to preside over the meeting. The shareholders' general meeting convened by shareholder(s) itself/themselves shall be presided over by a representative elected by the convener. In a shareholders' general meeting, if the chairman of the meeting contravenes the rules of procedure, making the meeting impossible to proceed, with consent from more than one-half of the attending shareholders with voting rights, the shareholders' general meeting may nominate one person to serve as the chairman and continue with the meeting.

**Voting at Shareholders' General Meetings**

The resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution of the shareholders' general meeting shall be adopted by more than half of the votes held by the shareholders (including proxies of shareholders) attending the shareholders' general meeting. A special resolution of the shareholders' general meeting shall be adopted by two-thirds or more of the votes held by the shareholders (including proxies of shareholders) attending the shareholders' general meeting.

The following matters shall be approved by the shareholders' general meeting through ordinary resolutions:

- (i) work report of the Board of Directors and the Board of Supervisors;
- (ii) the profit distribution plans and loss recovery plans drafted by the Board of Directors;
- (iii) appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, and their payment and payment methods;
- (iv) annual budget and final account plan of the Company;
- (v) annual report of the Company;
- (vi) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' general meeting:

- (i) the increase or reduction of the registered capital of the Company;
- (ii) the division, spin-off, merger, dissolution and liquidation;
- (iii) change of corporate form of the Company;
- (iv) other amendment to the Articles of Association;
- (v) the purchases or sales of material assets by the Company within a consecutive 12 months or the guarantee amount exceeding 30% of the latest audited total assets of the Company;
- (vi) the share incentive scheme;
- (vii) other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, as well as other matters that the shareholders' general meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.



Shareholders (including proxies) may exercise their voting rights by the number of shares held by them which carry the right to vote. Each share shall have one vote.

When material issues affecting the interests of minority shareholders are considered at a shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares of the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a shareholders' general meeting.

If a shareholder purchases shares with voting rights of the Company in violation of paragraph 1 and paragraph 2 of Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted in the total number of shares with voting rights present at the shareholders' general meeting.

According to applicable laws and regulations and the Listing Rules, if any shareholder is required to abstain from voting on certain resolution or is restricted to voting only for or against certain resolution, any votes cast by the shareholder or proxy in violation of the relevant requirements or restrictions shall not be counted in the total number of shares with voting rights.

The Board of Directors, independent directors, shareholders of the Company holding 1% or more of the voting shares of the Company or investor protection institutions established pursuant to laws, administrative regulations or the rules of the securities regulatory authorities of the place where the Company's shares are listed, may publicly solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. The solicitation of voting rights from shareholders with the provision of direct or indirect compensation shall be prohibited. The Company may not impose any minimum shareholding requirement for the solicitation of voting rights, except for statutory conditions.

When relevant related transaction is considered at a shareholders' general meeting, the related shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with valid voting rights; the announcement of the resolutions of the shareholders' general meeting shall fully disclose the voting of non-related shareholders.

**BOARD OF DIRECTORS****Directors**

Directors may include executive directors, non-executive directors, and independent directors. Independent directors refer to persons who meet the requirements of Article 103 of the Articles of Association. Directors of the Company are natural persons and shall possess the qualifications required by the laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company's shares are listed. The following person shall not serve as a director of the Company:

- (i) person without capacity or with limited capacity of civil conduct;
- (ii) person who has committed offences relating to corruption, bribery, misappropriation of fund, misappropriation of property or disruption of social economic order and has been sentenced to criminal punishment, where less than 5 years has elapsed since the date of completion of the sentence, or who has been deprived of his/her political rights due to a criminal offense, where less than 5 years has elapsed since the date of restoring his/her political rights;
- (iii) person who was a former director, factory manager or general manager of a company or enterprise which was declared bankrupt and was liquidated and who was personally liable for the bankruptcy of such company or enterprise, where less than 3 years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (iv) A person who is a former legal person who was a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of the law and who was personally liable, where less than 3 years has elapsed since the date of the revocation;
- (v) person who has a substantial number of debts due and outstanding;
- (vi) person who is subject to the CSRC's or other regulatory authorities' measures which prohibits him/her from entering into the securities market for a period which has not yet expired;
- (vii) other circumstances specified by the laws, administrative regulations, departmental rules, or securities regulatory rules of the place where the Company's shares are listed.

Directors shall be elected or replaced by the shareholders' general meeting and serve a term of 3 years. A director shall be eligible for re-election and re-appointment upon the expiration of his/her term according to the securities regulatory rules of the place where the Company's shares are listed. Directors shall not be removed from their office prior to the conclusion of the term thereof by the shareholders' general meeting without cause.

The term of office of a director shall commence from the date on which the said director assumes office until the expiry of the term of office of the current session of the Board of Directors. A director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or where a director has resigned during the term of his/her office resulting that the number of the members in the Board of Directors falls below the quorum.

Any person appointed by the Board of Directors as a director to fill a casual vacancy on the Board of Directors or as an addition to the Board of Directors shall hold office only until the first annual shareholders' general meeting following his/her appointment, and shall then be eligible for re-election.

A director may serve concurrently as general manager or other senior executives, but the total number of directors serving concurrently as general manager or other senior executives and employee representative directors shall not be more than half of the directors of the Company.

A director may resign before expiry of his/her term of service. A director shall submit a written resignation notice to the Board of Directors when he/she resigns. The Board of Directors shall disclose the relevant matter within 2 days or the timeframe required by the securities regulatory rules of the place where the Company's shares are listed. If number of the member of directors falls below the minimum statutory requirement due to a director's resignation, the former directors shall still perform their duties as directors in accordance with the requirements of the laws, administrative regulations, departmental rules and the Articles of Association until an elected director assumes his/her office. Save for the circumstances referred to in the paragraph, the director's resignation takes effect upon delivery of his/her resignation report to the Board of Directors.

The qualification, nomination and selection procedures, and function and power of independent directors shall be implemented in accordance with the relevant provisions of laws and regulations and securities rules of the place where the Company's shares are listed.

The number of independent directors shall not be less than 3 and shall constitute no less than one-third of all directors, and shall include at least 1 with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Listing Rules. One independent director shall be ordinarily resident in Hong Kong. All independent directors shall possess the independence as required by the Listing Rules.

### **Board of Directors**

The Company sets up the Board of Directors, which is responsible for the shareholders' general meeting. The board of directors consists of 5 directors, including 3 independent directors and one chairman. The Board of Directors establishes special committees such as the Strategy and ESG Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. These special committees are accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization granted by the Board of Directors. Proposals should be submitted to the Board of Directors for consideration and decision.

The Board of Directors exercises the following functions and powers:

- (i) to convene shareholders' general meetings and report on its work to the shareholders' general meeting;
- (ii) to implement the resolutions of the shareholders' general meetings;
- (iii) to decide on the Company's business plans and investment plans;
- (iv) to formulate the Company's annual financial budget plan and final account plan;
- (v) to formulate the Company's profit distribution plan and loss recovery plan;
- (vi) to formulate proposals for the increase or reduction of the Company's registered capital, issuance of bonds or other securities, and listing plans;
- (vii) to formulate plans for major acquisitions, purchase of our Company's shares, or merger, division, dissolution and change of form of our Company;
- (viii) within the scope authorized by the shareholders' general meeting, to decide on the Company's external investment, acquisition and sale of assets, asset pledge, external guarantee matters, entrusted wealth management, related transactions, and external donations.
- (ix) to decide on the establishment of the Company's internal management structure;
- (x) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors, or other senior management personnel, and to determine their remuneration, rewards, and penalties; based on the general manager's nomination, to decide on the appointment or dismissal of the Company's deputy manager, financial officer, and other senior management personnel, and to determine their remuneration and rewards and penalties;
- (xi) to formulate the Company's basic management system;
- (xii) to formulate proposals for any amendment to the Articles of Association;
- (xiii) to manage the information disclosure matters of the Company;
- (xiv) to propose to the shareholders' general meeting the appointment or change of the accounting firm acting as the auditors of our Company;
- (xv) to receive the work report of the Company's general manager and examine the general manager's work;
- (xvi) other powers conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board of Directors shall determine the scope of authorities in respect of external investments, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, related transactions, and external donations, and establish strict review and decision-making procedures; major investment projects should be reviewed by relevant experts and professionals, and subject to shareholders' approval at the shareholders' general meeting.

A meeting of the Board of Directors shall be held in the presence of more than half of the directors. Unless otherwise provided by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association, resolutions of the Board of Directors must be passed by more than half of all directors. Voting on Board of Directors resolutions shall be made on a one-person-one-vote basis.

If a director is associated with the enterprises involved in the matters to be resolved at the Board of Directors, he/she shall not exercise voting rights on such resolutions, nor shall he/she act as a proxy to exercise voting rights on behalf of other directors. Such Board of Directors may be held with the attendance of over half of the directors without association relationship. Resolutions made by Board of Directors shall be adopted by over half of the directors without association relationship. If the number of non-related directors present at the Board of Directors is less than 3, the matter shall be submitted to the shareholders' general meeting for consideration. If the laws, regulations and the securities regulatory rules of the places where the Company's shares are listed impose any additional restrictions on directors' participation and voting in the Board of Directors, such provisions shall prevail.

#### **GENERAL MANAGER AND OTHER SENIOR MANAGEMENT**

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. The Company may appoint several deputy general managers, who shall be appointed or dismissed by the Board of Directors. The general manager, deputy general manager, financial officer, and secretary to the Board of Directors are senior management of the Company.

The circumstances in Article 94 of the Articles of Association regarding disqualification from serving as a director shall also apply to senior management. The provisions regarding the fiduciary duties of directors under Article 96 and the diligence obligations under items (IV), (V), and (VI) of Article 97 of the Articles of Association shall also apply to senior management.

The general manager shall serve a term of three years and may serve consecutive terms if re-employed.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (i) to lead the Company's production, operation and management, organize the implementation of the resolutions of the Board of Directors, and report to the Board of Directors;
- (ii) to organize the implementation of the Company's annual operation plan and investment proposal;
- (iii) to prepare the plan for the establishment of the Company's internal management department;

- (iv) to prepare the basic management system of the Company;
- (v) to formulate the specific rules and regulations of the Company;
- (vi) to propose to the Board of Directors the appointment or dismissal of the Company's deputy general manager and financial officer;
- (vii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (viii) to determine the wages, benefits, rewards and punishments of the company's staff, to decide on the appointment and dismissal of the company's staff;
- (ix) to approve matters of external investment, acquisition and sale of assets, asset pledge, entrusted wealth management, related transactions, and external donations that do not meet the standards for the Board of Directors review;
- (x) other powers authorized by the Articles of Association or the Board of Directors.

The Company shall have a Secretary to the Board of Directors, who is responsible for preparing the shareholders' general meeting and the Board of Directors, keeping documents, managing the materials regarding the shareholders of the Company, and dealing with information disclosure and other matters.

## **BOARD OF SUPERVISORS**

### **Supervisors**

The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a director shall also apply to supervisors. Directors, general manager and other senior executives shall not act as supervisors concurrently.

Supervisors shall comply with the laws, administrative regulations and the Articles of Association, and owe fiduciary obligations and diligence obligations to the Company. They shall not use their authority to accept bribes or other illegal income, nor encroach upon the Company's property.

The term of office of the supervisor is three (3) years for each session. Upon expiry of the term, the supervisor may be re-appointed upon re-election.

A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations, and the Articles of Association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

**Board of Supervisors**

The Company shall have one Board of Supervisors. The Board of Supervisors shall be composed of three Supervisors, and shall have a chairman. The chairman of the Board of Supervisors shall be elected by more than half of all the Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors; where the chairman of the Board of Supervisors is unable to or fails to perform his duties, a supervisor shall be chosen by more than half of all the supervisors to convene and preside over the meeting of the Board of Supervisors. The Board of Supervisors shall include shareholder representatives and an appropriate proportion of the Company's employee representatives, and the proportion of employee representatives shall not be less than one-third. The employee representatives in the Board of Supervisors shall be elected by the Company's employees through the employee representatives' meeting, employee meeting or other democratic forms.

The Board of Supervisors shall exercise the following functions and powers:

- (i) to review the Company's regular reports prepared by the Board of Directors and provide written review opinions;
- (ii) to examine the Company's financial affairs;
- (iii) to supervise the conduct of directors and senior executives in performing their duties for the company, and propose the dismissal of directors and senior executives who have violated laws, administrative regulations, the Articles of Association, or resolutions of the shareholders' general meetings;
- (iv) to require directors and senior executives personnel to rectify their acts when they are detrimental to the interests of the Company;
- (v) to propose to convene an extraordinary general meeting, and to convene and preside over the shareholders' general meeting when the Board of Directors fails to perform the duties of convening and presiding over the shareholders' general meeting under the Company Law;
- (vi) to submit proposals to the shareholders' general meeting;
- (vii) to file lawsuits against the directors and senior executives in accordance with the Company Law;
- (viii) to investigate any irregularities in the operations of the Company; if necessary, may engage accounting firms, law firms and other professional institutions to assist in the work, with expenses to be borne by the Company;
- (ix) other functions and powers conferred by laws, administrative regulations, and the Articles of Association.

**FINANCIAL AND ACCOUNTING SYSTEMS, DISTRIBUTION OF PROFITS AND AUDIT****Financial and Accounting System**

The Company shall develop its financial and accounting systems pursuant to laws, administrative regulations and the requirements of the competent authorities of China, and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall report and disclose its annual report to the CSRC and the stock exchange(s) within 4 months from the ending date of each fiscal year, and report and disclose its interim report to the delegated authority of the CSRC and the stock exchange(s) within 2 months from the end of the first half of each fiscal year. If the securities regulatory authorities of the place where shares of the Company are listed provide otherwise, such provisions shall prevail. The aforementioned annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange(s).

The Company shall not keep 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 profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital. When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision. After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary reserve. After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profits distributed to shareholders by a shareholders' general meeting before losses are covered and allocations are made to the statutory reserve in violation of the preceding requirements must be returned to the Company. The Company shall not distribute any profits in respect of the shares held by it.

The reserve of the Company shall be applied to making up for the Company's losses, expanding its business operations or increasing its capital. The capital reserve, however, shall not be used to make up for the Company's losses. Upon the conversion of statutory reserve into capital, the balance of the statutory reserve shall not be less than 25% of the registered capital of the Company before such conversion.

After the shareholders' general meeting of the Company has resolved on the profit distribution plan, or after the Board of Directors of the Company has formulated a specific plan according to the interim dividend conditions and caps for the next year reviewed and approved at the annual shareholders' general meeting, the distribution of dividends (or shares) shall be completed within 2 months.



The Company shall maintain continuous and stable profit distribution policy, and the Company's profit distribution should pay attention to bringing reasonable return to investors and take into account the long-term interests and sustainable development of the Company. Profit distribution shall not exceed the scope of accumulated distributable profits, or damage the Company's ability to continue as a going concern. The Company may distribute dividends in cash, shares, or a combination of cash and shares; the Company will priorities cash distribution of dividends; based on realistic and reasonable factors such as the Company's cash flow position, business growth, and net asset size per share, the Company may also distribute dividends in shares or a combination of cash and shares.

#### **Internal Audit**

The Company shall implement an internal audit system, where dedicated auditing staff carry out the internal audit and supervision over the financial revenue and expenditure and the economic activities of the Company.

The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board of Directors. The officer in charge of audit shall be accountable to the Board of Directors and report his/her work to the same.

#### **Appointment of an Accounting Firm**

The Company shall engage an accounting firm which is qualified under the laws, regulations, and securities regulatory rules of the place where the Company's shares are listed, to perform audits of accounting statements, verify net assets and provide other relevant consulting services. The term of such engagement is 1 year and can be renewed.

The engagement of an accounting firm by the Company shall be determined at the shareholders' general meeting, and the Board of Directors shall not engage an accounting firm before any decision is made at the shareholders' general meeting.

The Company shall ensure to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting data to the accounting firm it engages, without any refusal, withholding or misrepresentation.

The audit fee of the accounting firm shall be determined by the shareholders' general meeting.

A 15-day prior notice shall be given to the accounting firm if the Company decides to dismiss such accounting firm or not to renew the engagement thereof. The accounting firm is allowed to make representations when the shareholders' general meeting of the Company conducts a vote on the dismissal of the accounting firm.

Where the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

**MERGER, DIVISION, INCREASE AND REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION****Merger, Division, Increase and Reduction of Capital**

The merger of the Company may take the form of either merger by absorption or merger by new establishment. The absorption by one company of another company constitutes a merger by absorption, in which case the absorbed company shall be dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the media that complies with the requirements of the CSRC or National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, demand the Company to repay its debts or provide guarantees for such debts.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the media that complies with the requirements of the CSRC or National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 30 days as of the date of such resolution. Other securities regulatory rules at the place where the shares of the Company are listed shall prevail.

Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it must prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement on the media that complies with the requirements of the CSRC or National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, demand the Company to repay its debts or provide guarantees for such debts. Other securities regulatory rules at the place where the shares of the Company are listed shall prevail. The registered capital of the Company after the reduction shall not be less than the statutory minimum amount.

Where there is a merger or division of the Company, the Company shall, in accordance with the laws, apply for a change in its registration with the company registration authority for any changes of its registered information caused thereby. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws. Where there is an increase or reduction in the registered capital, the Company shall, in accordance with the laws, apply for a change in registration with the company registration authority.

**Dissolution and Liquidation**

The Company shall be dissolved upon the occurrence of any of the following events:

- (i) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (ii) a resolution on dissolution is passed by the shareholders' general meeting;
- (iii) dissolution is required due to the merger or division of the Company;
- (iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (v) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in Shareholders' interests, Shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company.

If the above-mentioned event (i) occurs, the Company may continue to exist by amending the Articles of Association. Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of Shareholders representing two-thirds or above of the voting rights present at the shareholders' general meetings.

Where the Company is dissolved pursuant to sub-paragraph (i), (ii), (iv) or (v) above, it shall establish a liquidation committee within 15 days as of the dissolution circumstance arises, and the liquidation shall be started. The liquidation committee shall be composed of Directors or persons determined by the shareholders' general meeting. If the liquidation committee is not established to conduct liquidation within the prescribed time limit, the creditors may apply to the people's court to designate relevant personnel to form a liquidation committee to conduct liquidation.

As of the date of its establishment, the liquidation committee shall notify the creditors within 10 days and make a public announcement on the media that complies with the requirements of the CSRC or National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) within 60 days. Creditors shall, within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice, within 45 days as of the date of the announcement, declare their claims to the liquidation committee. Other securities regulatory rules at the place where the shares of the Company are listed shall prevail. Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims. The liquidation committee shall not pay off any debts to any creditors during the period of credit declaration.

After checking the assets of the Company and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan for the confirmation by the shareholders' general meeting or the people's court. The remaining properties of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but cannot carry out any business activities unrelated to liquidation. The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

If the liquidation committee, after checking the assets of the Company and preparing a balance sheet and property list, finds that the assets of the Company are insufficient to pay off its debts, it shall file an application to the people's court for a declaration of bankruptcy in accordance with the laws. Upon the declaration of bankruptcy of the Company by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the report to the shareholders' general meeting or the people's court for confirmation, and submit the report to the company registration authority to apply for the deregistration of the Company, and announce the termination of the Company.

Where the Company is declared bankrupt in accordance with the laws, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company shall amend the Articles of Association in any of the following circumstances:

- (i) after amendments are made to the Company Law or other relevant laws, administrative regulations and securities regulatory rules at the place where the shares of the Company are listed, any term contained in the Articles of Association become inconsistent with the said amendments;
- (ii) if certain changes of the Company occur resulting in inconsistency with certain terms specified in the Articles of Association;
- (iii) the shareholders' general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the shareholders' general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of Our Company**

Our Company was established as a limited liability company under the laws of the PRC on May 21, 2010, and was converted into a joint stock company with limited liability on June 22, 2020. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 24, 2025, and have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. Ms. Ma Wing Yee has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of the Articles of Association" in Appendices III, IV and V to this prospectus, respectively.

**2. Changes in the Share Capital of Our Company**

Save as disclosed above and in "– A. Further Information about Our Group – 4. Resolutions of Our Shareholders" in this section, there has been no alteration in our share capital within the two years immediately preceding the date of this prospectus.

**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 in Appendix I to this prospectus.

The following subsidiaries of our Company were incorporated within two years immediately preceding the date of this prospectus:

<b>Name of subsidiary</b>	<b>Place of incorporation</b>	<b>Date of incorporation</b>	<b>Initial registered capital/share capital</b>
Fortior Semiconductor	PRC	June 5, 2024	RMB500,000
Fortior Japan	Japan	November 19, 2024	JPY20,000,000

The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus:

***Fortior Shanghai***

- On April 1, 2024, the registered capital of Fortior Shanghai increased from RMB20,000,000 to RMB40,000,000.
- On June 25, 2024, the registered capital of Fortior Shanghai increased from RMB40,000,000 to RMB170,000,000.

***Fortior Semiconductor***

- On November 28, 2024, the registered capital of Fortior Semiconductor increased from RMB500,000 to RMB95,500,000.

***Fortior Microelectronics***

- On October 13, 2023, the share capital of Fortior Microelectronics increased from HK\$8,554,662 to HK\$41,411,682.

**4. Resolutions of Our Shareholders**

On January 10, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

- (a) the Articles was approved and adopted with effect from the Listing Date;
- (b) the Global Offering (including the Hong Kong Public Offering, International Offering and Over-allotment Option) and the Listing were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering; and
- (c) the number of H Shares to be issued shall be up to 20% of the total share capital of our Company upon completion of the Global Offering and before any exercise of the Over-allotment Option, and the grant of the Over-allotment Option in respect of no more than 15% of the number of H Shares initially issued pursuant to the Global Offering.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of Material Contracts**

The following contract (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) was entered into by any member of our Group within the two years preceding the date of this prospectus and is or may be material:

- (a) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Taikang Life Insurance Co., Ltd, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$25,000,000;
- (b) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Pinpoint Asset Management Limited, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$15,000,000;
- (c) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, 3W Fund Management Limited, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10,000,000;
- (d) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Wind Sabre Fund SPC acting on behalf and for the account of Wind Sabre Opportunities Fund SP, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10,000,000;
- (e) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, China Asset Management (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10,000,000;
- (f) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Greater Bay Area Development Fund Management Limited acting for and on behalf of the managed account of Mega Prime Development Limited, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10,000,000;



- (g) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Sanhua International Singapore Pte. Ltd., China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$8,000,000;
- (h) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Fourier Global Master Fund, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$8,000,000;
- (i) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, QRT Master Fund SPC for and on behalf of its segregated portfolio Torus Fund SP, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$8,000,000;
- (j) the cornerstone investment agreement dated June 26, 2025 entered into among our Company, Intac Investment Fund, China International Capital Corporation Hong Kong Securities Limited, BOCI Asia Limited and GF Securities (Hong Kong) Brokerage Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$8,000,000; and
- (k) the Hong Kong Underwriting Agreement.

## 2. Our Intellectual Property Rights

### (a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1.	<b>Fortior</b>	9	Our Company	PRC	8863553	December 13, 2031
2.	峰 昭	9	Our Company	PRC	8863464	December 6, 2031
3.		9	Our Company	PRC	8863586	December 6, 2031
4.	峰 昭	7	Our Company	PRC	10095353	January 6, 2033
5.		7	Our Company	PRC	10095383	January 6, 2033
6.	<b>Fortior</b>	7	Our Company	PRC	10095371	January 6, 2033
7.	<b>FORTIOR</b>	9	Our Company	PRC	10717050	June 6, 2033
8.		9	Our Company	Hong Kong	306739912	November 27, 2034

## APPENDIX VI STATUTORY AND GENERAL INFORMATION

### (b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
1.	Sensorless drive method for permanent magnet AC motors (永磁交流電動機的無傳感器驅動方法)	Inventory patent	Our Company	PRC	ZL201010153582.9	June 5, 2013
2.	Three-phase AC permanent magnet motor (三相交流永磁電動機)	Inventory patent	Our Company	PRC	ZL201010219190.8	November 7, 2012
3.	A sensorless dynamic drive method and system for single-phase AC permanent magnet motor (一種單相交流永磁電動機的無傳感器動態驅動方法及系統)	Inventory patent	Our Company	PRC	ZL201180000673.1	July 8, 2015
4.	A drive system of a claw pole synchronous motor and its drive method (一種爪極同步電機的驅動系統及其驅動方法)	Inventory patent	Our Company	PRC	ZL201210112892.5	April 1, 2015
5.	An inductive brushless DC motor driving method (一種有感無刷直流電機驅動方法)	Inventory patent	Our Company	PRC	ZL201210321206.5	May 25, 2016
6.	Three-phase BLDC motor drive system with sensor and its driving method (三相有傳感器BLDC電機驅動系統及其驅動方法)	Inventory patent	Our Company	PRC	ZL201310101189.9	December 28, 2016
7.	A high power density permanent magnet motor rotor structure and a motor applying it (一種高功率密度的永磁電機轉子結構及應用其的電機)	Inventory patent	Our Company	PRC	ZL201310411199.2	June 1, 2018
8.	Overvoltage protection circuit for high voltage integrated circuits (用於高壓集成電路的過壓保護電路)	Inventory patent	Our Company	PRC	ZL201310603360.6	February 23, 2018

**APPENDIX VI****STATUTORY AND GENERAL INFORMATION**

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
9.	Winding structure with high power density, method and motor with axial magnetic field (高功率密度的繞組結構、方法及具有軸向磁場的電機)	Inventory patent	Our Company	PRC	ZL201410579365.4	August 3, 2018
10.	High precision RC oscillator (高精度的RC振蕩器)	Inventory patent	Our Company	PRC	ZL201511033188.0	April 9, 2019
11.	Timing logic control methods for SAR ADC (SAR ADC的時序邏輯控制方法)	Inventory patent	Our Company	PRC	ZL201511031526.7	March 26, 2019
12.	Induction motor drive system (感應電機驅動系統)	Inventory patent	Our Company	PRC	ZL201511033197.X	October 9, 2018
13.	Method of winding single-phase windings for p axial magnetic field motors, winding structures, printed circuit boards, motors (用於p個軸向磁場電機的單相繞組繞制方法、繞組結構、印刷電路板、電機)	Inventory patent	Our Company	PRC	ZL201610042114.1	October 9, 2018
14.	A bi-directional IO circuit to prevent current backflow (一種防止電流倒灌的雙向IO電路)	Inventory patent	Our Company	PRC	ZL201611184718.6	May 15, 2020
15.	Soft-start switching control circuit and control method for brushless DC motor (用於無刷直流電機的軟啟動切換控制電路及控制方法)	Inventory patent	Our Company	PRC	ZL201611184423.9	October 9, 2018
16.	A circuit to eliminate operational amplifier out-of-tune voltage (一種消除運算放大器失調電壓的電路)	Inventory patent	Our Company	PRC	ZL201611183686.8	February 1, 2019
17.	Output pass-through protection circuits for high-voltage integrated circuits and high-voltage integrated circuits (用於高壓集成電路的輸出直通保護電路及高壓集成電路)	Inventory patent	Our Company	PRC	ZL201611191164.2	July 4, 2023
18.	Speed detection circuit for brushless DC motor and its method (無刷直流電機的速度檢測電路及其方法)	Inventory patent	Our Company	PRC	ZL201611207039.6	April 9, 2019

**APPENDIX VI****STATUTORY AND GENERAL INFORMATION**

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
19.	Reference voltage circuits and integrated circuits (基準電壓電路與集成電路)	Inventory patent	Our Company	PRC	ZL201711380193.8	July 20, 2021
20.	Scooter control system and method (滑板車控制系統及方法)	Inventory patent	Our Company	PRC	ZL201711370862.3	July 26, 2019
21.	Negative voltage detection circuit and motor driver (負電壓檢測電路及電機驅動裝置)	Inventory patent	Our Company	PRC	ZL201711430298.X	July 30, 2024
22.	BLDC motor and its reverse electromotive force over zero point acquisition method and driving device (BLDC電機及其反電動勢過零點採集方法和驅動裝置)	Inventory patent	Our Company	PRC	ZL201810037842.2	September 22, 2020
23.	MOS tube driver circuit, driver chip and motor (MOS管驅動電路、驅動芯片及電機)	Inventory patent	Our Company	PRC	ZL201810318297.4	February 14, 2020
24.	Three-phase motor (三相電機)	Inventory patent	Our Company	PRC	ZL201810364867.3	September 22, 2020
25.	Armature windings of AC motors and AC motors (交流電機的電樞繞組和交流電機)	Inventory patent	Our Company	PRC	ZL201810868483.5	February 14, 2020
26.	Positionless drives for single-phase BLDC motors (單相BLDC電機無位置驅動裝置)	Inventory patent	Our Company	PRC	ZL201811617528.8	February 9, 2021
27.	Ceiling fan motor control method, device and ceiling fan based on non-inductive FOC (基於無感FOC的吊扇電機控制方法、裝置及吊扇)	Inventory patent	Our Company	PRC	ZL201811616778.X	December 10, 2021
28.	Electric vehicle control method, device and electric vehicle (電動車控制方法、裝置及電動車)	Inventory patent	Our Company	PRC	ZL201811616780.7	March 23, 2021
29.	FOC-based control device for power tools (基於FOC的電動工具控制裝置)	Inventory patent	Our Company	PRC	ZL201811616779.4	July 16, 2024

**APPENDIX VI****STATUTORY AND GENERAL INFORMATION**

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
30.	Method for detecting eccentricity in a washing machine, device for detecting eccentricity in a washing machine, storage medium and washing machine (洗衣機偏心檢測的方法、洗衣機偏心檢測裝置、存儲介質和洗衣機)	Inventory patent	Our Company	PRC	ZL201910997466.6	December 10, 2021
31.	Vacuum cleaner control method and device, vacuum cleaner (吸塵器控制方法和裝置、吸塵器)	Inventory patent	Our Company	PRC	ZL201910998925.2	July 20, 2021
32.	Fan stepless constant air volume control method, fan control device and fan (風機無級恒風量控制方法、風機控制裝置及風機)	Inventory patent	Our Company	PRC	ZL201910997935.4	June 29, 2021
33.	Hysteresis comparator circuit (遲滯比較器電路)	Inventory patent	Our Company	PRC	ZL201911300369.3	May 5, 2020
34.	Hysteresis comparator circuit (遲滯比較器電路)	Inventory patent	Our Company	PRC	ZL201911292690.1	April 24, 2020
35.	Motor out-of-phase detection method, device and storage medium (電機缺相檢測方法、裝置及存儲介質)	Inventory patent	Our Company	PRC	ZL201911308201.7	April 24, 2020
36.	Absolute electrical angle detection method, system and computer-readable storage medium (絕對電角度檢測方法、系統及電腦可讀存儲介質)	Inventory patent	Our Company	PRC	ZL201911338800.3	May 5, 2020
37.	Magnetic encoder, absolute electrical angle detection method, system and readable storage medium (磁編碼器、絕對電角度檢測方法、系統及可讀存儲介質)	Inventory patent	Our Company	PRC	ZL201911340528.2	August 3, 2021
38.	Data transmission circuit, data transmission method, and electronic device (數據傳輸電路、數據傳輸方法以及電子設備)	Inventory patent	Our Company	PRC	ZL201911335195.4	July 21, 2023

**APPENDIX VI****STATUTORY AND GENERAL INFORMATION**

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
39.	Starting control method and device for motors (電機的啟動控制方法及裝置)	Inventory patent	Our Company	PRC	ZL201911399233.2	June 29, 2021
40.	Data transfer method, apparatus, device, and computer-readable storage medium (數據傳輸方法、裝置、設備及計算機可讀存儲介質)	Inventory patent	Our Company	PRC	ZL201911306913.5	December 3, 2021
41.	Position sensor-less motor drive method, permanent magnet synchronous motor and storage medium (無位置傳感器電機驅動方法、永磁同步電機和存儲介質)	Inventory patent	Our Company	PRC	ZL202010460938.7	December 15, 2020
42.	Motor starting state detection device, method and medium based on magnetic field directional control (基於磁場定向控制的電機啟動狀態檢測裝置、方法及介質)	Inventory patent	Our Company	PRC	ZL202110702886.4	October 15, 2021
43.	Coprocessor, coprocessor control method, terminal and storage medium (協處理器、協處理器控制方法、終端及存儲介質)	Inventory patent	Our Company	PRC	ZL202110748820.9	October 15, 2021
44.	Linear AC permanent magnet synchronous motor (直線交流永磁同步電機)	Inventory patent	Our Company	PRC	ZL202110782666.7	October 15, 2021
45.	Single edge delay circuit (單邊沿延時電路)	Inventory patent	Our Company	PRC	ZL202111655682.6	May 10, 2022
46.	Single resistor three-phase current reconstruction method, apparatus and computer-readable storage medium (單電阻三相電流重構方法、設備及計算機可讀存儲介質)	Inventory patent	Our Company	PRC	ZL202210214144.1	July 29, 2022
47.	Driver control circuit for LDO circuit, LDO circuit and its chip (用於LDO電路的驅動控制電路、LDO電路及其芯片)	Inventory patent	Our Company	PRC	ZL202210560618.8	August 8, 2023

## APPENDIX VI

## STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
48.	Drive circuit, motor driver chip, motor controller and electrical equipment (驅動電路、電機驅動芯片、電機控制器及電氣設備)	Inventory patent	Our Company	PRC	ZL202211050926.2	December 9, 2022
49.	Voltage loop dynamic threshold control method, apparatus, electronic device and storage medium (電壓環動態閾值控制方法、裝置、電子設備及存儲介質)	Inventory patent	Our Company	PRC	ZL202310591480.2	August 18, 2023
50.	An electromagnetic structure for an angle sensor and an angle sensor (一種用於角度傳感器的電磁結構及角度傳感器)	Inventory patent	Our Company	PRC	ZL202311812873.8	April 9, 2024
51.	Three-phase claw-pole stepper motor driving method and system (三相爪極步進電機驅動方法及系統)	Inventory patent	Our Company	PRC	ZL202410205759.7	May 14, 2024
52.	Permanent magnet synchronous motor control device and its control method (永磁同步電機控制裝置及其控制方法)	Inventory patent	Our Company	PRC	ZL202410438686.6	July 16, 2024
53.	Sensorless three-phase motor control device and ice chiseling machine (無感三相電機控制裝置及鑿冰機)	Inventory patent	Fortior Shanghai	PRC	ZL201910998623.5	September 24, 2021
54.	Motor no-load detection method, system, device and storage medium (電機空載檢測方法、系統、設備及存儲介質)	Inventory patent	Fortior Shanghai	PRC	ZL201911057222.6	December 10, 2021
55.	Protection method for missing power supply to motor driver and motor driver (電機驅動器供電缺失的保護方法和電機驅動器)	Inventory patent	Fortior Shanghai	PRC	ZL201911003277.9	May 25, 2021
56.	Analog-to-digital conversion method, apparatus, circuit, and computer-readable storage medium (模數轉換方法、裝置、電路及計算機可讀存儲介質)	Inventory patent	Fortior Shanghai	PRC	ZL202011479867.1	April 18, 2023



## APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
57.	Motor start state detection method, device, motor and readable storage medium (電機啟動狀態檢測方法、裝置、電機及可讀存儲介質)	Inventory patent	Fortior Shanghai	PRC	ZL202110574891.1	May 13, 2022
58.	Motor initial state detection device and motor initial state detection method (電機初始狀態檢測裝置及電機初始狀態檢測方法)	Inventory patent	Fortior Shanghai	PRC	ZL202110722783.4	October 28, 2022
59.	Synchronous motor starting state detection device and method (同步電機啟動狀態檢測裝置及方法)	Inventory patent	Fortior Shanghai	PRC	ZL202111179375.5	August 8, 2023
60.	Stator structure and AC motor (定子結構和交流電機)	Inventory patent	Fortior Shanghai	PRC	ZL202411196431.X	February 18, 2025
61.	Demodulation device, rotary digital converter, and storage medium (解調裝置、旋轉數字轉換器及存儲介質)	Inventory patent	Our Company	PRC	ZL202510032540.6	April 15, 2025
62.	Demodulation calibration device, rotary digital converter, and medium (解調校準裝置、旋轉數字轉換器及介質)	Inventory patent	Our Company	PRC	ZL202510039490.4	April 29, 2025
63.	Signal-to-noise ratio adjustment device, method, system, and storage medium (信噪比調節裝置、方法、系統及存儲介質)	Inventory patent	Our Company	PRC	ZL202510323850.3	May 23, 2025
64.	Sensorless drive method for permanent magnet AC motors (永磁交流電動機的無傳感器驅動方法)	Inventory patent	Our Company	Japan	License No. 5627053 (特許第5627053號)	October 10, 2014
65.	Sensorless drive method for permanent magnet AC motors (永磁交流電動機的無傳感器驅動方法)	Inventory patent	Our Company	The U.S.	US8847530B2	September 30, 2014
66.	A sensorless dynamic drive method and system for single-phase AC permanent magnet motor (一種單相交流永磁電動機的無傳感器動態驅動方法及系統)	Inventory patent	Our Company	Japan	License No. 5843955 (特許第5843955號)	November 27, 2015

## APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
67.	A sensorless dynamic drive method and system for single-phase AC permanent magnet motor (一種單相交流永磁電動機的無傳感器動態驅動方法及系統)	Inventory patent	Our Company	The U.S.	US9112440B2	August 18, 2015
68.	An inductive brushless DC motor driving method (一種有感無刷直流電機驅動方法)	Inventory patent	Our Company	Taiwan, China	Inventory No. I497900 (發明第I497900號)	August 21, 2015
69.	Winding structure with high power density, method and motor with axial magnetic field (高功率密度的繞組結構、方法及具有軸向磁場的電機)	Inventory patent	Our Company	The U.S.	US10461597B2	October 29, 2019
70.	Induction motor drive system (感應電機驅動系統)	Inventory patent	Our Company	The U.S.	US9866154B2	January 9, 2018
71.	Absolute electrical angle detection method, system and computer-readable storage medium (絕對電角度檢測方法、系統及電腦可讀存儲介質)	Inventory patent	Our Company	The U.S.	US11060842B1	July 13, 2021
72.	An electromagnetic structure and signal processing technology of a magnetic encoder for detecting absolute electrical angle position (一種檢測絕對電角度位置的磁編碼器的電磁結構及信號處理技術)	Inventory patent	Our Company	The U.S.	US11448527B2	September 20, 2022

### (c) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1.	fortiortech.com	Our Company	February 9, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests

#### (a) *Interests of our Directors, Supervisors and chief executive*

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans), the interests or short positions of our Directors, Supervisors and chief executive in the shares, underlying shares and debentures of our Company or our 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 or 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 entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are listed, are set out below:

#### (i) *Interest in our Company*

Name of Director, Supervisor or chief executive	Nature of interest <sup>(1)</sup>	Number and class of Shares or underlying Shares held	Shareholding in relevant class of Shares upon completion of the Global Offering <sup>(2)</sup>	Shareholding in total issued share capital upon completion of the Global Offering <sup>(2)</sup>
Mr. Bi Lei (畢磊) <sup>(3)(4)(6)(7)</sup>	Beneficial owner Interest in controlled corporation Interest of spouse Interest held jointly with other persons	36,585,147 A Shares	39.61%	33.67%
Dr. Bi Chao (畢超) <sup>(5)(7)</sup>	Beneficial owner Interest held jointly with other persons	36,585,147 A Shares	39.61%	33.67%
Ms. Wang Yuhong (汪鈺紅) <sup>(8)</sup>	Interest in controlled corporation	2,554,207 A Shares	2.77%	2.35%

*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 108,662,880 Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans).
- (3) As of the Latest Practicable Date, Fortior HK was held as to 35.25% by Mr. Bi Lei. By virtue of the SFO, Mr. Bi Lei is deemed to be interested in the Shares held by Fortior HK. For details of interests of Fortior HK in our Company, see “Substantial Shareholders” in this prospectus.
- (4) As of the Latest Practicable Date, Mr. Bi Lei was interested in 60,000 restricted Shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 60,000 A Shares subject to vesting.
- (5) As of the Latest Practicable Date, Dr. Bi Chao was interested in 20,000 restricted Shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 20,000 A Shares subject to vesting.
- (6) Mr. Bi Lei and Ms. Gao Shuai are spouses. By virtue of the SFO, Mr. Bi Lei is deemed to be interested in the Shares held by Ms. Gao Shuai. For details of interests of Ms. Gao Shuai in our Company, see “Substantial Shareholders” in this prospectus.
- (7) Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into the Acting-in-Concert Agreement. By virtue of the SFO, they are deemed to be interested in the Shares and underlying Shares held by each other.
- (8) As of the Latest Practicable Date, Shenzhen Xinqi Investment Enterprise (Limited Partnership) (深圳市芯齊投資企業(有限合夥)), “**Xinqi Investment**”) and Shenzhen Xinsheng Investment Enterprise (Limited Partnership) (深圳市芯晟投資企業(有限合夥)), “**Xinsheng Investment**”) held 2,404,966 and 149,241 A Shares in our Company, respectively. Ms. Wang Yuhong is the general partner of Xinqi Investment and Xinsheng Investment. By virtue of the SFO, Ms. Wang Yuhong is deemed to be interested in the Shares held by Xinqi Investment and Xinsheng Investment.

*(ii) Interest in our associated corporations*

So far as our Directors are aware, immediately following the completion of the Global Offering, no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

*(b) Interests of our substantial Shareholders*

Save as disclosed in “Substantial Shareholders” in this prospectus and “– C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 1. Disclosure of Interests – (a) Interests of our Directors, Supervisors and chief executive – (ii) Interest in our associated corporations” in this section, our Directors are not aware of any person (other than a Director, Supervisor or chief executive of our Company) who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

**2. Directors’ and Supervisors’ Service Contracts**

We have entered into a service contract with each of our Directors and Supervisors. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors or Supervisors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

### **3. Directors' and Supervisors' Remuneration**

The aggregate remuneration paid and benefits in kind granted to our Directors and Supervisors by our Group in respect of the last completed financial year, being year ended December 31, 2024, was RMB10.4 million. For details of our Directors' and Supervisors' emoluments during the Track Record Period, see Note 9 to the Accountants' Report in Appendix I to this prospectus.

Under the arrangements in force at the date of this prospectus, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors and Supervisors by our Group in respect of the year ending December 31, 2025 to be approximately RMB14.3 million.

### **D. RESTRICTED SHARE INCENTIVE PLANS**

The following is a summary of the principal terms of our Restricted Share Incentive Plans comprising the 2022 Restricted Share Incentive Plan and the 2024 Restricted Share Incentive Plan. The terms of the 2022 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of restricted Shares by our Company after our Listing. The terms of the 2024 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules other than Rule 17.12 as it does not involve any grant of restricted Shares by our Company after our Listing but is partially funded by our treasury Shares which are not listed on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required. Save as otherwise disclosed, the terms of each of the Restricted Share Incentive Plans are substantially similar and are summarized below.

#### **(a) Purpose**

The purpose of the Restricted Share Incentive Plans is to improve our Group's incentive mechanism and to attract and retain talents to achieve a sustained and healthy development of our Group in order to realize our Group's long-term objectives. The Restricted Share Incentive Plans are implemented to align the interests of our Shareholders with the interests of our Group and employees.

#### **(b) Administration**

The Restricted Share Incentive Plans are subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of the Board of Supervisors and independent Directors of our Company.

#### **(c) Participants**

The participants of our 2022 Restricted Share Incentive Plan include our senior management and key technical or business staff. The participants of our 2024 Restricted Share Incentive Plan include our Directors, senior management, core technical personnel and key technical or business staff. The scope of participants of our Restricted Share Incentive Plans excludes our independent Directors and Supervisors.

**(d) Source and Maximum Number of Shares**

For our 2022 Restricted Share Incentive Plan, the underlying A Shares are the A Shares to be issued by our Company. For our 2024 Restricted Share Incentive Plan, the underlying A Shares are the A Shares to be issued by our Company and/or repurchased by our Company from the secondary market. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. The maximum number of restricted Shares that can be granted under each of the Restricted Share Incentive Plans is as follows:

<b>Restricted Share Incentive Plan</b>	<b>Maximum number of restricted Shares to be granted under the Plan</b>
2022 Restricted Share Incentive Plan	2,471,000 <sup>(1)</sup>
2024 Restricted Share Incentive Plan	1,629,000 <sup>(2)</sup>

*Notes:*

- (1) 2,471,000 restricted Shares under the 2022 Restricted Share Incentive Plan include 110,000 retained restricted Shares, the grantees of which shall be determined within 12 months after the approval of the 2022 Restricted Share Incentive Plan by the Shareholders' meeting (the "**2022 Retained Restricted Shares**").
- (2) 1,629,000 restricted Shares under the 2024 Restricted Share Incentive Plan include 30,000 retained restricted Shares, the grantees of which shall be determined within 12 months after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders' meeting (the "**2024 Retained Restricted Shares**," together with the 2022 Retained Restricted Shares, the "**Retained Restricted Shares**").

**(e) Date of Grant and Term of the Restricted Share Incentive Plans**

The date on which the restricted Shares are granted shall be determined by the Board after the approval of the Restricted Share Incentive Plans by the Shareholders' meeting. Under our 2024 Restricted Share Incentive Plan, the initial grant of restricted Shares shall be announced within 60 days after the approval of such plan by the Shareholders' meeting. The Restricted Share Incentive Plans shall be effective from the date of the initial grant of restricted Shares under the plans up to the date when all of the restricted Shares granted under the plans have been vested or void and lapsed, provided that the term of the plans shall not exceed 60 months.

**(f) Lock-up for Directors and Senior Management**

If the grantee is a Director or a member of senior management of our Company,

- (i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;
- (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;
- (iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and
- (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

**(g) Conditions to the Grant of Restricted Shares**

The restricted Shares under the Restricted Share Incentive Plans will only be granted to selected participants if the following conditions are fulfilled:

- (i) with respect to our Company, none of the following circumstances having occurred:
  - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;
  - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year;
  - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
  - (4) applicable laws and regulations prohibit the implementation of share incentive; or
  - (5) other circumstances determined by the CSRC; and

- (ii) with respect to a grantee, none of the following circumstances having occurred:
- (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
  - (2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;
  - (3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
  - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
  - (5) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or
  - (6) other circumstances determined by the CSRC.

**(h) Vesting of Restricted Shares**

The restricted Shares will only be vested when (i) the conditions set out under paragraph (g) above are fulfilled; (ii) the grantee has served our Group for more than 12 months; and (iii) the annual assessment and performance targets as set out under the respective Restricted Share Incentive Plan are achieved.

The restricted Shares (other than the Retained Restricted Shares) will be vested in accordance with the vesting schedule as set out under the Restricted Share Incentive Plans as follows:

- (i) under the 2022 Restricted Share Incentive Plan, vested in tranches of 20%, 40% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively; and
- (ii) under the 2024 Restricted Share Incentive Plan, vested in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.



The Retained Restricted Shares will be vested in accordance with the vesting schedule as set out under the Restricted Share Incentive Plans as follows:

- (i) if the 2022 Retained Restricted Shares are granted before the release of our Company's 2022 third quarterly report, the vesting schedule is the same as that of the other restricted Shares as described above. Otherwise, the 2022 Retained Restricted Shares shall be vested in tranches of 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant; and
- (ii) if the 2024 Retained Restricted Shares are granted before the release of our Company's 2024 third quarterly report, the vesting schedule is the same as that of the other restricted Shares as described above. Otherwise, the 2024 Retained Restricted Shares shall be vested in tranches of 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant.

The number of restricted Shares granted and/or vested and/or the grant prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. Our Company may void the granted but unvested restricted Shares upon occurrence of certain events as set out in the Restricted Share Incentive Plans, including but not limited to the termination of employment of the grantees with our Company.

## (i) Outstanding restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the Restricted Share Incentive Plans as resolved by our Board was 2,549,600, representing approximately 2.35% of the total issued Shares immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans). Assuming full vesting of all outstanding restricted Shares granted under the Restricted Share Incentive Plans, the shareholding of our Shareholders and our earning per Share immediately following completion of the Global Offering will be diluted by approximately 2.29% (assuming (i) the underlying A Shares of all outstanding restricted Shares are A Shares issued by our Company, instead of repurchased from secondary market and (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

The following table sets forth the number of outstanding restricted Shares granted to Directors and senior management of our Company under our Restricted Share Incentive Plans as of the Latest Practicable Date:

Name	Position in our Group	Restricted Share Incentive Plan	Date of grant	Vesting period	Grant price	Number of outstanding restricted Shares	As an approximate percentage of issued share capital upon completion of the Global Offering <sup>(1)</sup>
Mr. Bi Lei (畢磊)	Executive Director, chairman of the Board, general manager and chief executive officer	2024 Restricted Share Incentive Plan	November 22, 2024	Note 2	RMB70.00	60,000	0.06%
Dr. Bi Chao (畢超)	Executive Director and chief technology officer	2024 Restricted Share Incentive Plan	November 22, 2024	Note 2	RMB70.00	20,000	0.02%
Ms. Zhang Hongmei (張紅梅)	Finance director	2024 Restricted Share Incentive Plan	November 22, 2024	Note 2	RMB70.00	10,000	0.01%
Ms. Jiao Qianqian (焦倩倩)	Secretary of the Board and joint company secretary	2022 Restricted Share Incentive Plan	September 2, 2022	Note 3	RMB54.91 <sup>(4)</sup>	2,000	0.00%
		2024 Restricted Share Incentive Plan	November 22, 2024	Note 2	RMB70.00	10,000	0.01%

*Notes:*

- (1) The calculation is based on the assumption that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans.
- (2) 30%, 30% and 40% restricted Shares (other than the 2024 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively, under the 2024 Restricted Share Incentive Plan.

- (3) 20%, 40% and 40% restricted Shares (other than the 2022 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively, under the 2022 Restricted Share Incentive Plan.
- (4) The grant price under the 2022 Restricted Share Incentive Plan takes into account the adjustment due to our dividends distributions, including (i) our Company's distribution of cash dividends of RMB4.8 (tax inclusive) per 10 Shares to our then existing Shareholders on June 7, 2023; and (ii) our Company's distribution of cash dividends of RMB6.1 (tax inclusive) per 10 Shares to our then existing Shareholders on June 24, 2024.

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors and senior management of our Company) under the Restricted Share Incentive Plans as of the Latest Practicable Date:

Restricted Share Incentive Plan	Number of grantees	Date of grant	Vesting period	Grant price	Number of outstanding restricted Shares	As an approximate percentage of issued share capital upon completion of Global Offering <sup>(1)</sup>
2022 Restricted Share Incentive Plan	120 <sup>(2)</sup>	September 2, 2022	Note 2	RMB54.91 <sup>(6)</sup>	863,600 <sup>(2)</sup>	0.79%
	4 <sup>(3)</sup>	August 3, 2023	Note 3	RMB54.91 <sup>(6)</sup>	55,000 <sup>(3)</sup>	0.05%
2024 Restricted Share Incentive Plan	217 <sup>(4)</sup>	November 22, 2024	Note 4	RMB70.00	1,499,000 <sup>(4)</sup>	1.38%
	4 <sup>(5)</sup>	April 9, 2025	Note 5	RMB70.00	30,000 <sup>(5)</sup>	0.03%

*Notes:*

- (1) The calculation is based on the assumption that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to our Restricted Share Incentive Plans.
- (2) Represent the outstanding restricted Shares granted to 120 grantees who are not Directors or senior management of our Company under the 2022 Restricted Share Incentive Plan excluding the outstanding 2022 Retained Restricted Shares as resolved by our Board. 20%, 40% and 40% restricted Shares (other than the 2022 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.
- (3) Represent the outstanding 2022 Retained Restricted Shares granted to four grantees who are not Directors or senior management of our Company as resolved by our Board. As the 2022 Retained Restricted Shares was granted on August 3, 2023, after the release of our Company's 2022 third quarterly report, 50% and 50% of the Retained Restricted Shares are vested in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.
- (4) Represent the outstanding restricted Shares granted to 217 grantees who are not Directors or senior management of our Company under the 2024 Restricted Share Incentive Plan excluding the 2024 Retained Restricted Shares as resolved by our Board. 30%, 30% and 40% restricted Shares (other than the 2024 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.

- (5) Represent the 2024 Retained Restricted Shares granted to four grantees who are not Directors or senior management of our Company under the 2024 Restricted Share Incentive Plan as resolved by our Board. 50% and 50% restricted Shares are vested in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.
- (6) The grant price under the 2022 Restricted Share Incentive Plan takes into account the adjustment due to our dividends distributions, including (i) our Company's distribution of cash dividends of RMB4.8 (tax inclusive) per 10 Shares to our then existing Shareholders on June 7, 2023; and (ii) our Company's distribution of cash dividends of RMB6.1 (tax inclusive) per 10 Shares to our then existing Shareholders on June 24, 2024.

## **E. OTHER INFORMATION**

### **1. Estate Duty**

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

### **2. Litigation**

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

### **3. Sole Sponsor**

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US\$500,000 for acting as a sponsor for the Listing.

### **4. No Material Adverse Change**

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2024, being the end of the period reported on in the Accountants' Report set out in Appendix I to this prospectus.

**5. Qualification and Consent of Experts**

This prospectus contains statements made by the following experts:

<b>Name</b>	<b>Qualification</b>
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
AllBright Law Offices	Qualified PRC lawyers
Ernst & Young	Certified public accountants and public interest entity auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group 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.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

**6. Promoter**

The promoters of our Company are Fortior HK, Shanghai Huaxin, Xinqi Investment, Shenzhen Weihe Investment Co., Ltd. (深圳微禾投資有限公司, now known as Weihe Venture Capital (Zhuhai Hengqin) Co., Ltd. (微禾創業投資(珠海橫琴)有限公司)), Shanghai Juyuan Juxin Integrated Circuit Industry Equity Investment Fund Center (Limited Partnership) (上海聚源聚芯集成電路產業股權投資基金中心(有限合夥)), Hubei Xiaomi Yangtze River Industry Fund Partnership (Limited Partnership) (湖北小米長江產業基金合夥企業(有限合夥)), Xinyun Technology, Nanjing Jucheng Qiushi Equity Investment Partnership (Limited Partnership) (南京俱成秋實股權投資合夥企業(有限合夥)), Qingdao Kangrun Huachuang Investment Management Center (Limited Partnership) (青島康潤華創投資管理中心(有限合夥)), Shanghai Junlian Shenghao Venture Capital Partnership (Limited Partnership) (上海君聯晟灝創業投資合夥企業(有限合夥)), Ms. Peng Ruitao (彭瑞濤), Shenzhen Talent Innovation and Entrepreneurship No. 1 Equity Investment Fund (Limited Partnership) (深圳市人才創新創業一號股權投資基金(有限合夥)), Mr. Yin Yimin (殷一民), Jiangsu Wanquan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇韋泉元禾璞華股權投資合夥企業(有限合夥)), Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)), Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), Rizhao Yifeng Equity Investment Fund Partnership (Limited Partnership) (日照益峰股權投資基金合夥企業(有限合夥)), Xinsheng Investment, Tibet Jinsheng Teda Venture Capital Co., Ltd. (西藏津盛泰達創業投資有限公司) and Nanjing Jucheng Equity Investment Management Co., Ltd. (南京俱成股權投資管理有限公司).

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the above promoters in connection with the Global Offering and the related transactions described in this prospectus.

#### **7. Preliminary Expenses**

We have not incurred any material preliminary expenses.

#### **8. Binding Effect**

This prospectus shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

#### **9. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

#### **10. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
  - (i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in “– E. Other Information – 5. Qualification and Consent of Experts” in this section have received any such payment or benefit;
  - (ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;
  - (iii) none of our Directors, Supervisors or the experts named in “– E. Other Information – 5. Qualification and Consent of Experts” in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and
  - (iv) no commissions (but not including commissions to sub-underwriters) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

- (b) Save as disclosed in this prospectus:
- (i) there is no arrangement under which future dividends are waived or agreed to be waived;
  - (ii) our Company has no outstanding convertible debt securities or debentures;
  - (iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;
  - (iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;
  - (v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this prospectus; and
  - (vi) none of our Directors or Supervisors are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts” in Appendix VI to this prospectus; and
- (b) the written consents referred to in “Statutory and General Information – E. Other Information – 5. Qualification and Consent of Experts” in Appendix VI to this prospectus.

**DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.fortiortech.com](http://www.fortiortech.com) for a period of 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;
- (c) the Accountants’ Report issued by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (d) the report on review of interim condensed consolidated financial information for the three months ended March 31, 2025 issued by Ernst & Young, the text of which is set out in Appendix IA to this prospectus;
- (e) the report on the unaudited pro forma financial information of our Group issued by Ernst & Young, the text of which is set out in Appendix II to this prospectus;
- (f) the legal opinions issued by AllBright Law Offices, our PRC Legal Advisor, in respect of certain aspects and the property interests of the Group in the PRC;
- (g) the industry report issued by Frost & Sullivan;
- (h) each of the material contracts referred to in “Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts” in Appendix VI to this prospectus;
- (i) the service contracts referred to in “Statutory and General Information – C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 2. Directors’ and Supervisors’ Service Contracts” in Appendix VI to this prospectus;



- (j) the written consents referred to in “Statutory and General Information – E. Other Information – 5. Qualification and Consent of Experts” in Appendix VI to this prospectus; and
- (k) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.

峰昭科技(深圳)股份有限公司

Fortior Technology(Shenzhen)Co., Ltd.

