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Post Hearing Information Pack of

Shanghai Biren Technology Co., Ltd.
上海壁仞科技股份有限公司

(the "**Company**")

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

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壁仞科技
BIREN TECHNOLOGY

Shanghai Biren Technology Co., Ltd.
上海壁仞科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**RMB0.02 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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We are a Specialist Technology Company (as defined under Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high [REDACTED] risks including risks of [REDACTED] and inflated valuation due to the difficulty in valuing such companies. [REDACTED] should fully understand the [REDACTED] risks of a Specialist Technology Company and the risks disclosed by us before making their [REDACTED] decisions.

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

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EXPECTED TIMETABLE[1]

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EXPECTED TIMETABLE[1]

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EXPECTED TIMETABLE[1]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to* [REDACTED] *in the* [REDACTED]. *In particular, we are a specialist technology company seeking to* [REDACTED] *on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [REDACTED] *in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had net cash used in operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* [REDACTED] *decision should be made in light of these considerations.

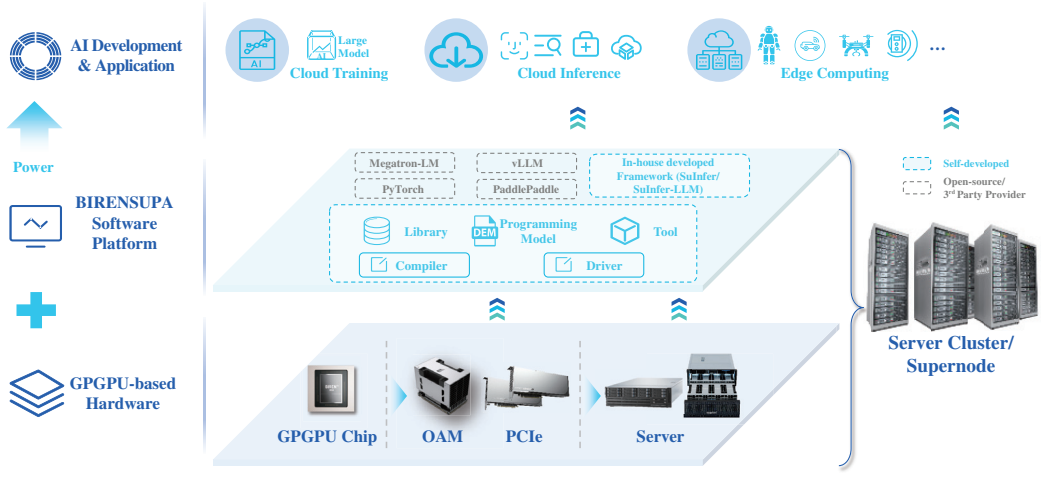
***There are risks associated with any* [REDACTED]. *Some of the particular risks in* [REDACTED] *in the* [REDACTED] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully in full before you decide to* [REDACTED] *in the* [REDACTED].**

OVERVIEW

We develop general-purpose computing on graphics processing units ("GPGPU") chips and GPGPU-based intelligent computing solutions to provide the foundational computing power required by artificial intelligence ("AI"). By integrating self-developed GPGPU-based hardware and proprietary BIRENSUPA software platform, our solutions support the training and inferencing of AI models in a broad range of applications from cloud to edge. In particular, strong performance and high efficiency for large language models ("LLMs") pre-training, post-training and inference of our GPGPU-based solutions, which possess high technology barriers, provide us with key competitive advantages among domestic players. Our technology forms a critical infrastructure to enable AI and advance artificial general intelligence ("AGI"), addressing the surging computational demands across various industries to drive productivity, innovation and transformation.

Innovation and technology excellence are our core competencies. With the rapid development of AI, especially through LLMs and generative AI, many businesses have an increasing need for computing solutions to meet their surging demand for computing power and harness the power of AI. To meet such demand, we have self-developed our Specialist Technology Product which is an integrated intelligent computing solution comprising of two components, namely (i) hardware systems based on our GPGPU architecture and chips, and (ii) BIRENSUPA, a computing software platform. The development of our solution requires careful planning and coordination across various stages, we are primarily engaged in marketing requirements analysis, defining chip specifications, architecture design, chip design, hardware system integration and testing, in-house development of our software stack, sales and

marketing, and technical support. To facilitate the chip design process, we utilize various items, tools and support services provided from third-party suppliers and may choose to outsource certain backend and physical design to design services vendors. We operate under a fabless model, and we engage third-party contract manufactures for manufacturing, assembly, testing and packaging of our semiconductor wafers and final products. To better address our customers' urgent demands for high-performance computing and intelligent applications, our Specialist Technology Product can be offered as large-scale intelligent computing clusters, which consist of a large number of interconnected GPGPU units and that work together to perform parallel processing tasks and controlled by our BIRENSUPA software platform.



We have built our solutions upon five foundational pillars: a self-developed GPGPU architecture, system-on-chip ("SoC") design, hardware system, software platform, and cluster deployment optimization at large scale. Specifically:

- Our technology capabilities and solution excellence are underpinned by our in-house developed GPGPU architecture, which is purpose-built for handling large-scale AI workloads, especially LLM workloads, to accommodate expanding model sizes, parameters and complexities, while offering high-performance and superior general-purpose flexibility, energy-efficiency and scalability. The unified and continuously evolving GPGPU architecture is the core of our platform strategy and lays a solid foundation for fast iteration and development of next generation computing platform.

- Based on the self-developed GPGPU architecture, we design and launch a series of chips. According to CIC, we are the first company in China to package dual AI computing dies using 2.5D chiplet technology, supported by our superior SoC design and execution capabilities. We are among the first in the industry to support advanced interconnection specifications, according to CIC. Our SoC design methodology and workflow ensure successful VLSI (Very Large Scale Integrated Circuit) execution and first-time-right tape-out, which help us achieve mass production and commercialization with our first generation products.

- We have developed a comprehensive portfolio of high-performance hardware systems in various form factors containing our self-developed GPGPUs chips, such as PCIe Card, open accelerator module ("OAM"), and servers. Our hardware systems support both air-cooled and liquid-cooled solutions, helping to reduce the power usage effectiveness ("PUE") and optimize energy efficiency of data centers and comply with applicable energy-saving requirements. We provide enterprises the mission-critical large-scale computing infrastructure that offers high performance, reliability, and scalability.

- We have developed the BIRENSUPA software platform, bridging all of our hardware systems with diverse AI applications and scenarios. BIRENSUPA enables our hardware features, optimizes their performance and manages large-scale GPGPU clusters. It offers user a friendly programming interface, high performance libraries, training and inference frameworks and comprehensive set of tool chains to streamline the development and deployment of AI solutions. Furthermore, BIRENSUPA is compatible with other third-party GPGPU computing software platforms, significantly reducing the migration cost to our GPGPU products.

- We have developed comprehensive solutions of large-scale intelligent computing cluster by integrating our hardware systems and software platform with other hardware infrastructure such as servers, storage, and networking equipment provided by partners. Our cluster management platform, BIRENCUBE, is designed to manage extensive AI hardware infrastructure, allowing us to help customers construct GPU clusters comprising of over one thousand, or even ten thousand, GPU chips.

As AI adoption continues to expand, a growing number of companies across diverse industries are creating innovative AI-enabled products and services, significantly increasing the demand for computing power. Key sectors, including AI data centers, AI solutions and Internet, are at the forefront of the race, significantly increasing their investment in computing power and related infrastructure. Moreover, leading companies within these industries account for the majority of capital expenditures on computing power. Hence, we implement the strategy that targets key industries with high demand for computing power, and form strategic partnerships with large customers in each industry. These selected key industries include AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet. With localized expertise and on-the-ground customer support, our solutions are designed to address unique needs of these customers.

- We started to generate revenue from our intelligent computing solutions in 2023. During the year ended December 31, 2024 and for the six months ended June 30, 2025, we had 14 and 12 customers for our Specialist Technology Product, respectively, contributing a revenue amounted to RMB336.8 million and RMB58.9 million, respectively.

- As of the Latest Practicable Date, we had 24 unfulfilled binding orders for our Specialist Technology Product with a total value of approximately RMB821.8 million.

- In addition, as of the Latest Practicable Date, we have entered into five framework sales agreements and 24 sales contracts for our Specialist Technology Product with a total value of approximately RMB1,240.7 million, which will contribute to our future revenue when realized.

OUR INTELLIGENT COMPUTING SOLUTIONS

We have self-developed GPGPU-based integrated intelligent computing solutions. Our integrated intelligent computing solution comprising of two components, namely, (i) GPGPU-based hardware systems and (ii) BIRENSUPA, a computing software platform. To better meet our customers' demands for large-scale intelligent computing power, we offer intelligent computing cluster as a total solution by integrating our hardware systems and software platform with other hardware infrastructure such as servers, storage, and networking equipment provided by partners. We confirm that all our intelligent computing solutions fall under the acceptable sector of "semiconductors" pursuant to paragraph A.2 of Chapter 2.5 of the Guide, as we primarily engage in the design of GPU chips.

Self-developed GPGPU-based Hardware Systems

Since 2019, we have developed our first-generation GPGPU architecture, upon which we have successfully developed two chips, namely BR106 and BR110, and developed a family of GPGPU-based hardware. We utilize chiplet technologies and advanced chip-to-chip interconnect to launch BR166 chip products with higher performance by co-packaging two BR106 chip dies. The key components of GPGPU-based hardware are our GPGPU chips which are integrated into industry standard hardware form factors such as PCIe cards and OAM. Based on customer requirements, we market and sell PCIe cards, OAMs, GPGPU servers or server clusters with different configuration. We refer to this entire portfolio as our GPGPU-based hardware systems.

BIRENSUPA – Software Platform

Our GPGPU-based hardware is operated using our self-developed software platform, BIRENSUPA. It is a software stack built on top of our GPGPUs for developing AI applications. Our BIRENSUPA software platform consists of multiple layers (driver, library, programming platform, machine learning framework, solution), which are designed to optimize performance, enhance development efficiency, and support a wide range of AI applications.

Intelligent Computing Clusters

A GPU cluster consists of multiple GPU servers and/or chips that accelerate the training of deep learning algorithms through parallel computing, resulting in enhanced availability, reliability, and scalability. We integrate GPU hardware with high-speed interconnects, networking, and fully optimized AI software stacks to deliver high application-level performance, allowing customers to deploy GPU clusters securely and optimally.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to, and will continue to contribute to our success and differentiate us from our competitors:

- Advanced technology and solution in general intelligent computing;
- Comprehensive software ecosystem;
- Proven commercialization results with high-quality customer base;
- Experienced R&D team with deep industry know-how; and
- Visionary management with a proven track record of innovation and commercialization.

OUR STRATEGIES

We strive to achieve our long-term goal of enabling technology advancements and accelerating the applications of artificial intelligence. To achieve this goal, we intend to pursue the following strategies:

- Continue to invest in self-developed core technology;
- Further develop and optimize our solutions;
- Enhance our open ecosystem;
- Enhance our commercialization capabilities; and
- Attract and retain talent.

CORE TECHNOLOGIES APPLIED IN OUR SPECIALIST TECHNOLOGY PRODUCT

As a result of our continuous investment in research and development, we have a large number of core technologies that empower our Specialist Technology Product. The development of GPGPU hardware system and related software platform require strong research and development capacities. Our core technologies primarily cover the following aspects: GPGPU architecture, SoC design, hardware system design, and software technologies. Biren's unified GPGPU architecture for training and inference has achieved strong performance, high power-efficiency, and high versatility to reduce Total Cost of Ownership ("TCO") for customers. Leveraging our architecture, we are able to develop products at different scale to serve a wide array of use cases and markets built on a unified platform. In terms of SoC design, we have continuously accumulated technologies throughout the process, covering SoC architecture, memory system, multi-GPU interconnections, SoC testing, SoC design flow, and chip package design. We have developed comprehensive hardware system design capabilities that can support various hardware form factors containing our self-developed GPGPUs, such as PCIe, OAM, UBB, servers and server clusters. In addition to hardware-level innovations, we have developed a suite of software technologies that empower developers to fully utilize the computational and communication capabilities of our GPGPUs. For details, see "Business – Core Technologies Applied in Our Specialist Technology Products."

RESEARCH AND DEVELOPMENT

R&D is at the heart of our business and allows us to continue to enhance and expand our solution offerings. Our strong R&D capabilities has enabled us to develop our Specialist Technology Product with advanced technologies in the fields of semiconductors and will continue to support our future growth. We will continue to invest in research and development to enhance the computing power, general applicability and efficiency of our solutions.

Our R&D is led by a strong team with 657 experienced R&D professionals as of June 30, 2025, representing approximately 83% of our total staff. Key management and core members of our R&D team include Mr. Zhou HONG, our Chief Technology Officer, and Mr. Linglan ZHANG, our Chief Operating Officer. Mr. Hong is responsible for overseeing and formulating the direction of the technology development of our products. He is also the chief architect of our GPGPU chip and is responsible for the definition and design of GPGPU architecture. Mr. Hong has nearly 30 years of experience in design and engineering of GPU and has led R&D teams at multiple leading semiconductor companies in China and overseas. Mr. Linglan ZHANG is responsible for our project management and production and quality control of our products. He has over 23 years of experience in the semiconductor industry. See also "Directors and Senior Management." Moreover, we have attracted and retained a highly qualified R&D team. A substantial portion of our R&D staff is equipped with extensive know-how and expertise over multiple years' industry experience accumulated while serving other leading semiconductor and information technology companies before joining us. We have over 210 R&D staff with more than 10 years industry experience, consisting of over 33% of our total R&D staff as of June 30, 2025. We will continue to proactively recruit R&D talent to further innovate and improve on our technologies and solutions. We have proven world-class R&D

efficiency as demonstrated by our success to bring BR106 from design to commercialization in approximately three years, while incorporating advanced technologies and demonstrating leading performance. We have also accumulated strong know-how and engineering capability.

Since our inception in 2019, we have been investing significantly in strengthening our R&D capacities to develop innovative and nimble solutions to remain at the forefront of changing customer demands. In 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, we incurred total R&D expenses amounted to RMB1,017.9 million, RMB885.6 million, RMB827.0 million, RMB397.1 million and RMB571.6 million, respectively, accounting for 79.8%, 76.4%, 73.7%, 71.5% and 79.1% of our total operating expenses for the same periods. The total amount of our R&D expenses recorded during the Track Record Period were attributed to the development of our Specialist Technology Product. See "Financial Information – Description of Key Consolidated Statements of Comprehensive Loss Items – Research and Development Expenses" for a breakdown of our R&D expenses during the Track Record Period.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are fundamental to our business operations and future commercial success. In this regard, we rely primarily on a combination of patents, copyrights, layout-design of integrated circuits, trademarks, domain names, trade secrets and other proprietary rights protection law in the PRC and other jurisdictions where we operate as well as contractual provisions to protect our intellectual property rights.

As of the Latest Practicable Date, we had 613 patents, 40 copyrights and 16 layout-design of integrated circuits in the PRC and overseas, and are applying for 972 patents in the PRC and overseas, mainly for our next-generation technologies and products, such as BR20X. In addition, as of the same date, we had registered 144 trademarks, and eight domain names which we consider to be or may be material to our business.

CUSTOMERS AND SUPPLIERS

Customers

We were still at an early commercialization stage for our Specialist Technology Products during the Track Record Period. We started to generate revenue from our Specialist Technology Products in 2023. During the Track Record Period, the aggregate revenue generated from our top five customers in each year/period since 2023 amounted to RMB60.9 million, RMB304.0 million and RMB57.7 million, which accounted for 98.1%, 90.3% and 97.9% of our total revenue, respectively. During the Track Record Period, revenue generated from our largest customer in each year/period since 2023 amounted to RMB53.2 million, RMB183.4 million and RMB19.6 million, which accounted for 85.7%, 54.5% and 33.3% of our total revenue, respectively. Our five largest customers in each of 2023, 2024 and the six months ended June 30, 2025 are customers to our intelligent computing solutions. They are companies based in China in the ICT, data centers and AI solutions sectors. For the year ended December 31, 2022,

we had a total of three customers and generated a total revenue of RMB0.5 million as agent fees. For details, see "Financial Information – Description of Key Consolidated Statements of Comprehensive Loss Items – Revenue." Our revenue from the largest customer in 2022 was RMB0.4 million, accounted for 77.8% of our total revenue in 2022.

Suppliers

Our suppliers primarily include suppliers for raw materials and contract manufacturers in China, among others. We usually enter into agreements with our raw material suppliers on an annual basis.

During the Track Record Period, the aggregate purchases from our top five suppliers in each year/period amounted to RMB361.0 million, RMB286.3 million, RMB298.8 million and RMB566.2 million, which accounted for 56.1%, 56.4%, 58.9% and 64.1% of our total purchases, respectively. During the Track Record Period, purchases from our largest supplier in each year/period amounted to RMB129.0 million, RMB99.4 million, RMB162.5 million and RMB308.1 million, which accounted for 20.0%, 19.6%, 32.0% and 34.9% of our total purchases, respectively.

MARKET OPPORTUNITY AND COMPETITIVE LANDSCAPE

China's intelligent computing chips market in which we operate is highly concentrated for top players. In 2024, the top two players combined account for a market share of 94.4% in terms of revenues generated in the Chinese market. The rest of the market is relatively fragmented with no major player capturing a market share of over 1.0%, which presents opportunities for any single player to scale and excel in future competition. China's intelligent computing chips market is expected to reach US$50.4 billion in 2025 in terms of revenues generated in the Chinese market, according to CIC, and we are expected to capture a market share of approximately 0.2%. Furthermore, Chinese players are expected to capture a larger combined market share in the future from approximately 20% in 2024 to approximately 60% in 2029, given the growing competitiveness of their intelligent computing chips.

RISK FACTORS

We are a Specialist Technology Company seeking to [**REDACTED**] on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. The securities of Specialist Technology Companies carry high [**REDACTED**] risks including risks of [**REDACTED**] and inflated valuation due to the difficulty in valuing such companies. [**REDACTED**] should fully understand the [**REDACTED**] risks of a Specialist Technology Company and the risks disclosed by us before making their [**REDACTED**] decisions.

We are at a relatively early stage of commercialization of our intelligent computing solutions, as we only started to generate revenue from our intelligent computing solutions in 2023. In addition, we recorded net losses since our inception. 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 risks related to (i) our business and industry; (ii) our intellectual properties; (iii) our financial positions and need for additional capital; (iv) doing business in the jurisdiction where we operate; and (v) the [**REDACTED**]. Some of the major risks we face include, but are not limited to, the following:

- We have a limited operating history and our ability to develop and manufacture our products and solutions on a large scale is unproven and still evolving, which makes it difficult to evaluate our current business and predict our future performance. Our historical financial and result of operations may not be indicative of our future performance.

- The future commercial success of our products and solutions will depend on the degree of their market acceptance and customer demand. Failure to estimate customer demand properly could lead to mismatches between supply and demand.

- If we fail to establish, expand and optimize an effective sales network for our products and solutions, we may not be able to generate revenue as planned, and our business and results of operations could be adversely affected.

- Disruptions in our supply chain could delay our development plans.

- The success of our business is dependent upon our ability to introduce products or solutions on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.

- We are investing heavily in our research and development, and such investment may not generate the results we expect to achieve. Failure in developing, enhancing or adapting to new technologies and methodologies may make our technologies and products obsolete, which will materially adversely affect our business.

- If we are unable to attract, hire, retain and motivate our key executives, technical staffs and employees, our business may be harmed.

- We may not compete successfully in the intelligent computing solution industry.

- We are subject to the risks associated with international trade policies, international export controls and economic sanctions, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.

- Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology.

- If we are unable to obtain and maintain patent and other intellectual property protection for our technologies or products, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.

- In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how.

- We may be subject to intellectual property infringement claims, which could be time consuming or costly to defend, may lead to unfavorable publicity, and may result in diversion of our financial and management resources.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountant's Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Selected items from the Consolidated Statements of Comprehensive Loss

The table below sets forth our consolidated statements of comprehensive loss for the years indicated derived from our consolidated statements of comprehensive loss set out in the Accountant's Report included in Appendix I to this Document:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	**499**	**62,030**	**336,803**	**39,298**	**58,903**
Cost of sales	–	(14,627)	(157,606)	(11,395)	(40,134)
Gross profit	**499**	**47,403**	**179,197**	**27,903**	**18,769**
Selling and marketing expenses	(58,144)	(55,999)	(51,523)	(27,645)	(27,309)
General and administrative expenses	(199,633)	(218,006)	(244,160)	(130,885)	(123,836)
Research and development expenses	(1,017,860)	(885,646)	(826,957)	(397,067)	(571,616)
Special losses on certain assets	–	(108,692)	–	–	–
Net impairment (losses)/reversal on financial assets	(201)	(1,075)	171	656	463
Other income	76,787	103,062	99,970	38,364	113,348
Other expenses	(1,175)	(2,181)	(2,380)	(1,190)	(5,239)
Other gains/(losses) – net	65,899	(24,309)	10,534	9,963	3,116
Operating loss	**(1,133,828)**	**(1,145,443)**	**(835,148)**	**(479,901)**	**(592,304)**
Finance income	11,770	17,122	10,095	7,031	13,685
Finance cost	(352,129)	(615,737)	(713,136)	(415,557)	(1,021,907)
Loss before income tax	**(1,474,187)**	**(1,744,058)**	**(1,538,189)**	**(888,427)**	**(1,600,526)**
Income tax (expenses)/credit	(125)	103	89	89	–
Loss for the year/period	**(1,474,312)**	**(1,743,955)**	**(1,538,100)**	**(888,338)**	**(1,600,526)**

Non-IFRS Measures

We use adjusted loss for the year/period (non-IFRS measure), which is a non-IFRS measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted loss for the year/period (non-IFRS measure) provides useful information about our results of operations, enhances the overall understanding of our past performance and future prospects.

Adjusted loss for the year/period (non-IFRS measure) should not be considered in isolation or construed as an alternative to loss for the year/period. Adjusted loss for the year/period (non-IFRS measure) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

We define our adjusted loss for the year/period (non-IFRS measure) by adding back (i) changes in the carrying value of redemption liabilities, (ii) share-based compensation expenses, and (iii) [**REDACTED**], to loss for the year/period. We exclude these items because they are not expected to result in future cash payments. Specifically, (i) changes in the carrying value of redemption liabilities are non-cash in nature, because the redemption right of the shareholders shall automatically terminate immediately upon the completion of the [**REDACTED**], (ii) share-based compensation expenses relates to the share-based awards that we grant to employees and Directors and is a non-cash expense, and (iii) [**REDACTED**] relates to this [**REDACTED**].

The following tables present our non-IFRS measures for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
Loss for the year/period	**(1,474,312)**	**(1,743,955)**	**(1,538,100)**	**(888,338)**	**(1,600,526)**
Add:					
Changes in the carrying value of redemption liabilities	348,030	603,567	674,309	383,077	1,010,932
Share-based compensation expenses	88,031	80,096	82,633	58,242	27,165
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted loss for the year/period (non-IFRS measure)	**(1,038,251)**	**(1,051,365)**	**(767,253)**	**(438,209)**	**(551,645)**

Revenue

Our principal revenue sources consist of (i) sales of products, including intelligent computing solutions and agent fee, (ii) rendering of support or extended warranty service and (iii) rental income from intelligent computing clusters. During the Track Record Period, we generated all of our revenue from China. The table below sets forth a breakdown of our revenue, in absolute amounts and as percentages of total revenue, for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Sales of products										
– Intelligent computing solutions	–	–	62,030	100.0	336,794	100.0	39,298	100.0	58,150	98.7
– Agent fee	499	100.0	–	–	–	–	–	–	–	–
Rendering of support or extended warranty service[(1)]	–	–	–	–	9	0.0	–	–	46	0.1
Rental income from intelligent computing clusters[(2)]	–	–	–	–	–	–	–	–	707	1.2
Total	**499**	**100.0**	**62,030**	**100.0**	**336,803**	**100.0**	**39,298**	**100.0**	**58,903**	**100.0**

Notes:

(1) Revenue from extended warranty service mainly represents service fees from extended warranty service for computing clusters beyond our standard three-year warranty period.

(2) The rental income represents revenue from computing cluster leasing service. Such service is primarily provided to customers seeking to avoid the capital expenditure and maintenance efforts associated with self-owned computing clusters through leasing. Such leasing service is not expected to become a principal source of our revenue. The term is typically one year.

Our revenue increased from RMB0.5 million in 2022 to RMB62.0 million in 2023, primarily due to an increase of our revenues from intelligent computing solutions. We commercially launched our Specialist Technology Product in August 2022. In 2023, we started to generate revenue from intelligent computing solution and had 12 customers for our Specialist Technology Products, contributing a revenue amounted to RMB62.0 million.

Our revenue increased from RMB62.0 million in 2023 to RMB336.8 million in 2024, primarily due to an increase of our revenues from intelligent computing solutions, mainly attributable to the increase in the revenue per customer. Our customers in 2024 were mainly leading players in the selected industries, compared to customers in 2023, which were mainly small-scale and purchased our intelligent computing solutions primarily for trial.

Our revenue increased from RMB39.3 million in the six months ended June 30, 2024 to RMB58.9 million in the six months ended June 30, 2025, primarily due to an increase of our revenues from intelligent computing solutions, mainly attributable to the optimization of our customer structure, with more leading players in the selected industries.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB0.5 million, RMB47.4 million, RMB179.2 million, RMB27.9 million and RMB18.8 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, representing gross profit margin of 100%, 76.4%, 53.2%, 71.0% and 31.9% during the same periods. The table below sets forth a breakdown of our gross profit and gross profit margin by revenue sources for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Sales of products										
– Intelligent computing solutions	–	–	47,403	76.4	179,188	53.2	27,903	71.0	18,127	31.2
– Agent fee	499	100.0	–	–	–	–	–	–	–	–
Rendering of support or extended warranty service	–	–	–	–	9	100.0	–	–	46	100.0
Rental income from intelligent computing clusters	–	–	–	–	–	–	–	–	596	84.3
Total	**499**	**100.0**	**47,403**	**76.4**	**179,197**	**53.2**	**27,903**	**71.0**	**18,769**	**31.9**

Our gross profit margin decreased from 100% in 2022 to 76.4% in 2023. We started to generate revenue from intelligent computing solutions in 2023, whereas we generated insignificant revenue and gross profit from other miscellaneous revenue streams in 2022, which are not indicative of performance of our primary business. Our gross profit margin decreased from 76.4% in 2023 to 53.2% in 2024, and decreased from 71.0% in the six months ended June 30, 2024 to 31.9% in the six months ended June 30, 2025, which is consistent with the change in our gross profit margin of intelligent computing solutions. This change is primarily due to the change in the mix of products sold driven by customers' specific needs. In 2023, we were at the initial stage of commercialization and generated significant revenue from a customer. The solution we provided to such customer was the server cluster, which involved BILI 106M servers and customized software for additional functionality and features as requested by the customer. In 2024, our revenue was primarily generated from PCIe card sales, mainly involving our BILI 106M products, without such customized software components, and our gross profit margin of 53.2% was in line with the industry's norm, according to CIC. In the first half of 2025, we recorded a higher revenue proportion of entry-level products BILI 106C, compared with a higher revenue proportion of high-end products in the first half of 2024, which generally have relatively higher gross profit margins. As we are still at an early stage of commercialization, our gross profit margin during the Track Record Period are more significantly impacted by the change in product mix, which may not be indicative of our future gross profit margin as we continue to commercialize our solutions and increase our revenues.

We recorded accumulated losses as of January 1, 2022 of RMB3,427.7 million, mainly due to (i) the recognition of finance costs of redeemable financial liabilities prior to 2022, and (ii) significant R&D expenses incurred during the product development stage before commercialization in 2021.

Selected Items from the Consolidated Balance Sheets

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this Document:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total current assets	2,834,211	2,773,545	2,353,347	3,309,251
Total non-current assets	712,362	624,223	687,800	711,038
Total assets	**3,546,573**	**3,397,768**	**3,041,147**	**4,020,289**
Total current liabilities	324,238	1,225,760	1,552,999	12,857,277
Total non-current liabilities	7,528,713	8,141,869	8,912,353	160,730
Total liabilities	**7,852,951**	**9,367,629**	**10,465,352**	**13,018,007**
Net current assets/(liabilities)	**2,509,973**	**1,547,785**	**800,348**	**(9,548,026)**
Total deficit	**(4,306,378)**	**(5,969,861)**	**(7,424,205)**	**(8,997,718)**
Total deficit and liabilities	**3,546,573**	**3,397,768**	**3,041,147**	**4,020,289**

We had net current assets of RMB2,510.0 million, RMB1,547.8 million, RMB800.3 million, respectively, as of December 31, 2022, 2023 and 2024. As of June 30, 2025, we had net current liabilities of RMB9,548.0 million. As of October 31, 2025, we had net current assets of RMB4,202.2 million.

Our net current assets decreased from RMB2,510.0 million as of December 31, 2022 to RMB1,547.8 million as of December 31, 2023, primarily due to (i) a decrease in trade, other receivables and prepayments, (ii) a decrease in cash and cash equivalents, and (iii) an increase in trade and other payables, partially offset by an increase in inventories and an increase in financial assets at fair value through profit or loss.

Our net current assets decreased from RMB1,547.8 million as of December 31, 2023 to RMB800.3 million as of December 31, 2024, primarily due to (i) a decrease in financial assets at fair value through profit or loss, (ii) an increase in trade and other payables, and (iii) an increase in convertible debentures, partially offset by the increase in cash and cash equivalents, and the increase in trade, other receivables and prepayments.

We had net current assets of RMB800.3 million as of December 31, 2024 and net current liabilities of RMB9,548.0 million as of June 30, 2025, primarily because our redemption liabilities was reclassified to current liabilities based on the redemption date specified in the investment contracts, amounting to RMB12,145.4 million as of June 30, 2025. Our redemption liabilities will cease to be classified as liability and will be automatically converted into the equity of our Company upon the completion of the [**REDACTED**] as a result of automatic conversion into our ordinary shares, and thus, our net liabilities position will turn into net assets position.

We had net current liabilities of RMB9,548.0 million as of June 30, 2025 and net current assets of RMB4,202.2 million as of October 31, 2025, primarily because (i) an increase in financial assets at fair value through profit or loss, and (ii) our redemption liabilities was reclassified as non-current liabilities due to the extension of the redemption date, pursuant to the supplemental agreement to the preferred rights termination agreement in August 2025.

We had net liabilities of RMB4,306.4 million, RMB5,969.9 million, RMB7,424.2 million and RMB8,997.7 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The fluctuations of net liabilities were primarily affected by (i) the loss for the year/period of RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million and RMB1,600.5 million in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively, (ii) share-based compensation expenses of RMB88.0 million, RMB80.1 million, RMB82.6 million and RMB27.2 million in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively, (iii) capital contribution by investors of RMB280.0 million, RMB50.0 million, nil and RMB2,396.7 million in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively, and (iv) recognition of redemption liabilities of RMB280.0 million, RMB50.0 million, nil and RMB2,396.7 million in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively.

Selected items from the Consolidated Statements of Cash Flows

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

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Operating cash flows before movements in working capital	(954,136)	(761,835)	(682,465)	(390,429)	(510,774)
Changes in working capital	(229,465)	(85,231)	(326,722)	43,207	(562,550)
Net cash used in operating activities	(1,183,601)	(847,066)	(1,009,187)	(347,222)	(1,073,324)
Net cash generated from/(used in) investing activities	290,785	(305,413)	1,218,453	556,490	(208,163)
Net cash generated from/(used in) financing activities	211,539	811,888	217,122	(31,315)	1,467,988
Net (decrease)/increase in cash and cash equivalents	**(681,277)**	**(340,591)**	**426,388**	**177,953**	**186,501**
Cash and cash equivalents at the beginning of the year/period	1,556,596	983,326	659,335	659,335	1,100,694
Effects of exchange rate changes	108,007	16,600	14,971	5,142	(2,097)
Cash and cash equivalents at the end of the year/period	**983,326**	**659,335**	**1,100,694**	**842,430**	**1,285,098**

In the six months ended June 30, 2025, our net cash used in operating activities was RMB1,073.3 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,600.5 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB1,021.9 million and depreciation of property, plant and equipment of RMB39.7 million; and (ii) changes in working capital, which primarily comprised an increase in trade, other receivables and prepayments of RMB160.5 million and an increase in inventories of RMB447.8 million.

In 2024, our net cash used in operating activities was RMB1,009.2 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,538.2 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB713.1 million and depreciation of property, plant and equipment of RMB86.1 million; partially offset by interest income on bank deposits of RMB36.3 million; and (ii) changes in working capital, which primarily comprised an increase in trade, other receivables and prepayments of RMB275.7 million and a decrease in contract liabilities of RMB34.1 million; partially offset by an increase in trade and other payables of RMB15.1 million.

In 2023, our net cash used in operating activities was RMB847.1 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,744.1 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB615.7 million and depreciation of property, plant and equipment of RMB104.3 million; partially offset by interest income on bank deposits of RMB27.9 million and fair value gains on short-term investments measured at fair value through profit or loss of RMB24.8 million; and (ii) changes in working capital, which primarily comprised an increase in inventories of RMB150.1 million; partially offset by a decrease in trade, other receivables and prepayments of RMB47.3 million.

In 2022, our net cash used in operating activities was RMB1,183.6 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,474.2 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB352.1 million, depreciation of property, plant and equipment of RMB89.9 million and share-based compensation expenses of RMB88.0 million; and (ii) changes in working capital, which primarily comprising an increase in trade, other receivables and prepayments of RMB184.7 million and a decrease in deferred income of RMB51.7 million; partially offset by an increase in trade and other payables of RMB46.2 million.

Our net operating cash outflows decreased from RMB1,183.6 million in 2022 to RMB847.1 million in 2023, primarily due to the increase in revenue, government subsidies and tax refunds in 2023, as well as the decrease in prepayments for NRE solutions and IP license expenses due to the different development stage of our R&D activities. Our net operating cash outflows increased from RMB847.1 million in 2023 to RMB1,009.2 million in 2024, primarily due to the increase of our prepayments for raw materials and NRE solutions in line with the growth of our business scale. Our net operating cash outflows increased from RMB347.2 million in the six months ended June 30, 2024 to RMB1,073.3 million in the same period of 2025, primarily due to the increase of our prepayments for raw materials in preparation for inventory stocking.

Our historical cash burn rate was RMB113.0 million, RMB90.2 million, RMB109.0 million, RMB83.0 million and RMB226.8 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, mainly representing our average monthly cash operating costs plus the capital expenditure and the lease payments for the respective periods. Our balance of cash-based assets as of June 30, 2025 amounted to RMB2,055.2 million. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting [**REDACTED**] fees and other related expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-point of the indicative [**REDACTED**] in this Document.

Assuming that the average cash burn rate going forward is the same as the average of monthly cash burn in 2022, 2023, and 2024, on the basis that the average of historical cash burn rate would represent a stable cash burn status as we have completed a major R&D cycle and achieved a relatively stable operational team size during 2022-2024, and the expected future increase in production and R&D costs will be offset by the cash inflows generated from the sales of the Specialist Technology Products. Also, we estimate that our balance of cash-based assets as of June 30, 2025 along with the proceeds of RMB1,915.0 million from Pre-[**REDACTED**] investors in August 2025 together will be able to maintain our financial viability for [**REDACTED**] months or, if we take into account [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**] months or, if we also take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Going forward, we expect to incur increasing costs and expenses, primarily for procurement of raw materials as well as investments in research and development activities. Such expenditure is expected to be generally in line with our business growth in the future.

Key Financial Ratio

The following table sets forth certain of our key financial ratios for the years indicated:

	As of/For the year ended December 31,			As of/For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
				(unaudited)	
Gross profit margin of intelligent computing solutions	–	76.4%	53.2%	71.0%	31.2%
Current ratio[(1)]	8.74	2.26	1.52	N/A	0.26

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

Analysis of Key Financial Ratios

Gross Profit Margin of Intelligent Computing Solutions

See "Financial Information – Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin of intelligent computing solutions during the Track Record Period.

Current Ratio

Our current ratio decreased from 8.74 as of December 31, 2022 to 2.26 as of December 31, 2023, primarily due to (i) a decrease in trade, other receivables and prepayments, (ii) a decrease in cash and cash equivalents, and (iii) an increase in trade and other payables, partially offset by an increase in inventories and an increase in financial assets at fair value through profit or loss. Our current ratio decreased from 2.26 as of December 31, 2023 to 1.52 as of December 31, 2024, primarily due to (i) a decrease in financial assets at fair value through profit or loss, (ii) an increase in trade and other payables, and (iii) an increase in convertible debentures, partially offset by the increase in cash and cash equivalents, and the increase in trade, other receivables and prepayments. Our current ratio decreased from 1.52 as of December 31, 2024 to 0.26 as of June 30, 2025, primarily due to an increase in redemption liabilities, partially offset by (i) an increase in inventories, and (ii) an increase in financial assets at fair value through profit or loss.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We have experienced strong revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our Specialist Technology Products. Our revenue increased from RMB0.5 million in 2022 to RMB62.0 million in 2023, further to RMB336.8 million in 2024. Despite our rapid growth, we were loss-making during the Track Record Period. In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, we incurred losses for the year of RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million, RMB888.3 million and RMB1,600.5 million, respectively, and adjusted net loss (non-IFRS measure) of RMB1,038.3 million, RMB1,051.4 million, RMB767.3 million, RMB438.2 million and RMB551.6 million, respectively. We incurred net losses and adjusted net losses (non-IFRS measure) during the Track Record Period primarily because: (i) we incurred significant amount of operating expenses, especially research and development expenses, during the Track Record Period, and (ii) we were at a relatively early stage of commercialization, and therefore our revenue during the Track Record Period have yet to cover such significant amount of investments.

In the future, we aim to maintain sustainability and achieve profitability primarily through: (i) optimizing our solutions to create value for customers; (ii) expanding customer base; and (iii) enhancing operational efficiency and economies of scale. For details, see "Business – Business Sustainability and Path to Profitability."

- ***Optimizing Our Solutions to Create Value for Customers.*** We are dedicated to providing high-quality intelligent computing solutions to address customers' fast-growing computing demand across various industries to drive productivity, innovation and transformation. We plan to continue to create value for customers and address their business needs by accelerating product iteration, optimizing our solutions, innovating our technologies, providing satisfying customer services, among others. As we continue to advance our GPGPU and solution performance and expand production capacity to address customers' critical business needs, we are able to capture additional monetization opportunities after the initial sale through recurring purchase.

- ***Expanding Customer Base.*** We employ an industry-focused, customer-centric approach to secure large enterprise customers in core verticals. Our strategy is to strategically partner with large customers in key industries with high demands for computing power. As compared to global competitors, our localized expertise in China and on-the-ground customer support enabled us to form strategic partnerships with large customers in key industries, such as AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet, to understand and address their unique needs. As our existing large customers benefit from our solutions, we will be able to establish industry standards and attract more new customers both in existing verticals and new verticals.

- ***Enhancing Operational Efficiency and Economies of Scale.*** During the Track Record Period, we incurred significant research and development expenses and administrative expenses to develop and commercialize our intelligent computing solutions and manage our business. Moving forward, while scaling our business and operation, we will intensify efforts across R&D, sales, and administrative operations to enhance operational efficiency and support sustainable long-term growth.

[**REDACTED**]

[**REDACTED**]

Our [**REDACTED**] mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) [**REDACTED**]-related expenses, comprising professional fees paid to our legal advisors and reporting accountant for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the [**REDACTED**], the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately of [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**]-related expenses of HK$[**REDACTED**], professional fees for our legal advisors and reporting accountant of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the consolidated statements of comprehensive loss and the remaining amount of HK$ [**REDACTED**] is expected to be recognized directly as a deduction from equity upon [**REDACTED**]. As of June 30, 2025, we had incurred RMB[**REDACTED**] of [**REDACTED**] for the [**REDACTED**], among which RMB[**REDACTED**] was expensed through the consolidated statements of comprehensive loss.

[**REDACTED**]

SUMMARY

[**REDACTED**]

FUTURE PLANS AND USE OF [REDACTED]

We estimate the net [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in the Document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees and [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

We intend to use the net [**REDACTED**] as follows:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the research and development of our intelligent computing solutions in the future, including the evolution of our intelligent computing hardware, and the development and upgrade of our software platform;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the commercialization of our intelligent computing solution. Specifically, we plan to expand our sales and marketing team, carry out marketing and promotion activities such as setting up display centers or showrooms, and build a dedicated team to provide technical support to our customers. Through these efforts, we expect to establish our sales network, strengthen our customer relationship and create our brand impact;

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

For details, see "Future Plans and Use of [**REDACTED**]."

OUR SHAREHOLDING STRUCTURE

Our Single Largest Group of Shareholders

Our Single Largest Group of Shareholders comprises Mr. Zhang, Shanghai Biliren, the employee incentive platform of our Company, and Shanghai Zhuoren, the general partner of Shanghai Biliren. To jointly control the decision-making and operational management of our Company at its shareholders' meetings, Mr. Zhang and Shanghai Biliren had entered into the AIC Agreement, pursuant to which they confirmed and acknowledged they have been acting in concert to control the decision-making and operational management of our Company in its shareholders' meetings since the establishment of the Company. In the event the parties are unable to reach consensus on matters of our Company, Shanghai Biliren shall act in accordance with the instructions of Mr. Zhang. Further, Mr. Zhang is in a position to control Shanghai Biliren as a result of the voting proxy agreement entered into, among others, Shanghai Zhuoren (as the general partner of Shanghai Biliren) and the general partners of all limited partners of Shanghai Biliren. For details, see "History, Development and Corporate Structure – Acting in Concert Agreement and Voting Proxy Agreement".

As of the Latest Practicable Date, our Single Largest Group of Shareholders controlled approximately 17.73% of our total issued share capital. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Single Largest Group of Shareholders will control approximately [**REDACTED**]% of our total issued share capital.

Pre-[REDACTED] Investments

We completed several rounds of Pre-[**REDACTED**] Investments since our inception with an aggregate amount of over RMB9 billion raised. We have five Sophisticated Independent Shareholders, namely QM120, Country Garden Venture Capital (comprising Country Garden Venture Capital and Huibi No. 2), Sky9 Capital (comprising Sky9 Alpha, Sky9 Capital MVP and Yunjiu No. 1), Zhuhai Gree and Shenzhen Songhe, which are also our Pathfinder SIIs. See "History, Development and Corporate Structure–Pre-[**REDACTED**] Investments" for the details of the Pre-[**REDACTED**] Investments, our Sophisticated Independent Shareholders and Pre-[**REDACTED**] Investors.

DIVIDEND

We do not have any fixed dividend policy nor pre-determined dividend payout ratio. We did not declare or distribute any dividend to our Shareholders during the Track Record Period. After the [**REDACTED**], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operation and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to make dividend in the future also depends on whether we can receive dividends from our subsidiaries. As advised by our PRC Legal Advisor, pursuant to the PRC Company Law, each PRC company is required to set aside at least 10% of its after-tax profits each year, if any, to fund its statutory reserve funds until the total amount set aside reaches 50% of its registered capital. In addition, a company shall not distribute dividend before losses are covered and the statutory reserve funds are drawn. After the company makes the allocation to its statutory reserve funds from its after-tax profits, it may also make an allocation to its discretionary reserve funds from its after-tax profits upon a resolution approved at the shareholders' meeting. Therefore, under the circumstances that the losses have been made up and the reserve funds have been set aside, we may distribute the after-tax profits as dividend to our shareholders.

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to adhering to the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not experience any non-compliance incidents that our Directors believe would, individually or collectively, have a material operational or financial impact on our business and operations as a whole.

PREVIOUS PLAN FOR A SHARE LISTING

In September 2024, we entered into a tutoring agreement with Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) (formerly known as Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司)) in connection with an A share listing on the STAR Market of the Shanghai Stock Exchange and made a preliminary filing (上市輔導備案) with the Shanghai Regulatory Bureau of CSRC (中國證券監督管理委員會上海監管局). Considering that the Stock Exchange would provide us with a platform to access capital and attract diverse investors, the Company decided in the first half of 2025 to pursue a [**REDACTED**] in Hong Kong. For details, see "History, Development and Corporate Structure – Previous Plan for A Share Listing and Reasons for the [**REDACTED**] on the Stock Exchange". We may conduct an offering and listing of A shares at an appropriate time subject to compliance with the relevant requirements under the Listing Rules after the [**REDACTED**]. As of the Latest Practicable Date, we had not determined the timetable, the offering size nor the listing venue of the potential A share listing.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Applicable U.S. Laws and Regulations

The U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") maintains the Entity List, which is a list of non-U.S. individuals, companies, research institutions, government and private organizations, that are subject to additional license requirements (and typically a licensing policy of denial) for the export, reexport, or in-country transfer of items subject to the EAR (the "**Entity List**").

Effective October 17, 2023, the BIS added certain entities of our Group to the Entity List, specifically Beijing Biren Technology Development Co., Ltd.; Guangzhou Biren Intelligent Technology Co., Ltd.; Hangzhou Biren Technology Development Co., Ltd.; Shanghai Biren Information Technology Co., Ltd.; Guangzhou Biren Semiconductor Technology Co., Ltd.; Shanghai Biren Technology Co., Ltd.; Shanghai Xinzhili Enterprise Development Co., Ltd.; and Zhuhai Biren Integrated Circuit Co., Ltd. (collectively, the "**Listed Entities**"). Shanghai Xinzhili Enterprise Development Co., Ltd. was formerly known and referred to as Suzhou Xinyan Holdings Co., Ltd. On April 11, 2024, BIS revised the Entity List entries to include "Shanghai Biren Technology," in addition to existing aliases "Biren" and "Biren Technology." For each of the Listed Entities, BIS imposed a license requirement for all items subject to the EAR to be reviewed under a policy of "presumption of denial." The Listed Entities were also given a "footnote 4 designation," which means that "items subject to the EAR," for the purpose of the license requirements, include certain foreign-produced items that are the direct product of U.S. origin technology or software.

The BIS Entity List designations (the "**BIS Listing**") prohibit the Listed Entities from purchasing, acquiring, or otherwise accessing any items subject to the EAR without a license from BIS. Specifically, absent a license from BIS, it is prohibited to export, reexport, or transfer any items subject to the EAR when any Listed Entity is a party to the transaction, including as purchaser, intermediate consignee, ultimate consignee, or end-user. That is, even if the Listed Entity is not the intended end user of the item(s) involved, the restrictions would still apply to the extent the Listed Entity is the purchaser or otherwise involved in a given transaction. The Entity List restrictions applicable to the Listed Entities apply to items subject to the EAR only where such items would be imported, procured, or obtained by the Listed Entities after the BIS Listing. For example, if the Listed Entities obtained an item subject to the EAR prior to October 17, 2023, the Listed Entities may continue accessing and using such item after the BIS Listing. However, the Listed Entities would be prohibited from obtaining additional quantities of, or updated versions of, such item as of October 17, 2023.

As concluded by Jacobson Burton Kelley PLLC ("**JBK**"), our legal adviser as to U.S. sanctions and export control laws, until September 29, 2025, the Entity List restrictions did not apply to non-listed entities in our Group that are legally distinct from the Listed Entities (the "**Non-listed Entities**"). However, pursuant to a new rule called the "**Affiliates Rule**" issued by the BIS that entered into force on September 29, 2025, any Non-Listed Entity that is owned 50% of more, directly or indirectly, individually or in aggregate, by one or more entities on (1) the BIS Entity List; (2) the BIS Military End-User ("**MEU**") List, and (3) certain persons designated on OFAC's Specially Designated Nationals and Blocked Persons List ("**SDN List**") is now subject to the same export license requirements applicable to the parent company. As advised by JBK, neither the BIS Listing nor the Affiliates Rule should have a material impact on the business or operations of our Group. Even though certain Non-Listed Entities in our Group could fall within the scope of the Affiliates Rule, at this time, the Non-Listed Entities of the Company also do not currently procure, and do not have any plans to procure, items subject to the EAR. Moreover, on November 1, 2025, the White House announced that the implementation of the Affiliates Rule will be suspended for one year, as part of the newest iteration of trade negotiations between the United States and China. The suspension became effective since November 10, 2025. Therefore, despite the BIS's enactment of the Affiliates Rule and its suspension, the Company does not expect this change in policy to have a material impact on the business or operations of our Group even once the suspension is lifted, assuming there are no material changes to the Rule and its implementation in the meantime. For further information on the Affiliates Rule and on how it would impact our Company, see "Risk Factors," "Regulatory Overview – U.S. Export Controls Overview," and "Business."

For items procured by the Listed Entities that it believes may be subject to the EAR, we have identified and entered into agreements with domestic alternative suppliers, or developed in-house alternatives for items required for the development and production of our solutions and previously sourced by the Listed Entities which are or may be subject to the EAR. Considering that (i) we have identified and entered into agreements with domestic alternative suppliers for, or developed in-house, the items required for the development and production of our solutions and previously sourced by the Listed Entities which are or may be subject to the EAR, (ii) the use of items supplied by domestic alternative suppliers should not materially and adversely affect the performance of our solutions, commercialization of the product lines, or our R&D process, (iii) in the long term, we believe we benefit from transitioning to in-house development and domestic alternatives in terms of cost savings, enhanced collaboration and management of supply chain, and better local support and assistance from domestic suppliers, (iv) as of the Latest Practicable Date, none of our investors or existing customers have withdrawn their investment or ceased doing business with us due to the BIS Listing or notified us in writing or otherwise of their intention to do so, and (v) we are also not aware of any litigation or arbitration proceedings or other legal actions arising from or in connection with the BIS Listing, the BIS Listing has not had, and is not expected to have, a material and adverse impact on the development and commercialization of our solutions. For detailed analysis of the impact of BIS Listing, see "Business – Applicable U.S. Laws and Regulations."

No Material Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2025, the end of the period reported on the Accountant's Report included in Appendix I to this Document.

We expect to record a significant increase in net loss for the year ending December 31, 2025 despite our efforts to increase our revenue and gross profit, primarily due to (i) the expected increase in our research and development expenses due to the increase in our R&D activities given the development phases of the on-going R&D projects, mainly because we expect to intensify our R&D investment for the tape-out of our next generation products such as BR20X, and (ii) the expected increase in finance costs due to the expected increase in the balance of redemption liabilities.

In this Document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Document.

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council (會計及財務匯報局)
"AIC Agreement"	the acting in concert agreement entered into by Mr. Zhang and Shanghai Biliren on June 26, 2025, details of which are set out in "History, Development and Corporate Structure – Acting in Concert Agreement"
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix IV to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Biren"	Beijing Biren Technology Development Co., Ltd.* (北京壁仞科技開發有限公司), a limited liability company established in the PRC on September 23, 2020 and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate

[**REDACTED**]

[**REDACTED**]

"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of our Group
"Chief Operating Officer"	the chief operating officer of our Group
"Chief Technology Officer"	the chief technology officer of our Group
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this Document and for geographical reference only, the Hong Kong Special Administrative Region, the Macao Special Administrative Region of the PRC and Taiwan Region
"CIC"	China Insights Industry Consultancy Limited, an independent professional market research and consulting company and our industry consultant
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Commercial Company"	has the meaning ascribed to it under Chapter 18C of the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Shanghai Biren Technology Co., Ltd. (上海壁仞科技股份有限公司) (previously known as Shanghai Biren Technology Co., Ltd.* (上海壁仞智能科技有限公司)), a limited liability company established in the PRC on September 9, 2019 and converted into a joint stock limited liability company incorporated in the PRC on September 8, 2023
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
	[**REDACTED**]
"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was issued on March 16, 2007 and latest amended by the SCNPC and implemented on December 29, 2018
	[**REDACTED**]
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale with serious extreme and widespread impact, such as large-scale power outage, extensive flooding, major landslides and serious obstruction of public transport services
	[**REDACTED**]
"GAC"	the General Administration of Customs of the PRC (中國人民共和國海關總署)

[**REDACTED**]

"Group," "our Group," "we" or "us"	our Company and our subsidiaries from time to time
"Guangzhou Biren"	Guangzhou Biren Intelligent Technology Co., Ltd.* (廣州壁仞智能科技有限公司), a limited liability company established in the PRC on September 26, 2023 and a wholly-owned subsidiary of our Company
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange, as amended from time to time
"H Share(s)"	overseas [**REDACTED**] foreign share(s) in the share capital of our Company with a nominal value of RMB0.02 each, to be subscribed for and [**REDACTED**] in HK dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"Hangzhou Biren"	Hangzhou Biren Technology Development Co., Ltd.* (杭州壁仞科技開發有限公司), a limited liability company established in the PRC on May 14, 2021 and a wholly-owned subsidiary of our Company

[**REDACTED**]

[**REDACTED**]

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

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors of the [**REDACTED**] as named in "Directors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	December 15, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

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

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Xiao"	Mr. Bing XIAO (肖冰), our executive Director and General Manager, the sole shareholder of Shanghai Zhuoren and the general partner of certain limited partners of Shanghai Biliren
"Mr. Zhang"	Mr. Wen ZHANG, our founder, executive Director, Chief Executive Officer and a member of our Single Largest Group of Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

"Pathfinder Sophisticated Independent Investor(s)" or "Pathfinder SII(s)"	has the meaning ascribed thereto under Chapter 2.5 of the Guide for New Listing Applicants
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities
"PRC Legal Advisor"	Fangda Partners, our legal advisor as to PRC laws
"Pre-[**REDACTED**] Employee Incentive Scheme"	the pre-[**REDACTED**] employee incentive scheme of our Company approved and adopted by our Board on April 24, 2024, a summary of the principal terms of which is set forth in "Appendix V – Statutory and General Information – Further information about our Directors, Senior Management and Substantial Shareholders – 5. Pre-[**REDACTED**] Employee Incentive Scheme"
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors pursuant to the respective equity transfer agreement(s) and capital increase agreement(s), details of which are set out in "History, Development and Corporate Structure"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) who participated in our Pre-[**REDACTED**] Investments, details of which are set out in "History, Development and Corporate Structure"

[**REDACTED**]

[**REDACTED**]

"Document"	this document being issued in connection with the [**REDACTED**]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RidgeStone"	RidgeStone Technology, Inc., a company incorporated in Delaware, the United States, on November 22, 2019 and a wholly-owned subsidiary of our Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局)
"SAT"	the State Taxation Administration of the PRC (國家税務總局)
"SCNPC"	the Standing Committee of National People's Congress (中華人民共和國全國人民代表大會常務委員會)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Aoyan"	Shanghai Aoyan Technology Co., Ltd.* (上海遨岩科技有限公司), a limited liability company established in the PRC on November 7, 2023 and a wholly-owned subsidiary of our Company

"Shanghai Biliren"	Shanghai Biliren Enterprise Management Consulting Partnership (Limited Partnership)* (上海壁立仞企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on September 26, 2019 and the employee incentive platform of our Company, and a member of our Single Largest Group of Shareholders
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, [**REDACTED**] and CSDCC for the establishment of mutual market access between Hong Kong and Shanghai, including Southbound Trading and Northbound Trading
"Shanghai Zhuoren"	Shanghai Zhuoren Management Consulting Co., Ltd. (上海卓仞管理諮詢有限公司), a limited liability company established in the PRC on March 15, 2021 wholly-owned by Mr. Xiao. Shanghai Zhuoren is the general partner of Shanghai Biliren and a member of our Single Largest Group of Shareholders
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB0.02 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option(s)"	share option(s) to subscribe for indirect limited partnership interests in Shanghai Biliren (i.e. limited partnership interests in certain limited partners of Shanghai Biliren) corresponding to underlying shares pursuant to the Pre-[**REDACTED**] Employee Incentive Scheme. See "Statutory and General Information – Further Information about Our Directors, Senior Management and Substantial Shareholders – 5. Pre-[**REDACTED**] Employee Incentive Scheme" for details
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, [**REDACTED**] and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen
"Single Largest Group of Shareholders"	Mr. Zhang, Shanghai Biliren and Shanghai Zhuoren

"Sophisticated Independent Investor(s)" or "SII(s)"	has the meaning ascribed thereto under Chapter 2.5 of the Guide for New Listing Applicants
"Specialist Technology"	has the meaning ascribed thereto under the Listing Rules
"Specialist Technology Company"	has the meaning ascribed thereto under the Listing Rules
"Specialist Technology Product(s)"	has the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the periods comprising the three financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025
"Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023

[**REDACTED**]

"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB0.02 each, which is/are not listed on any stock exchange

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar", "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Zhuhai Biren"	Zhuhai Biren Integrated Circuit Co., Ltd.* (珠海壁仞集成電路有限公司), a limited liability company established in the PRC on July 3, 2020 and a wholly-owned subsidiary of our Company
"%"	percent

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the [**REDACTED**] *assume that the* [**REDACTED**] *is not exercised.*

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this Document are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this Document 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. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AGI"	artificial general intelligence
"AI"	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
"AIGC"	artificial intelligence-generated content
"AI model"	mathematical algorithms which can take unstructured data as input and transform them into informative outputs through its "intelligence," namely, the capability of perceiving the world, transcribing and organizing information, enhancing or generating contents, or making decisions
"Algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
"BF16"	brain floating point 16, a computer number format occupying 16 bits in computer memory
"chiplet"	a tiny integrated circuit that contains a well-defined subset of functionality. It is designed to be combined with other chiplets on an interposer in a single package to create a complex component such as a computer processor
"cloud"	a network of remote servers hosted on the Internet and used to store, manage, process data, and offer algorithms in place of local servers or personal computers
"compiler"	a software that translates human-written code into instructions a computer can execute
"computer vision" or "CV"	a field of artificial intelligence that enables computers and systems to derive meaningful information from digital images, videos and other visual inputs, and take actions or make recommendations based on that information

"CXL" or "Compute Express Link"	an open standard for high-speed, high-capacity central processing unit-to-device and CPU-to-memory connections, designed for high performance data center computers
"deep learning"	a machine learning technique that constructs artificial neural networks with multiple layers to extract features from the raw input
"DeepSpeed"	an open source deep learning optimization library for PyTorch
"die"	small block of semiconducting material on which a given functional circuit is fabricated
"distributed training"	a machine learning approach that splits model training workloads across multiple GPUs, servers, or nodes to accelerate computation
"driver"	a software that links hardware with the operating system or applications
"edge"	hardware or services that brings computation and data storage closer to where the data is produced
"edge computing"	a distributed computing paradigm that brings computation, data storage, and analytics closer to the source of data generation
"edge inference"	the execution of trained AI models directly on edge devices to enable real-time decision-making
"firmware"	an essential built-in software that manages the basic functions of hardware
"FP32"	single-precision floating point 32, a computer number format occupying 32 bits in computer memory
"GEMM"	General Matrix Multiplication, a common algorithm in linear algebra, machine learning, statistics, and many other domains
"generative AI"	AI capable of generating text, images, or other media

"GPGPU"	a GPU that is programmed for purposes of general computing
"GPU"	graphic processing unit
"HBM"	high bandwidth memory, a high-speed computer memory interface for 3D-stacked synchronous dynamic random-access memory
"IC" or "integrated circuit"	a set of electronic circuits on one small flat piece of semiconductor material, usually silicon
"IO"	input/output, the interface and processes that handle data transfer between a computing system and external devices
"kernel"	a function that executes computation in parallel across a number of GPU threads
"KMD"	kernel mode driver, a low-level driver that manages direct communication between the GPU hardware and the operating system kernel
"L2 Cache"	Level 2 cache
"library"	a collection of pre-written code that provide ready-made functions for applications
"LLM"	large language model, an AI language model that uses deep learning techniques and massively large data sets to understand, summarize, generate and predict new content
"natural language processing" or "NLP"	a branch of artificial intelligence that helps computers understand, interpret and manipulate human language
"NoC"	network on chips, a network-based communications subsystem on an integrated circuit
"NRE solutions"	non-recurring engineering solutions, the engineering and technical solutions and related technical support services required for the chip development projects
"OAM"	open accelerator module, a compute accelerator module form factor

GLOSSARY OF TECHNICAL TERMS

"open-source"	a source code that is made freely available for possible modification and redistribution
"PaddlePaddle"	a free and open-source software library for machine learning and artificial intelligence
"PCIe"	peripheral component interconnect express, a compute accelerator module form factor
"PUE"	power usage effectiveness, an indicator to evaluate the effectiveness of power usage effectiveness
"PyTorch"	a machine learning framework based on the Torch library, used for applications such as computer vision and natural language processing
"SoC"	system-on-chip, an integrated circuit that integrates most or all components of a computer or other electronic system
"SPC"	streaming processing cluster, a specialized computing element within a GPU
"TCO"	Total Cost of Ownership (TCO) is a comprehensive financial estimate that reflects the full cost of acquiring, operating, and maintaining an asset or product over its entire lifecycle
"TensorFlow"	a free and open-source software library for machine learning and artificial intelligence
"TF32+"	TensorFloat 32+, a computer number format occupying 24 bits in computer memory
"UBB"	universal baseboard, which supports OAM modules in various fabric and interconnect topologies
"UMD"	user mode driver, a software that allows applications to access and utilize the GPU through the operating system
"XSR SerDes"	extra short reach serializer/de-serializer, a pair of functional blocks commonly used in high-speed die-to-die communications

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document contains forward-looking statements and information relating to us and our subsidiary 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 Document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain the market positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;

- our business strategies and plans to achieve these strategies, including our expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the industry and markets in which we operate;
- capital market developments;
- our dividend policy; and
- all other risks and uncertainties described in "Risk Factors" and elsewhere.

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

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

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

***An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an* [REDACTED] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, prospects, results of operations and financial condition. The* [REDACTED] *of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [REDACTED].**

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

We are a Specialist Technology Company seeking to [**REDACTED**] on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. The securities of Specialist Technology Companies carry high [**REDACTED**] risks including risks of [**REDACTED**] and inflated valuation due to the difficulty in valuing such companies. [**REDACTED**] should fully understand the [**REDACTED**] risks of a Specialist Technology Company and the risks disclosed by us before making their [**REDACTED**] decisions.

We are at a relatively early stage of commercialization of our intelligent computing solutions, as we only started to generate revenue from our intelligent computing solutions in 2023. In addition, we recorded net losses since our inception. 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 risks related to (i) our business and industry; (ii) our intellectual properties; (iii) our financial positions and need for additional capital; (iv) doing business in the jurisdiction where we operate; and (v) the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We have a limited operating history and our ability to develop and manufacture our products and solutions on a large scale is unproven and still evolving, which makes it difficult to evaluate our current business and predict our future performance. Our historical financial and result of operations may not be indicative of our future performance.

We are a development-stage company with limited operating history since 2019, and our future ability to develop product of high quality and appeal to customers, on schedule, and on a large scale is unproven and still evolving. Our operations to date have focused on research and development of our products and solutions, establishing and expanding our intellectual property portfolio, as well as enlarging and strengthening our R&D team. We commercially launched our Specialist Technology Product in August 2022, and we have been loss-making during the Track Record Period. Therefore, we have a limited track record in launching, commercializing, sales and marketing of our products and solutions. Our ability to manufacture and deliver our Specialist Technology Product on a large scale is unproven. Due to our limited track record in commercialization, there can be no assurance that our efforts seeking market acceptance of our products and solutions will succeed, that the sales results of our products and solutions will meet our expectations, or that our products and solutions will provide satisfactory user experience to our customers. Our commercial development and delivery of intelligent computing solutions are and will be subject to inherent risks, including with respect to delays or disruptions in our supply chain, quality control deficiencies, compliance with relevant laws and regulations, international trade policies, geopolitics and trade protection measures, cost overruns and lack of necessary funding, among others, which may adversely affect our business, results of operations and financial performance.

Furthermore, our limited operating history, particularly in light of the rapidly evolving intelligent computing solution industry, may make it difficult to evaluate prospects of our current business and reliably predict our future performance. This Document contains certain statements and information that are forward-looking, including but not limited to the statements in "Business – Business Sustainability and Path to Profitability." You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions may prove to be inaccurate and as a result, the forward-looking statements based on those assumptions may also be incorrect. We may encounter unforeseen expenses, difficulties, complications, delays and other business uncertainties. If we do not address these business uncertainties and difficulties successfully, our business will suffer. See also "– Risks Related to the [**REDACTED**] – Forward-looking statements contained in this Document are subject to risks and uncertainties."

The future commercial success of our products and solutions will depend on the degree of their market acceptance and customer demand. Failure to estimate customer demand properly could lead to mismatches between supply and demand.

The future commercial success of our products will depend on the degree of their market acceptance among customers. Given our development and sales cycles can be long and unpredictable, and we have limited track record of commercializing our products and solutions, the future commercial success of our products and solutions are subject to inherent uncertainties. We engage third parties to manufacture and assemble our products and have long manufacturing lead times, and we expect to build finished products and maintain inventory in advance of anticipated demand. If our estimates of customer demand are ultimately inaccurate, there could be a significant mismatch between supply and demand, thus, it may result in either product shortages or excess inventory and may significantly harm our results of operations and financial performance.

Demand for our products is based on many factors in addition to the lead times described above that could cause us to either underestimate or overestimate our customers' future demand for our products, or otherwise cause a mismatch between supply and demand for our products and impact the timing and amount of our revenue, including but not limited to:

- competing technologies and competitor product releases and announcements, which may be cheaper or provide better functionality or features than ours;
- the demand for AI training;
- macroeconomic environment and changes in business and economic conditions resulting in decreased end demand;
- rapidly changing technology or customer requirements;
- new product introductions and transitions resulting in less demand for existing products;
- new or unexpected end use cases;
- business decisions made by third parties, such as developers that create applications leveraging our solutions; and
- the demand for intelligent computing solutions, particularly GPGPU solutions.

If we underestimate our customers' demand for our products, our manufacturing partners may not have adequate lead time or capacity to increase production accordingly and we may not be able to obtain sufficient inventory to fill orders on a timely basis. Even if we are able to increase production levels to meet customer demand, we may not be able to do so in a cost-effective or timely manner, or our manufacturing partners may experience supply constraints. If we fail to fulfill our customers' orders on a timely basis, or at all, our customer relationships could be damaged, we could lose revenue and market share and our reputation could be harmed.

If we overestimate our customers' future demand for our products, or if customers cancel or defer orders or choose to purchase from our competitors, we may not be able to reduce our inventory or other contractual purchase commitments. In the future, we may experience a reduction in average selling prices as a result of our overestimation of future demand. We may also need to increase prices for certain of our products as a result of our suppliers' increase in prices in the future, in which case we may also have to incur cancellation penalties and record impairments on our inventories. The risk of these impacts may increase if our purchase obligations and prepaids grow to a greater portion of our total supply while our revenue sequentially declines. All of these factors may negatively impact our results of operations and financial performance.

If we fail to establish, expand and optimize an effective sales network for our products and solutions, we may not be able to generate revenue as planned, and our business and results of operations could be adversely affected.

Given the development stage of our business, we may not be able to establish, expand and optimize an effective sales network for our products and solutions. For example, with a professional in-house sales and marketing team in China, we will have to compete with our competitors to recruit, hire, train, motivate and retain sales and marketing personnel. Moreover, we may spend significant time in communications with potential customers, project evaluation and design, thereby resulting in longer sales cycles. Our sales cycles are difficult to predict, and the length of our sales cycle can vary substantially from customer to customer. Our sales cycle primarily consists of initial communications with customers, project evaluation and design, proof of concept, demo testing and contracts execution. Such sales cycle typically spans one to three months. Such long and unpredictable sales cycle exacerbates our risks in establishing an effective sales network. If we fail to establish, expand and optimize an effective sales network for our products and solutions, we may not be able to generate revenue as planned and our business could be adversely affected.

Disruptions in our supply chain could delay our development plans.

Our operations and those of our suppliers, contract foundries and logistics providers may be disrupted by a number of factors, including but not limited to geopolitical uncertainties, increased and/or changing laws and regulations, regulatory compliance issues, natural disasters (such as fires, floods and earthquakes), potential effect of climate change, strikes or other labor disputes, disruptions in logistics, among other things. A significant disruption in our supply chain that affects the manufacturing or sourcing of our products or components for any reason, including those mentioned above, could interrupt product supply and significantly delay our development plans. Such disruptions, if not remedied, could lead to delay of our research and development plans, loss of orders and customers, litigation or regulatory action, financial penalties, and reputational damage that could materially and adversely affect our business, results of operations and financial condition. For details of risks relating to our supply chain, see also "– Risks Related to Our Business and Industry – If essential items or services to the production of our products are not supplied timely and adequately, our business could be materially and adversely affected" and "– Risks Related to Our Business and Industry – Dependency on third-party suppliers and their technology to design, manufacture, assemble, test or package our products reduces our control over product quantity and quality and could harm our business."

The success of our business is dependent upon our ability to introduce products or solutions on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.

Our success depends to a significant extent on the development, implementation and acceptance of new products that provide value to our customers. Our ability to develop and launch new products/solutions and related technologies to meet evolving industry standard and requirements, at prices acceptable to our customers on a timely basis, are significant factors in determining our competitiveness in our target markets. We cannot assure you that our efforts to execute our product roadmap will result in innovative products/solutions and technologies that provide value to our customers and meet the industry standard and requirements. If we fail to or are delayed in developing or launching new products or technologies that provide value to our customers and address these new trends or if we fail to predict which new functionality, features or form factors consumers will adopt and adjust our business accordingly, we may lose competitive positioning, which could negatively affect our business.

We are investing heavily in our research and development, and such investment may not generate the results we expect to achieve. Failure in developing, enhancing or adapting to new technologies and methodologies may make our technologies and products obsolete, which will materially adversely affect our business.

Our technology capabilities and infrastructure are critical to our success. We have been investing heavily in our research and development efforts. In 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, we incurred research and development expenses of RMB1,017.9 million, RMB885.6 million, RMB827.0 million, RMB397.1 million and RMB571.6 million, respectively, accounting for 79.8%, 76.4%, 73.7%, 71.5% and 79.1% of our total operating expenses (i.e. the aggregate of selling and marketing expenses, general and administrative expenses and research and development expenses) for the same periods. AI technologies and the intelligent computing solution industry are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial and human resources, in research and development to lead technological advancement in order to make our solutions innovative and competitive in the market. As a result, we expect that our research and development expenses will continue to increase in absolute amount. We have incurred losses in the past and may not be able to achieve or subsequently maintain profitability, partially due to the significant investment in research and development. In 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, we recorded net losses of RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million, RMB888.3 million and RMB1,600.5 million, respectively.

Furthermore, research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research and development results. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products and solutions to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products and solutions, or, if such products and solutions are introduced, that they will achieve market acceptance. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technology has been and will continue to develop, we may not be able to timely upgrade our technologies in a cost-effective and timely manner, or at all. New technologies in the intelligent computing solution industry could render our technologies, our technological infrastructure or products and solutions that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related research and development costs, which could result in a decline in our revenues, profitability and market share.

If we are unable to attract, hire, retain and motivate our key executives, technical staffs and employees, our business may be harmed.

To be competitive and to execute our business strategy successfully, we must attract, hire, retain and motivate our key executives, technical staffs and employees and recruit and develop diverse talent. Many of our key executives and core employees are important to us due to the high entry barriers of the AI-related industries. Labor is subject to external factors that are beyond our control, including our industry's highly competitive market for skilled workers and leaders, cost inflation and workforce participation rates. Changes in immigration and work permit regulations or in their administration or interpretation could impair our ability to attract and retain qualified employees. Competition for personnel results in increased costs in the form of cash and stock-based compensation, and in times of [**REDACTED**], as we may experience in the future, the retentive value of our stock-based compensation may decrease. Failure to retain key executives and employees could have an adverse effect on our business, prospects and results of operations.

We may not compete successfully in the intelligent computing solution industry.

In the intelligent computing solution industry, relying upon their long-term investment of resources and years of operating experiences, some key market players have managed to establish an ecosystem for their products, featuring cultivated user habits and a comprehensive network of voluminous software applications that leveraging their products, which bring about high costs for our potential customers to switch to our products and solutions. China's intelligent computing chips market in which we operate is highly concentrated with the top two players combined accounted for a market share of 94.4% in 2024, according to CIC. Furthermore, we have yet to fully develop sales network and customer base, which are requisite for the build-up of a product ecosystem comparable to that of some of our competitors. China's intelligent computing chips market is expected to reach US$50.4 billion in 2025, according to CIC, and we are expected to capture a market share of approximately 0.2%. We may not be able to compete successfully with such established market player, especially given our limited history of commercialization.

As intelligent computing solutions become more and more critical in light of the rapid development of artificial intelligence, especially large language models, we also face fierce competition from new market entrants. Such new entrants may include better-established technology companies that possess substantial financial resources, sophisticated technology capabilities and broad sales channels. Furthermore, we may face competition from global technology companies that seek to enter the China market, whether independently or through formation of strategic alliances with, or acquisition of, companies in the intelligent computing solution industry in China. Intensified competition could result in lower sales, price reductions, reduced margins and loss of market share. In addition, we may be compelled to make substantial additional investments in research and development, marketing and sales in order to respond to such competitive threats, and we cannot assure you that such measures will be

effective. 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, financial condition and results of operations could be adversely affected.

We are subject to the risks associated with international trade policies, international export controls and economic sanctions, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.

Our operations have been and may continue to be negatively affected by deterioration in the political and economic relations among countries, sanctions and export controls administered by the government authorities in countries with which our operations are connected, and other geopolitical challenges, including increased tariffs, taxes, and other costs and political instability. Jurisdictions such as the United States have adopted and may further adopt restrictive measures, policies, laws and regulations that directly or indirectly affect China-based technology companies.

For example, on August 9, 2022, the U.S. government enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022, which, among other things, prohibits funding recipients from materially expanding semiconductor manufacturing capacity in China. In addition to the United States, Japan, the Netherlands, and various other governments are also imposing controls, licensing requirements, and restrictions on exports to China. Such restrictions, and similar or more expansive restrictions that may be imposed by the United States or other jurisdictions in the future, may be difficult or costly to comply with and may negatively affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, solutions and business operations.

Further, the U.S.-China trade tensions have led to the introduction of high tariffs on a host of goods trading between the two countries, including high-technology goods, semiconductors, and electronics. The trade tensions between the two countries have been rising, and there is a possibility that the extent and scale of trade restrictions between the two countries could escalate if the U.S. and China fail to reach any comprehensive agreement to resolve the issues. While we do not currently purchase or source controlled items from the United States, we cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

In recent years, the United States has also imposed further export controls on exports and reexports to China via the Export Administration Regulations (the "**EAR**"), administered by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"). For example, in October 2022, BIS issued an interim final rule aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced integrated circuits. Since that time, BIS has continued to amend its export controls on these items and end uses, including in October 2023, April 2024, December 2024, and January 2025 (together with BIS's October 2022 interim final rule, collectively referred to as the "**U.S. Advanced Computing Regulations**").

Among other measures, the U.S. Advanced Computing Regulations add to the EAR's Commerce Control List (a list of commodities, software, and technologies that are subject to export controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits. The listed items now generally require a license prior to the export, reexport, or in-country transfer of such items to and within China, Hong Kong, and Macau (absent an applicable license exception), if such items are subject to the export controls jurisdiction of the EAR. The U.S. Advanced Computing Regulations also impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China. The U.S. Advanced Computing Regulations further restrict certain activities of U.S. persons supporting IC development or production efforts in China.

We do not currently purchase, source, or use items that are currently subject to U.S. export controls. We primarily engage in chip design and do not operate a fabrication facility ourselves, do not manufacture ICs, and our U.S. national employees do not otherwise have the specified dealings with any Chinese customers or other third parties (including suppliers and manufacturing or production partners) that develop or produce integrated circuits at a facility where production of advanced integrated circuits occur. We are also not involved in the shipment, transfer, or servicing of the relevant items under the U.S. person controls. Moreover, JBK is of the view that the business operations of the Group are in compliance with applicable export controls laws and regulations, and such operations include the business transactions where the Group, as a fabless chip design company, engages and instructs fabrication facilities to manufacture its GPGPU chips. Having reviewed the analysis, and as advised by the Company's counsel, the Company concurs with the conclusions reached by JBK. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would cause them to disagree with the view above.

Therefore, with regard to the U.S. Advanced Computing Regulations, we believe that, as of the Latest Practicable Date, we and our employees do not engage in activities that would require a U.S. export license, and our ability to make sales to either our current customers or prospective customers that we expect to sell to as we expand our business has not been materially and adversely impacted. Moreover, we have implemented internal policies to ensure that any U.S. personnel at our Group shall refrain from engaging in any controlled activities which may require a license, and shall comply with applicable U.S. export controls laws and regulations. However, as such export control laws and regulations continue to expand and evolve, our operations and business growth might be materially and adversely affected if more restrictive measures are enacted in the future.

These and other legal and regulatory developments stemming from international geopolitics could lead to legal and economic uncertainties. For example, on October 28, 2024, the U.S. Department of the Treasury issued a final rule (the "**OIR Rule**") to implement Presidential Executive Order 14105 issued on August 9, 2023 entitled "Addressing United States Investments in Certain National Security Technologies and Products in Countries of

Concern". The OIR Rule, which is officially called "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern," took effect on January 2, 2025. It imposed certain investment prohibition and notification requirements, additional diligence responsibilities, and record-keeping requirements on U.S. persons and their controlled foreign entities involving new investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities involving any of the following three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, or (iii) artificial intelligence systems (collectively defined as "Covered Foreign Persons"). U.S. persons subject to the OIR Rule are prohibited from making or are required to report certain investments in Covered Foreign Persons, which are defined as "covered transactions." Covered transactions may include, among other things, acquisitions of equity interests, certain debt financing transactions, the formation of certain joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The OIR Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers, including us.

Specific to our Company, the OIR Rule prohibits investments by, or that are knowingly directed by, a U.S. person in an entity on the BIS Entity List that is engaged in the design, fabrication, or packaging of advanced integrated circuits. Our engagement in the design of semiconductors is likely to constitute a covered activity for purposes of the OIR Rule. Therefore, unless an exception applies, U.S. persons would be prohibited from investing in, or knowingly directing investments in, our Company.

The OIR Rule exempts from the prohibitions of certain transactions, including, among others, passive [**REDACTED**] in publicly [**REDACTED**] securities. These exemptions are available only if the [**REDACTED**] does not receive any governance rights with respect to the relevant Covered Foreign Person beyond standard minority shareholder protections. Therefore, the OIR Rule should not restrict U.S. persons from purchasing [**REDACTED**] in our Company's [**REDACTED**] securities provided that they do not receive any governance rights beyond standard minority shareholder protections in our Company. U.S. persons should also not be prohibited from knowingly directing passive [**REDACTED**] by non-U.S. persons in the [**REDACTED**] securities of our Company. For details, see "Regulatory Overview — U.S. Outbound Investment." However, as advised by Jacobson Burton Kelley PLLC ("**JBK**"), our legal counsel as to U.S. sanctions and export control laws, U.S. persons would not be permitted to participate in the purchase of [**REDACTED**] in the [**REDACTED**] if such [**REDACTED**] are not already publicly available on, and purchased from, a security exchange.

On February 21, 2025, U.S. President Donald J. Trump issued a memo entitled the "America First Investment Policy," outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving companies from certain other countries, including China. Among other things, this policy previews that the sectors covered by the OIR Rule may be broadened in the future, and existing exceptions may be narrowed.

Any additional restrictions imposed in line with this policy may further deepen the uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers, including us.

In addition, the OIR Rule could be changed by other U.S. executive actions or legislation, which could include changes to the scope of activities and technologies applicable to prohibited transactions. The OIR Rule could also further limit our ability to raise capital and to invest in certain companies, which may negatively affect our business, financial condition and prospects.

Such U.S. foreign investment laws and regulations are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be driven by political and/or other factors that are out of our control. They could also result in negative publicity, require significant time and attention of the management and subject us to fines, penalties or orders that we cease or modify our existing business practices, if they occur. Any of these events may have an adverse effect on our business, financial condition or results of operations.

Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology.

BIS maintains the Entity List, which is a list of non-U.S. individuals, companies, research institutions, government and private organizations, that are subject to additional license requirements (and typically a licensing policy of denial) for the export, reexport, or in-country transfer of items subject to the EAR (the "**Entity List**").

Effective October 17, 2023, BIS added certain entities of our Group to the Entity List (the **"BIS Listing"**), specifically Beijing Biren Technology Development Co., Ltd.; Guangzhou Biren Intelligent Technology Co., Ltd.; Hangzhou Biren Technology Development Co., Ltd.; Shanghai Biren Information Technology Co., Ltd.; Guangzhou Biren Semiconductor Technology Co., Ltd.; Shanghai Biren Technology Co., Ltd.; Shanghai Xinzhili Enterprise Development Co., Ltd.; and Zhuhai Biren Integrated Circuit Co., Ltd. (collectively, the "**Listed Entities**"). Consequently, the Listed Entities (but not legally distinct entities, such as subsidiaries or affiliates of the Listed Entities) are prohibited from purchasing, acquiring, or otherwise accessing any items subject to the EAR without a license from BIS. For further information, see "Regulatory Overview – U.S. Export Control Laws and Regulations." For detailed analysis on the Entity List addition, see "Business – Applicable U.S. Laws and Regulations."

In December 2023, following the BIS Listing, we revised our trade controls compliance program and associated policies to address and mitigate the risks related to U.S. export controls. For details, see "Business – Applicable U.S. Laws and Regulations." However, there can be no assurance that our export control compliance measures or program will be strictly followed and implemented, or that the implementation of such export control compliance

measures or program would be sufficient for us to address concerns under the EAR. Failure to comply with the EAR could lead to investigations, monetary penalties and could negatively affect our relationship with our suppliers, which, in turn, could negatively affect our business operations.

The BIS Listing could have a negative impact on our reputation with U.S. regulators, businesses, and banking institutions. We believe there is a risk some business partners, particularly those in the United States or with significant exposure in the United States, might refuse to engage in certain business with us for a variety of reasons, including over-compliance with or misunderstanding of the legal effect of the BIS Listing (which does not apply to financial transactions), an inability to determine whether items being sold are subject to U.S. law, de-risking (particularly among western financial institutions), and reputational concerns. As of the Latest Practicable Date, none of our investors or customers have withdrawn their investment or ceased doing business with us due to the BIS Listing or notified us in writing or otherwise of their intention to do so.

Our relationships with suppliers may evolve in the future, and there can be no assurance that we will maintain our access to all items that are necessary to our business. Furthermore, as technologies continue to advance, third parties may offer new technologies or products that could enhance our technology infrastructure, products or solutions. To the extent that any product or technology we currently use becomes subject to the EAR or any such new technologies or products are subject to the EAR, the Listed Entities would not be able to access those items if they remain on the Entity List by then at that time, unless the exporter obtains a license from BIS (which is unlikely due to the licensing review policy of denial for most Entity List designees).

There can be no assurance that the Listed Entities would be able to identify alternative supply chain arrangements to access similar technologies or products of the same quality at similar cost, and we may encounter increased supplier scrutiny due to the addition to the Entity List.

The export restrictions imposed on the Listed Entities now also have the potential to extend to certain Non-Listed Entities, by virtue of a new rule called the "Affiliates Rule" issued by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"), which entered into force on September 29, 2025. The Affiliates Rule imposes the same export license requirements for items subject to the EAR that are applicable to the parent company of any foreign entity owned 50% or more, directly or indirectly, individually or in aggregate, by one or more entities on (1) the BIS Entity List; (2) the BIS MEU List, and (3) certain persons designated on OFAC's SDN List. This means that the Entity List restrictions, which previously did not apply to the Non-Listed Entities within our Group, could now potentially apply if Listed Entities – whether within our Group or external to it – hold 50% or more ownership in those Non-Listed Entities. As of the Latest Practicable Date, there were four Non-listed Entities that would fall within the scope of the Affiliates Rule (hereinafter "**Covered Non-listed Entities**").

That said, as advised by JBK, neither the BIS Listing nor the Affiliates Rule should have a material impact on the business or operations of our Group. Even though certain Non-Listed Entities in our Group could fall within the scope of the Affiliates Rule, at this time, the Non-Listed Entities of the Company also do not currently procure, and do not have any plans to procure, items subject to the EAR. Moreover, on November 1, 2025, the White House announced that the implementation of the Affiliates Rule will be suspended for one year, as part of the newest iteration of trade negotiations between the United States and China. The suspension became effective on November 10, 2025. Therefore, despite the BIS's enactment of the Affiliates Rule and its suspension, the Company does not expect this change in policy to have a material impact on the business or operations of our Group even once the suspension is lifted, assuming there are no material changes to the Rule and its implementation in the meantime.

However, if we were subject to any economic sanctions or other additional restrictions, our business may be interrupted and our reputation may be harmed. As of the Latest Practicable Date, we have not been subject to any economic sanctions or other restrictions.

If essential items or services to the production of our products are not supplied timely and adequately, our business could be materially and adversely affected.

Our operations depend upon obtaining adequate supplies of essential items and services, including manufacturing services, assembly and packaging of our products, certain intellectual property, electronic design automation tools and emulators, as well as certain backend and physical design services, on a timely basis. If we or our third-party vendors are unable to procure any essential items or services needed in the production process of our products, our business would be materially adversely affected.

Due to the complexities of our products, certain items and services used in the production process of our products are available only from a limited number of suppliers, and it is sometimes difficult to substitute one supplier for another in a short period of time. During the Track Record Period, the aggregate purchases from our top five suppliers in each year/period amounted to RMB361.0 million, RMB286.3 million, RMB298.8 million and RMB566.2 million, which accounted for 56.1%, 56.4%, 58.9% and 64.1% of our total purchases, respectively. During the Track Record Period, purchases from our largest supplier in each year/period amounted to RMB129.0 million, RMB99.4 million, RMB162.5 million and RMB308.1 million, which accounted for 20.0%, 19.6%, 32.0% and 34.9% of our total purchases, respectively. From time to time, some of these items and services may be subject to rapid changes in price and availability because, for example, suppliers may extend lead times, limit supply or increase prices due to capacity constraints. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential items and services. Dependence on a sole supplier or a limited number of suppliers exacerbates these risks. In addition, as the technical complexities in many of our products have been increasing, we rely on our third-party suppliers to update their processes so that our production needs are met continuously.

After the inclusion of certain entities of our Group on the BIS Entity List (see "– Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology"), the Listed Entities ceased procurement from previous suppliers for certain items, including some of the essential items and services for our GPGPU products, to the extent the supply was affected by the BIS Listing. As of the Latest Practicable Date, we have engaged domestic alternative suppliers for, or developed in-house, the items required for the development and production of our products previously sourced by those entities. See "Business – Applicable U.S. Laws and Regulations." However, if we are not able to source the essential items and services affected by the BIS Listing from domestic alternative suppliers or to develop the same in-house with the sufficient capability and capacity to satisfy our business needs, our operations may be materially and adversely affected.

We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition.

During the Track Record Period, we have generated revenues from a small group of customers during the early stage of commercialization, which may not be indicative of our future customer base and profile. We started to generate revenue from our intelligent computing solutions in 2023. During the Track Record Period, aggregate revenue generated from our top five customers in each year/period since 2023 amounted to RMB60.9 million, RMB304.0 million and RMB57.7 million, which accounted for 98.1%, 90.3% and 97.9% of our total revenue, respectively. During the Track Record Period, revenue generated from our largest customer in each year/period since 2023 amounted to RMB53.2 million, RMB183.4 million and RMB19.6 million, which accounted for 85.7%, 54.5% and 33.3% of our total revenue, respectively. As we continue to commercialize our intelligent computing solutions through executing our strategy to partner with large customers in key industries with high demands for computing power, our customer base and profile are expected to constantly change, and we expect to further reduce our customer concentration. However, we may not be able to effectively reduce customer concentration and our business, results of operations and financial condition for the foreseeable future may continue to depend on sales to a relatively small number of customers. In the future, our current major customers may decide not to purchase our products or solutions, may purchase fewer of our products or solutions than they did in the past, or may alter their purchasing patterns, including as a result of a transition to solutions provided by our competitors, or their individual or aggregate production levels may decline due to a number of factors, including supply chain challenges and macroeconomic conditions. Further, the amount of revenue attributable to any single major customer, or our major customer concentration generally, may fluctuate in any given period. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be materially and adversely affected.

Dependency on third-party suppliers and their technology to design, manufacture, assemble, test or package our products, reduces our control over product quantity and quality and could harm our business.

To facilitate the design process of our GPGPU products, we utilize various items, EDA tools and Emulators and support services provided from third-party suppliers and may choose to outsource certain backend and physical design to design services vendors. In addition, we rely on third parties for manufacturing, assembly and packaging of our products. The design requirements necessary to meet consumer demands for greater functionality from our products may exceed the capabilities of such third-party vendors. We face several risks which could adversely affect our ability to meet customer demand and scale our supply chain, negatively impact longer-term demand for our products and solutions, and adversely affect our business operations, and/or financial results, including:

- failure by our foundries to develop, obtain or successfully implement high quality process technologies needed to manufacture our products;
- limited number and geographic concentration of third-party suppliers;
- failure to secure adequate capacity for manufacturing assembly and packaging of our products;
- loss of a supplier and additional expense and/or production delays or locate alternative suppliers as a result;
- lack of direct control over product quantity, quality and delivery schedules;
- suppliers or their suppliers failing to supply high quality products, services and/or making changes to their products or services without our qualification;
- delays in product shipments, shortages, a decrease in product quality and/or higher expenses in the event our third-party suppliers prioritize our competitors' or other customers' orders over ours;
- requirements to place orders that are not cancellable upon changes in demand or requirements to prepay for supply in advance;
- low manufacturing yields resulting from a failure in our product design or a foundry's proprietary process technology;

- change of laws and/or regulations, including any international trade policies, geopolitics and trade protection measures, that result in disruptions in our business relationship with third-party vendors, see "– Risks Related to Our Business and Industry – We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected" and "– Risks Related to Our Business and Industry – Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology;" and

- disruptions in manufacturing, assembly and other processes due to closures related to natural disasters and other incidents.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantages may be harmed.

We believe that maintaining, promoting and enhancing our brand is critical to our business and the successful commercialization of our products. Maintaining and enhancing our brand depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative products and solutions, which we cannot assure you we will do successfully.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products and solutions at competitive prices, successful promotion of our brands will also depend on the effectiveness of our marketing efforts. We expect to market our products through our direct sales force, our partners, as well as customers' word-of-mouth referrals. We expect our efforts to market our brand will incur significant costs and expenses. We cannot assure you, however, that our selling and marketing expenses will lead to increases in revenue, and even if they do, such increases in revenue may not be sufficient to offset the expenses incurred.

Defects in our products could cause us to incur significant expenses to remediate, which can damage our reputation and harm our business prospects.

Our product and solution offerings are complex and may in the future contain defects or security vulnerabilities, or experience failures or unsatisfactory performance due to any number of issues in design, fabrication, packaging, materials and/or applications in use cases. For example, defects or failure of our intelligent computing solutions to perform to specifications could lead to substantial damage to users. These risks may increase as our products and solutions are introduced into new devices, markets, technological environment and applications or as new features are released. These risks further increase when we rely on partners to supply and manufacture components that are used in our products, as these arrangements reduce our direct control over production. Although arrangements with component providers may contain provisions for product defect expense reimbursement, we generally remain responsible to the customer for warranty product defects that may occur from

time to time. Some failures in our products and solutions may in the future be only discovered after such products and solutions have been delivered or even used for an extended period of time. Undiscovered vulnerabilities in our products and solutions could result in unsatisfactory user experiences, loss of data or other technical incidents, or could expose our end customers to unscrupulous third parties who develop and deploy malicious software programs that could attack our products and solutions.

Additionally, our efforts to remedy these issues may not be timely or satisfactory to our customers. An error or defect in products and solutions after commercial delivery could result in failure to achieve market acceptance, loss of design wins, temporary or permanent withdrawal of a product from market, harm to our relationships with customers and partners and our brand reputation, which would in turn negatively impact our results of operations and financial performance. We may be required to reimburse our customers or partners, including for costs to repair or replace products in the field or in connection with indemnification obligations, pay fines or may be subject to other administrative penalties imposed by regulatory agencies.

Non-compliance, misconduct and omissions by our employees, business partners and third parties involved in our business could harm our business and reputation.

Misconduct and omissions by our employees or business partners could harm our business and reputation or subject us to liability or negative publicity. Although we have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations (see "Business – Risk Management and Internal Control"), there can be no assurance that our employees will not engage in misconducts or omissions that could materially and adversely affect our business, financial condition and results of operations.

Additionally, non-compliance of third parties involved in our business could adversely affect our business. In particular, our business partners, including our various suppliers and customers, as well as other third parties who have entered into business relationships with our business partners, may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such third parties have infringed or will infringe any other parties' legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any noncompliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or noncompliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

We may be involved in legal proceedings and commercial disputes, which could have a material adverse effect on our business, financial condition, results of operations and reputation.

We may be involved in legal proceedings and commercial disputes, and, as a result, penalties and new claims with material adverse effect on our business, financial condition, results of operations and reputation may arise in the future. In addition, we may enter into agreements that sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party.

Regardless of the merit of particular claims, legal proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into new or further licensing agreements or other arrangements to settle litigation and resolve such disputes. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings or commercial disputes pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations. However, new legal proceedings and commercial disputes may arise in the future and the current legal proceedings and commercial disputes we face are subject to inherent uncertainties. If one or more legal matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For further details regarding our legal proceedings and compliance matters, see the sections headed "Business – Legal Proceedings" and "Business – Licenses, Permits and Approvals."

Actual or alleged failure to comply with privacy, cybersecurity and data protection laws and regulations could damage our reputation, deter current and potential customers from using our solutions and subject us to legal, financial and operational consequences.

In recent years, government authorities across the world have been increasingly focusing on cybersecurity, privacy and data protection. Particularly in China, the substantial base of our business operations, the PRC government has enacted a series of laws and regulations on privacy, cybersecurity and data protection in the past few years. We may be subject to laws and regulations regarding privacy, cybersecurity and data protection in China and other areas and jurisdictions. In addition, as our customers expand their footprints globally, they may leverage

our solutions in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our solutions to help them comply with such laws and regulations.

We have adopted various measures to ensure legal compliance. See "Business – Data Privacy and Information Security Risk Management" for more information. However, the laws and regulations regarding privacy, cybersecurity and data protection are generally complex and still evolving and changing. As such, we cannot assure you that our privacy, cybersecurity and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our privacy, cybersecurity and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy, cybersecurity and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our solutions and could subject us to legal, financial and operational consequences.

The legal and regulatory developments could lead to legal and economic uncertainties, affect how we design our IT systems, how we operate our business, how we and our business partners process data, which could negatively impact demand for our solutions. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations and to establish and maintain internal compliance policies.

Rumors or negative publicity involving our Company, our products and solutions, our management, our customers, our business partners or our industry in general may materially and adversely affect our reputation, business, results of operations and growth prospects.

Rumors or negative publicity involving our industry, our Company, our products and solutions, our management, our customers or our business partners in the future may also materially and adversely harm our business and reputation. Although we made efforts to strengthen our responsiveness to negative publicity events, we cannot preclude media reports of a similar nature or similar allegations from other parties from being made in the future, nor can we assure you that we will be able to defuse such negative publicity to the satisfaction of our [**REDACTED**], customers and business partners or prevent related misconception and other damages caused by such reports. We may have to incur significant expenses and divert our management's time and attention in order to remedy the effects of these negative reports or allegations even if they are baseless, which may adversely affect our results of operations.

Legal defects regarding some of our leased or self-owned properties may affect our interests in such properties. Challenges to our interests in the leased or self-owned properties may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we leased nine properties for business operation occupying approximately 23,203 square meters in China, which are mainly used as our headquarters, office space and research and development facility. With respect to one of our leased properties, the relevant lessor had not provided us with valid property ownership certificate evidencing its rights to lease the properties to us. The absence of the property ownership certificate limited our ability to determine whether the lessor has the right to lease the properties to us, and if the lessor is not the legal owner, the relevant lease agreement may be deemed invalid. As a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected.

As for our self-owned properties, certain of self-owned properties' current actual usages are not in conformity with the permitted usages prescribed in the relevant title certificates. Nonconformity with the property's planned usage may lead to the reclamation of land and fines.

Additionally, pursuant to the applicable PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, the lease agreement of one of our leased properties and 25 of our self-owned properties which have been leased out by us had not been or had not been fully registered. Failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors and the lessees respectively. As of the Latest Practicable Date, we have not been aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

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

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

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

If we fail to obtain and maintain the requisite licenses, approvals, filings, and registrations required under the regulatory environment applicable to our business, or if we are required to take actions that are time consuming or costly in order to obtain and maintain such licenses, approvals, filings, and registrations, our business, financial condition and results of operations may be materially and adversely affected.

Under the current PRC regulatory scheme, a number of governmental authorities, including but not limited to the SAMR, MIIT, GAC, MOFCOM and NDRC, jointly regulate major aspects of our industries.

As of the Latest Practicable Date, we have obtained all the requisite licenses and made all the requisite filings with competent governmental authorities that are material to the operation of the business we engage in China. However, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that we have obtained and maintained sufficient licenses, approvals, filings, and registrations to conduct all of our present or future business. For example, technology importation contracts shall be registered with competent authorities, however, we did not make contract registrations with competent authorities for a total of seven agreements that we entered into with offshore licensors regarding the licensing and importation of technologies from such offshore licensors. Pursuant to the Regulations of the People's Republic of China on the Administration of Technology Import and Export (《中華人民共和國技術進出口管理條例》), our PRC Legal Advisor is of the view that the failure to register the seven licensing agreements would not subject us to any monetary administrative penalties. Nonetheless, without the contract registrations, we may not be able to complete certain foreign exchange, banking, taxation or customs procedures with relevant authorities in relation to the licensing agreements if such contract registrations are required by the authorities in any of such procedures. Given that we have not encountered any obstacle in completing such procedures during the Track Record Period, and we did not receive any fines or penalties in relation to the non-registrations as of the Latest Practicable Date, the absence of such contract registrations had no material adverse effects on our business operation. Furthermore, for the licensing and importation of technologies from offshore licensors for our ongoing and valid contracts as of the Latest Practicable Date, we have already completed the contract registration with competent authorities and will complete the contract registrations for our future technology contracts in accordance with applicable laws and regulations. In addition, Chinese Mainland laws and regulations are statute-based and, similar to other civil law jurisdictions, the interpretation and enforcement of statutory laws and regulations may be changed to adapt the rapid development of economic, political, and social conditions, and there can be no assurance that we will be able to adapt to new rules and regulations that may be relevant to our business activities. If we fail to obtain or maintain any of the requisite licenses, approvals, filings, or registrations required

under the regulatory environment applicable to our business, we may be subject to various penalties, such as confiscation of the revenue that was generated through the affected operations, the imposition of fines and the discontinuation or restriction of our operations. We may also be required to take actions that are time consuming or costly for the purpose of obtaining and maintaining such requisite licenses, approvals, filings, and registrations. Any such penalties and burdens may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Our limited insurance coverage could expose us to significant costs and business disruption.

We purchased patent liability insurance, trademark right insurance, and property insurance for certain of our decoration and furniture as well as machinery and equipment. In line with general market practice and as of the Latest Practicable Date, we did not maintain key-man insurance, which are not mandatory under PRC laws. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

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

Our business could be adversely affected by natural disasters or outbreaks of epidemics. The COVID-19 outbreak did not have any material adverse impact on us, but any future natural disasters, outbreaks of contagious diseases and other adverse public health developments in any market where we currently operate or where we plan to operate in the future could severely disrupt our business operations by damaging our network infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

Failure to comply with the PRC regulations regarding contribution of social insurance premium or housing provident fund may subject us to fines and other legal or administrative penalties.

Companies operating in Chinese Mainland are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing provident funds and other welfare-oriented payment obligations and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our business. During the Track Record Period and up to the Latest Practicable Date, social insurance contributions for some of our foreign employees and employees with Hong Kong and Taiwan residency have not been made in accordance with the relevant PRC laws and regulations. As of December 31, 2022, 2023, 2024 and June 30, 2025, we recorded provision for such shortfalls RMB2.7 million, RMB5.2 million, RMB6.2 million

and RMB5.0 million, respectively. On July 31, 2025, the Supreme People's Court of the PRC has issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "Interpretation II"), which takes effect from September 1, 2025. Pursuant to the Interpretation II, it is a statutory obligation on both the employers and employees to participate in the social insurance. Any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that if the employee terminates the labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People's Court of the PRC shall uphold the claim. The Interpretation II does not impose any additional shortfalls related to social insurance or housing provident fund contributions on us. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, nor had we received any order to settle the deficit amount. Moreover, as of the Latest Practicable Date, we were not aware of any complaint filed by those employees regarding our social insurance practice. However, we cannot assure you that the competent authority will not require us to rectify any noncompliance by making contribution of overdue social insurance premium or to pay any overdue fine or penalty related thereto. This in turn may adversely affect our business, financial condition and results of operations. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand the employers failing to perform the aforesaid obligations to pay the outstanding social insurance contributions within a stipulated deadline and such employers may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If employers fail to make such payments, they may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in Chinese Mainland may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As PRC laws and regulations regarding participating in and contribution to employee benefit plans are still evolving, we cannot assure you that making contributions to the housing provident funds for foreign employees and employees with Hong Kong, Macao and Taiwan residency will not be a compulsory obligation for employer operating in Chinese Mainland in the future, so we could be required to provide additional compensation for certain of our employees and our business, financial condition and results of operations may be adversely affected.

Climate change may have a long-term impact on our business.

Climate change may have an increasingly adverse impact on our business and those of our customers, partners and vendors. Water and energy availability and reliability in the communities where we conduct business is critical, and certain of our facilities may be vulnerable to the impacts of extreme weather events. Climate change, its impact on our supply chain and critical infrastructure worldwide, and its potential to increase political instability in regions where we, our customers, partners and our vendors do business, may disrupt our business and cause us to experience higher attrition, losses and costs to maintain or resume operations.

Our business and those of our suppliers and customers, may also be subject to climate-related laws, regulations and lawsuits. Regulations such as carbon taxes, fuel or energy taxes, and pollution limits could result in greater direct costs, including costs associated with changes to manufacturing processes or the procurement of raw materials used in manufacturing processes, increased capital expenditures to improve facilities and equipment, and higher compliance and energy costs to reduce emissions, as well as greater indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that are passed on to us. These costs and restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our operations and product design activities. Stakeholder groups may find us insufficiently responsive to the implications of climate change, and therefore we may face legal action or reputational harm. We may also experience contractual disputes due to supply chain delays arising from climate change-related disruptions, which could result in increased litigation and costs.

We also face risks related to business trends that may be influenced by climate change concerns. We may face decreased demand for computationally powerful but energy intensive products, such as our GPUs, despite their energy efficient design and operation, and/or increased consumer or customer expectations around the energy efficiency of our products, could negatively impact our business.

RISKS RELATED TO OUR INTELLECTUAL PROPERTIES

If we are unable to obtain and maintain patent and other intellectual property protection for our technologies or products, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected.

We seek to protect the technology that we consider commercially important by filing patent applications in the PRC and other jurisdictions, relying on patent or trade secrets or employing a combination of these methods. For further information on our patent portfolio, see "Business – Intellectual Property." If we or our licensors are unable to obtain and maintain patent and other intellectual property protection with respect to our technologies, our business, financial condition, results of operations and prospects could be materially harmed. The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all desirable jurisdictions. In addition, the laws of some countries do not protect our intellectual property rights as fully as do the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products and technologies in all such fields and jurisdictions.

It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators and contract manufacturers, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

Additionally, the scope of intellectual property rights obtained may not be sufficiently broad for various reason, which may allow third parties to develop and commercialize products and technologies similar or identical to ours and compete directly against us, and adversely affect our ability to successfully commercialize our products or technologies. For instance, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. When patent applications that we currently hold are issued as patents in the future, they may not be issued in a form that will

provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Furthermore, any patents that we hold or in-license may be challenged, narrowed, circumvented, or invalidated by third parties.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how.

In addition to our patented technology, we also rely on unpatented proprietary technology, trade secrets, processes and know-how. Even though we employ various methods, including entering into confidentiality agreements with employees, consultants, marketing partners and contract manufacturers, to safeguard them, there can be no assurance, however, that we will be able to maintain the confidentiality of any of such unpatented proprietary technology, trade secrets, processes and know-how, or that others will not independently develop substantially equivalent technology, trade secrets, processes and know-how. The failure or inability to protect these unpatented proprietary technology, trade secrets, processes and know-how could have a material adverse effect on our results of operations. Moreover, there can be no assurance that our products utilizing such unpatented proprietary technology, trade secrets, processes and know-how will not infringe on the rights of others. If disputes arise in such circumstances, we may be forced to expend substantial resources if we have to defend against any such infringement claims.

We may be subject to intellectual property infringement claims, which could be time consuming or costly to defend, may lead to unfavorable publicity, and may result in diversion of our financial and management resources.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate intellectual property rights held by third parties. We may from time to time be subject to such infringement claims. We cannot assure you that holders of patents purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents against us in China or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or an injunctive relief was issued against us, it may result in significant monetary liabilities and may materially disrupt

our business and operations by restricting or prohibiting our use of the intellectual property in question, we may have to redesign or discontinue selling the products or solutions involved, and our business, financial position and results of operations could be materially and adversely affected.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent the disclosures of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. We may hire employees who have previously worked for our competitors. There can be no assurance that such employees will not use their previous employers' proprietary know-how or trade secrets in their work for us. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. It could be necessary to initiate costly and time-consuming litigations in order to enforce or to determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position, business, financial position and results of operations.

Our ability to design and introduce new products and solutions in a timely manner may rely on our usage of third-party intellectual properties or shared intellectual properties.

In the design and development of our products and solutions or certain features thereof, we occasionally rely on third-party intellectual properties. We cannot be sure that the third-party intellectual properties available to us will always be adequate to meet our design requirements or the customer demand for features and functionalities of our products and solutions. We may not be able to self-develop or procure alternative intellectual properties in time or at all. If the third-party intellectual properties become unavailable to us in a timely manner with such functionality, performance, manufacturing technology, or price point that meet our design requirements or customer demands, or if our usage of third-party intellectual properties in certain products or in certain regions is restricted due to regulatory changes, our business could be materially adversely affected.

Our use of open-source technology could impose limitations on our business operations.

Our BIRENSUPA supports open-source deep learning frameworks and we use open-source software in some of our solutions, and we expect to continue to use open-source software in our business operation in the future. Although we monitor our use of open-source software to avoid subjecting our software to conditions we do not intend to be bound, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source software, derivative

works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products and solutions. In such an event, we may be required to seek licenses from third parties to continue commercially offering our solutions, to make our proprietary code generally available in source code form, to re-engineer our solutions or to discontinue the sale of our solutions if re-engineering could not be accomplished in a timely manner, any of which could adversely affect our results of operations.

The use of open-source software subjects us to a number of other risks and challenges. Open-source software is subject to further development or modification by anyone. Others may develop software to compete with ours or render our software no longer useful. It is also possible for competitors to develop their own solutions using open-source software, potentially reducing the demand for our solutions. If we are unable to successfully address these challenges, our business and operating results may be adversely affected, and our development costs may increase.

We have entered into collaborations with certain collaboration partners for joint research and development projects and other initiatives and may form or seek collaborations or strategic alliances or enter into licensing arrangements in the future. We may not realize the benefits of such collaborations, alliances or licensing arrangements, and disputes may arise between us and our collaboration partners which could harm our business.

As part of our commercialization efforts, we have entered into certain strategic collaboration agreements in the past and may in the future continue to seek and form, strategic alliances, joint ventures or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or strengthen our research and development and commercialization efforts with respect to any future product that we may develop. These relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, or issue securities that dilute our existing shareholders. These relationships, if disrupted, may otherwise adversely affect our business and prospects.

Our strategic collaboration with partners involves numerous risks. For example, our partners may terminate the collaborative arrangements with us if we fail to demonstrate our commercially reasonable efforts in the R&D, manufacturing and commercialization of products or fail to invest committed funds as provided in certain laboratory co-construction agreements. We may not own, or may have to share, the intellectual property rights to any technological development achievements made on the collaborative R&D basis and/or any improvements made by our partners. In addition, we may not achieve the revenue and cost synergies expected from the collaborations. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. Even if we achieve the expected benefits, they may not be achieved and reflected on our financial statements within the desired timeframe. Also, the synergies from our collaboration with partners may be offset by other costs incurred

in the collaboration, increases in other expenses, operating losses or other business issues unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved. Disputes may arise between us and our collaboration partners. Such disputes may cause delay or termination of the research, development or commercialization of products, or may result in costly litigation or arbitration that diverts management attention and resources.

We face significant competition in seeking appropriate strategic partners, and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our products because they may be deemed to be at too early of a stage of development and third parties may not view our products as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a product, we can expect to relinquish some or all of the control over the future success of that product to the third party.

Global markets are an important component of our growth strategy. If we fail to obtain licenses or enter into collaboration arrangements with third parties in other markets, or if our third-party collaborator is not successful, our revenue-generating growth potential will be adversely affected.

RISKS RELATED TO OUR FINANCIAL POSITIONS AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant losses and net operating cash outflows since inception, and may not be able to achieve or subsequently maintain profitability in the near future.

Since our inception, we have incurred operating losses and net losses. In 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, we had operating loss of RMB1,133.8 million, RMB1,145.4 million, RMB835.1 million, RMB479.9 million and RMB592.3 million, respectively. In 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, we had net losses of RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million, RMB888.3 million and RMB1,600.5 million, respectively. We have also incurred net operating cash outflows. We had net cash used in operating activities of RMB1,183.6 million, RMB847.1 million, RMB1,009.2 million, RMB347.2 million and RMB1,073.3 million in 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively.

Substantially all of our net losses during the Track Record Period resulted from costs and expenses incurred by our research and development activities, which significantly exceeded the revenue we recognized for the same periods. Our ability to generate revenue and achieve profitability depends significantly on our success in commercializing our products and solutions, which we may not be able to do in a timely manner or at all.

We expect to continue to incur net losses in the foreseeable future and that these net losses may increase as we carry out certain activities, including but not limited to the following:

- make efforts, such as establishing a sales network, to enable the commercialization of products and solutions in our pipeline;
- seek to develop additional products and solutions to further expand our product pipeline;
- develop, maintain, expand and protect our intellectual property portfolio;
- attract and retain skilled personnel and talent; and
- incur additional legal, accounting, [**REDACTED**] relations, insurance and other expenses associated with operating as a [**REDACTED**].

Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our net losses have had, and will continue to have, an adverse effect on our working capital and shareholders' equity. Our failure to become and remain profitable may affect perception of the potential value of our Company and could impair our ability to raise additional capital, expand our business or continue our operations.

We had net liabilities and net current liabilities positions in the past and may not be able to achieve or maintain net assets and net current assets position in the future.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recorded net liabilities of RMB4,306.4 million, RMB5,969.9 million, RMB7,424.2 million and RMB8,997.7 million, respectively. As of June 30, 2025, we recorded net current liabilities of RMB9,548.0 million. Although redemption liabilities will cease to be classified as liability and will be automatically converted into the equity of our Company upon the completion of the [**REDACTED**], which will result in the change from a net liability position to a net asset position, there is no assurance that we will not record net liabilities in the future. Having significant net liabilities or net current liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future liquidity needs, we may need to rely on additional external borrowings for funding. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our growth plans, and our business, financial condition and results of operations may be materially and adversely affected.

We expect to incur significant R&D expenditure and capital expenditures for our business operations, R&D and expansion plans, which may adversely affect our short-term cash flow, liquidity and profitability.

Our R&D expenditure was RMB1,018.8 million, RMB825.4 million, RMB845.0 million, RMB397.4 million and RMB590.2 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The fluctuations in our R&D expenses during the Track Record Period was mainly due to the advancement of R&D stages of our products. As we believe our R&D capabilities will be the main driving force for our long-term competitiveness and business prospects, we expect to continue incurring substantial expenditure in R&D. See "Financial Information – R&D Expenditure and Total Operating Expenditure." Our capital expenditures were RMB271.6 million, RMB158.8 million, RMB183.5 million, RMB66.8 million and RMB93.2 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. See "Financial Information – Capital Expenditures." We expect to incur significant R&D expenditure and capital expenditures for R&D of our product and solution candidates, purchase of intangible assets, property, plant and equipment and use of right assets, thus enhancing our market position. Inherent risk exists for such significant R&D expenditure and capital expenditures as our investment may not succeed or generate the benefits that we expect, which could materially affect our profitability. Even if we achieve our goals for such investment, our short-term cash flow and liquidity may be adversely affected. While we intend to explore alternative arrangements to reduce the capital intensity of any future expansion, there is no assurance this will be successful.

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

A majority of our operating expenses are for R&D activities. Our capital requirements will be subject to many factors, including, but not limited to:

- technological advancements;
- market acceptance of our products and solutions and product and solution enhancements, and the overall level of sales of our products and solutions;
- R&D expenses;
- our relationships with our customers and suppliers;
- our ability to control costs;
- sales and marketing expenses; and
- general economic conditions, inflation, rising interest rates and international conflicts and their impact on our industry.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products and solutions, expand our sales and marketing programs, take advantage of future opportunities, or respond to competitive pressures.

Raising additional capital may cause dilution to the interests of our existing shareholders.

We may in the future raise additional capital through means including the issuance of securities, in which case the ownership interests of our existing shareholders may be diluted. Concurrent with such capital raising efforts, our public float may increase, and the [**REDACTED**] of our common stock may decline significantly as a result of subsequent sales of the securities issued, or the perception that such sales may occur.

We have granted share-based awards in the past under our share incentive plan and may continue to grant share-based awards in the future, which may result in increased share-based compensation expenses and have an adverse effect on our future profitability.

We have granted share-based awards to provide additional incentives to employees, directors and consultants. We recorded share-based compensation expenses of RMB88.0 million, RMB80.1 million, RMB82.6 million, RMB58.2 million and RMB27.2 million, in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

We face exposure to fair value change and valuation uncertainty of financial assets at fair value through profit or loss.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had financial assets at fair value through profit or loss of RMB1,017.4 million, RMB1,276.7 million, RMB140.4 million and RMB526.0 million, respectively, which primarily represented structured deposits that we purchased. After [**REDACTED**], we may continue to purchase low-risk wealth management products with a short maturity period based on our operational needs. We therefore face exposure to fair value change of financial assets measured at fair value through profit or loss.

We may recognize fair value losses on the financial assets at fair value through profit or loss, which would affect our results of operations for future periods. In addition, the valuation of financial assets at fair value through profit or loss is subject to uncertainties due to the use of unobservable inputs. Such estimated fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the valuation of financial assets at fair value

through profit or loss has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in fluctuations in profit or loss from year to year or period to period.

The discontinuation of any of the government grants or incentives currently available to us could adversely affect our business, financial condition, results of operations and prospects.

We receive government grants from the PRC government. In 2022, 2023, 2024 and for the six months ended June 30, 2024 and 2025, our government grants amounted to RMB57.7 million, RMB71.4 million, RMB59.5 million, RMB19.0 million and RMB101.7 million, respectively. We cannot assure you that we will continue to be eligible to receive such government subsidies or that the amount of such subsidies will not be reduced in the future. Our ability to continue to enjoy government subsidies is subject to changes in national or local policies, and may be affected by the termination of, or amendments to, such policies for any number of reasons, including those beyond our control. Any decrease in or termination of such government subsidies in the future may have an adverse effect on our financial condition, results of operations and prospects.

Our growth depends in part on government spending and favorable government policies in respect of the industries in which we operate. However, such policies may be subject to changes that are beyond our control. There can be no assurance that government policies will continue. Changes in such policies may have a material adverse impact on our business, financial condition and results of operations.

We are exposed to credit risks related to our trade receivables.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our trade receivables amounted to RMB95 thousand, RMB44.1 million, RMB86.7 million and RMB38.1 million, respectively. The credit terms given to trade customers are determined on an individual basis with normal credit period ranged from 30 to 180 days. The turnover days of our trade receivables were 133 days, 72 days, 221 days and 195 days in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. Should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be adversely affected. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our accounts receivables from the customers or that they will settle our accounts receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be adversely affected.

We are exposed to the risk of inventories obsolescence.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our inventories amounted to RMB39.3 million, RMB173.5 million, RMB152.9 million and RMB599.8 million, respectively. Our inventories consist primarily of (i) raw materials, mainly including wafers and substrates used in production of our Specialist Technology Product, (ii) work in progress of our Specialist Technology Product, and (iii) finished goods of our Specialist Technology Product. As of December 31, 2022, 2023, 2024 and June 30, 2025, we recorded provision for impairment of inventories of nil, RMB3.0 thousand, RMB2.5 million and RMB3.4 million, respectively. Our inventory turnover days were 381 days, 2,992 days and 1,725 days in 2024 and for the six months ended June 30, 2024 and 2025, 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, work in progress and finished goods. 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 adversely affected.

Any significant impairment losses for intangible assets may adversely affect our results of operations.

Our intangible assets primarily consisted of (i) IP licenses, (ii) EDA tools, and (iii) purchased computer software. Our intangible assets were RMB197.5 million, RMB65.5 million, RMB84.4 million and RMB107.2 million, respectively, as of December 31, 2022, 2023, 2024 and June 30, 2025. As of December 31, 2023, we recorded impairment losses on intangible assets of RMB40.3 million. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. If the carrying amount of our intangible assets is considered to exceed its recoverable amount and is therefore determined to be impaired in the future, we would be required to write down the carrying value or record a provision of impairment loss for these intangible assets in our financial statements during the period in which our intangible assets are determined to be impaired. For more details, please refer to Note 45.4 to the Accountant's Report set out in Appendix I to this document. Impairment losses for intangible assets would adversely affect our results of operations and our financial condition.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Changes in economic, political and social conditions could have effect on our business and prospects.

All of our revenue was derived from our businesses in the PRC during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and social conditions in the PRC. If the business environment in the PRC deteriorates, our business in the PRC may also be affected.

The legal system is evolving, and the interpretation and implementation of laws, rules and regulations, typically existing in the civil law systems, could affect our business and impede our ability to continue our operations.

The legal system in Chinese Mainland is a civil law system based on written statutes. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investments in Chinese Mainland . However, Chinese Mainland 's legal system is still evolving, and the laws and regulations governing our business activities, as well as the interpretation and implementation thereof, may change in the future, as the case may be in other civil law systems. If we fail to respond to changes in the regulatory environment in the jurisdiction where we operate, could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to [**REDACTED**], which may, in turn, adversely affect the value of your [**REDACTED**].

PRC laws and regulations concerning our industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, and to avoid conducting any noncompliant activities under the applicable laws and regulations, new laws and regulations regulating our industry may be promulgated in the future in response to changing economic and other conditions. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to our industry. Moreover, developments in our industry may lead to changes in PRC laws, regulations and policies, or updates to the interpretation and application of existing laws, regulations and policies, we cannot assure you that these updates and changes in laws, regulations and policies will not have an adverse effect on our business and operations.

Evolving of PRC laws and regulations relating foreign investment in the PRC may affect our business and results of operations.

Laws regulating foreign investment in China include the PRC Foreign Investment Law (《中華人民共和國外商投資法》), or the PRC FIL, effective from January 1, 2020, and the Regulation on Implementing the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Implementation Regulations, effective from January 1, 2020. The PRC FIL specifies that foreign investments shall be conducted in line with the "negative list" to be

issued or approved to be issued by the State Council. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the "Negative List") issued by the NDRC and MOFCOM, which set out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China does not fall within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards. Also, as the Negative List could be updated in the future in response to rapid development of economic, political, and social conditions, we cannot assure you that the PRC government will not render part of our business in China within the Negative List. If we cannot obtain approval from relevant approval authorities to engage in a business in China that becomes prohibited or restricted for foreign investors, we may need to sell or restructure our business which has become restricted or prohibited for foreign investment. If we fail to adjust our corporate structure or business line to comply with the newly issued laws and regulations relating to foreign investment in the future, our business, financial condition and results of operations may be adversely affected.

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

The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is based on rates set by the People's Bank of China, which is affected by changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally, among other things. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these global and geographical political and economic factors could materially and adversely affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

***Laws and regulations over currency conversion and on the remittance of Renminbi into and out of the PRC may affect our utilization of our revenue and affect the value of your* [REDACTED].**

The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of Renminbi into and out of the PRC. A substantial majority of our revenue is denominated in Renminbi, which is currently not a fully freely convertible currency under existing PRC foreign exchange regulations. A portion of our revenues may be converted into other currencies in order to meet our foreign currency demands or financing requirements we may have. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Moreover, we are also currently required to obtain the SAFE or its local counterpart's approval before converting significant sums of foreign currencies into Renminbi. If the foreign exchange regulation system make it difficult for us to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends or other payments in foreign currencies.

Under 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 approval of SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. Any failure to comply with applicable foreign exchange regulations may subject us to administrative fines or even criminal penalties, which could materially and adversely affect the value of your [**REDACTED**]. If we do not meet the procedural requirements in respect of the foreign exchange administration, we may not be able to obtain sufficient foreign currencies to satisfy our foreign currency demand and may also not be able to pay dividends in foreign currencies to our Shareholders.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government may adjust or change its tax laws and regulations in response to changing economic and other conditions. For example, under the Individual Income Tax Law of the People's Republic of China (the "**IIT Law**") (《中華人民共和國個人所得稅法》), which was amended on August 31, 2018 and came into effect on January 1, 2019, foreign nationals who have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside

the PRC. To comply with this rule, our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be affected, which may in turn have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions, and our results of operations could be materially and adversely affected.

We enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Certain subsidiaries in Chinese Mainland were qualified as "Small and Low-Profit Enterprise" in 2024. Due to tax loss status in 2024, these subsidiaries did not actually enjoy 20% preferential CIT rate. Beijing Biren Technology Development Co., Ltd., a subsidiary of the Group is qualified for new/high-tech technology enterprises status and enjoyed preferential income tax rate of 15% from 2024 to 2026. Additionally, the State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses ("Super Deduction") from January 1, 2018 to December 31, 2020, and announced in March 2021 to extend this preferential claim percentage to December 31, 2023. As announced in March 2022 and September 2022, technology-based small and medium-sized enterprises would be entitled to claim 200% of their research and development expenses from January 1, 2022 and other enterprises would entitle to claim 200% of their research and development expenses from January 1, 2022 and other enterprises would entitle to claim 200% of their research and development expenses from October 1, 2022 to December 31, 2022. In March 2023, The State Taxation Administration of the People's Republic of China announced that enterprises would entitle to claim 200% of their research and development expenses from January 1, 2023. We have made our best estimate for the Super Deduction to be claimed in ascertaining our assessable profits during the Track Record Period.

If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations. See "Financial Information – Taxation – PRC."

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

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable

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

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises [**REDACTED**] on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. If such tax is collected in the future, the value of such individual holders' [**REDACTED**] in H shares may be affected.

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

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities are subject to changes and are still evolving and it is difficult for us to predict how PRC tax authorities will interpret and implement the EIT Law and its implementation rules, including whether and how

enterprise income tax on gains derived upon the sale or other disposition of H shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of your [**REDACTED**] in our H Shares may be affected.

It may be difficult to effect service of process upon our Directors or executive officers or to enforce certain judgments against us.

A majority of our directors and our senior management personnel reside within the PRC, and a majority of their assets are located within the PRC. As a result, due to the difference in legal systems, it may be difficult for [**REDACTED**] to effect service of process within certain jurisdictions outside the PRC upon us or most of our directors and senior management. Furthermore, the recognition and enforcement of a foreign judgement is subject to the satisfaction of certain conditions provided under the applicable PRC law, and the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, failure to satisfy the conditions in respect of the recognition and enforcement of a foreign judgement and the absent of treaties providing for the reciprocal enforcement, recognition and enforcement in China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult, as the case in many other jurisdictions.

On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"), which seeks to establish a mechanism with further clarification on and certainty for reciprocal recognition and enforcement of judgments in a wider range of civil and commercial matters between Chinese Mainland and Hong Kong. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024.

Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has been signed, the outcome and effectiveness of any action brought under the New Arrangement will be subject to the PRC courts further adjudication in accordance with PRC laws, including the PRC civil procedure law.

RISKS RELATED TO THE [REDACTED]

There has been no* [REDACTED] *market for our H Shares and the* [REDACTED] *and* [REDACTED] *of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company, the Joint [**REDACTED**] and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our H Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

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

The [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the [**REDACTED**] of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall [**REDACTED**] sentiment towards Chinese Mainland-based companies [**REDACTED**] in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. Pursuant to the PRC Company Law, within the one year following the date of [**REDACTED**], shares issued prior to the [**REDACTED**] shall not be transferred. Due to such lock-up requirement, the [**REDACTED**] and [**REDACTED**] of the H Shares in the short-term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the [**REDACTED**] and volatility of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our H Shares in the* [REDACTED] *could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. The H Shares held by our existing Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our H Shares commences on the Stock Exchange. We cannot assure you that our existing Shareholders will not dispose of any H Shares they may own now or in the future. See "History, Development and Corporate Structure – Lock-up and Free Float Requirement Under the Listing Rules" for details. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we issue more securities in the future. 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.

You will incur immediate and substantial dilution if the* [REDACTED] *of the* [REDACTED] *is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and issuing additional [**REDACTED**] in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Any possible conversion of Unlisted Shares into H Shares could increase the* [REDACTED] *of H Shares in the* [REDACTED]*, which will negatively impact the* [REDACTED] *of H Shares.

According to the stipulations by the CSRC and the Articles of Association, all of our Unlisted Shares may be converted into H Shares, and such converted Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange. Any [**REDACTED**] or [**REDACTED**] of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchanges. However, the PRC Company Law provides that in relation to the [**REDACTED**] of a company, the shares of that company which are issued prior to the [**REDACTED**] shall not be transferred within one year from the date of the [**REDACTED**]. Therefore, shares currently held on our Unlisted Share

register may be [**REDACTED**], after the conversion, in the form of H Shares on the Stock Exchange after one year of the [**REDACTED**], which could further increase the supply of our H Shares in the market and could negatively impact the [**REDACTED**] of our H Shares.

Payment of dividends is subject to restrictions under PRC law.

Under the PRC law, dividends may be paid only out of distributable profit. Distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for [**REDACTED**] companies in the future, which could significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Certain facts, forecasts and other statistics obtained from various government publications contained in this Document may not be reliable.

We have derived certain facts and other statistics in this Document, particularly those relating to the general economy and automobile industry, from information provided by official government sources. We, the Joint Sponsors, [**REDACTED**], any of the [**REDACTED**], any of their respective directors, supervisors, and advisors, or any other persons or parties involved in the [**REDACTED**] have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy of such facts and statistics. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

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

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

***You should read the entire Document carefully and should not rely on any information contained in press articles or other media regarding us and the* [REDACTED].**

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

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

Our headquarters are based, and most of the business operations of our Company and our subsidiaries are managed and conducted, in the PRC. Our executive Directors ordinarily reside in the PRC. Given they play very important roles in our Company's business operations, it is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of our executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

1. we have appointed Mr. Luting PAN, our executive Director, secretary of the Board and responsible person of finance, and Mr. Chun Ho TSANG (曾俊豪) ("**Mr. Tsang**"), our joint company secretary, as our authorized representatives ("**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;

2. when the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the Authorized Representatives. Our Company has implemented a policy whereby (1) each Director

has provided his or her valid phone numbers or other means of communication to the Authorized Representatives; (2) in the event that a Director expects to travel or is otherwise out of office, he or she will provide his or her phone number of the place of his or her accommodation to the Authorised Representatives or maintain an open line of communication via his or her mobile phone; and (3) each Director has provided his or her mobile phone number, office phone number, e-mail address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

3. all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period;

4. we have appointed Maxa Capital Limited as our compliance adviser (the "**Compliance Adviser**") upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available. The contact details of the Compliance Adviser have been provided to the Stock Exchange. We will keep the Stock Exchange up to date in respect of any change in the Compliance Adviser. Our Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Adviser, and to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us;

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

6. our Company has designated one of our staff members who will be responsible for maintaining day-to-day communication with Mr. Tsang and our Company's professional advisors in Hong Kong, including our legal advisors in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Yimin TONG (童義敏) ("**Ms. Tong**"), as one of our joint company secretaries. She has extensive experience in handling administrative and corporate related matters of the Group but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Tsang, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Tong for an initial period of three years from the [**REDACTED**] to enable Ms. Tong to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Ms. Tong does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Tong may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 ("**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Mr. Tsang will work closely with Ms. Tong to jointly discharge the duties and responsibilities as company secretary and assist Ms. Tong in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Tsang will also assist Ms. Tong in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Tsang is expected to work closely with Ms. Tong and will maintain regular contact with Ms. Tong, the Directors and the senior management of our Company. The waiver will be revoked immediately if Mr. Tsang ceases to provide assistance to Ms. Tong as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Tong will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Tong will also be assisted by (a) Compliance Adviser of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications and experience of Ms. Tong and the need for on-going assistance of Mr. Tsang will be further evaluated by our Company. We will demonstrate and seek the Hong Kong Stock Exchange's confirmation that Ms. Tong, having benefited from the assistance of Mr. Tsang for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wen ZHANG	Room 1002, 10/F Building 5 Lane 260, Jianze Road Minhang District Shanghai PRC	American
Mr. Zhou HONG	Room 328, No. 3701 Chenhang Road Minhang District Shanghai PRC	American
Mr. Linglan ZHANG	Room 701, 7/F Building 5 Lane 260, Jianze Road Minhang District Shanghai PRC	American
Mr. Bing XIAO (肖冰)	Room 716, No. 139 Rainbow Road Hengqin New District Zhuhai Guangdong PRC	Chinese
Mr. Luting PAN	Room 2413, Building 2 Phase II, Senior Talent Apartment Hengqin New District Zhuhai Guangdong PRC	American

Name	Address	Nationality
Non-executive Directors		
Mr. Jingguo LIU (劉經國)	Room 501, No. 1 Lane 333, Luoxiu Road Xuhui District Shanghai PRC	Chinese
Mr. Zhifeng ZHOU (周志峰)*(Note)*	Room 901, Unit 2 Building 6, No. 76 Courtyard Baiziwan South Second Road Chaoyang District Beijing PRC	Chinese
Mr. Lin WANG (王林)*(Note)*	Room 184 No. 199 Wensan Road Xihu District Hangzhou Zhejiang PRC	Chinese
Ms. Shuying CHEN (陳淑英)*(Note)*	No. 89 Tianhu Hengkengli Luokeng Town Xinhui District Jiangmen Guangdong PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Dr. Yuan WANG (王源)	Room 311, Unit 1 Apartment 62 No. 5 Yiheyuan Road Haidian district Beijing PRC	Chinese
Mr. Siu Wing LAM (林兆榮)	Flat A, 15/F, Tower 1 No. 33 Hip Wo Street Grand Central Kwun Tong Kowloon Hong Kong	Chinese
Ms. Jin LIU (劉瑾)	Room 19E, Tower 6A No. 99 So Kwun Wat Road Tuen Mun New Territories Hong Kong	Chinese

Note: As of the Latest Practicable Date, Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) were our non-executive Directors, each of whom has already tendered resignation from directorship, conditional and effective the day before the [**REDACTED**], and the appointment of Dr. Yuan WANG (王源), Mr. Siu Wing LAM (林兆榮) and Ms. Jin LIU (劉瑾) as independent non-executive Directors will become effective on the [**REDACTED**]. Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) are board representatives of our Pre-[**REDACTED**] Investors prior to [**REDACTED**] and have performed non-executive functions through providing advice on our overall development as a private company. Each of them has tendered resignation based on internal decision-making of the Pre-[**REDACTED**] Investor which he/she represents. Furthermore, the replacement of three independent non-executive Directors would allow us to meet the requirements under Rules 3.10(1) and 3.10A of the Listing Rules that our Board shall include at least three independent non-executive Directors, who shall represent at least one-third of our Board. Each of Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) has confirmed to the Board that he/she has no disagreement with the Board and there are no other matters in relation to his/his resignation that need to be brought to the attention of the Shareholders.

For details with respect to our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

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

Ping An of China Capital (Hong Kong) Company Limited
Units 3601, 07 & 11-13, 36/F
The Center
99 Queen's Road Central
Hong Kong

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

[REDACTED]

[REDACTED]

[**REDACTED**]

Legal Advisers to our Company

As to Hong Kong law and United States law

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

As to PRC law

Fangda Partners
24/F, HKRI Centre Two
HKRI Taikoo Hui
288 Shi Men Yi Road
Shanghai, PRC

As to U.S. sanctions and export control laws

Jacobson Burton Kelley PLLC
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USA

Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law and United States law* **Freshfields** 55th Floor One Island East Taikoo Place Quarry Bay, Hong Kong *As to PRC law* **King & Wood Mallesons** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing, PRC
Reporting Accountants and Independent Auditor	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong SAR, China
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B Jing'an International Center 88 Puji Road, Jing'an District Shanghai PRC
Property Valuer	**AVISTA Valuation Advisory Limited** Suites 2401-06, 24/F Everbright Centre No 108 Gloucester Road Wan Chai Hong Kong

[REDACTED]

CORPORATE INFORMATION

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Headquarters and Principal Place of Business in the PRC	Room 1302, 13/F, Building 16 No. 2388 Chenhang Road Minhang District, Shanghai PRC
Principal Place of Business in Hong Kong	Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Company's Website	**www.birentech.com** (*the information contained on this website does not form part of this Document*)
Company Secretary	**Ms. Yimin TONG (童義敏)** Room 1302, 13/F, Building 16 No. 2388 Chenhang Road Minhang District, Shanghai PRC **Mr. Chun Ho TSANG (曾俊豪)** *(Associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Authorized Representatives	**Mr. Luting PAN** Room 1302, 13/F, Building 16 No. 2388 Chenhang Road Minhang District, Shanghai PRC **Mr. Chun Ho TSANG (曾俊豪)** Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong

Audit Committee	Mr. Siu Wing LAM (林兆榮) (*Chairperson*) Dr. Yuan WANG (王源) Ms. Jin LIU (劉瑾)
Remuneration Committee	Ms. Jin LIU (劉瑾) (*Chairperson*) Dr. Yuan WANG (王源) Mr. Wen ZHANG
Nomination Committee	Dr. Yuan WANG (王源) (*Chairperson*) Ms. Jin LIU (劉瑾) Mr. Wen ZHANG
Compliance Adviser	**Maxa Capital Limited** Unit 2602, 26/F Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong

[**REDACTED**]

Principal Banks	**China Construction Bank Corporation Shanghai Lingang Branch** B-3, No. 555 Xinyuan South Road Pudong New Area Shanghai PRC
	Bank of China Limited Shanghai Pujiang Hi-Tech Business Park Branch No. 2518, Chenhang Highway Minhang District Shanghai PRC

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy Limited ("CIC"). We engaged CIC to prepare an independent industry report in connection with the [**REDACTED**] (the "CIC Report"). The information from official government sources has not been independently verified by us, the Joint Sponsors, [**REDACTED**], any of their respective directors, supervisors, and advisors, or any other persons or parties involved in the [**REDACTED**], and no representation is given as to its accuracy.

OVERVIEW OF INTELLIGENT COMPUTING CHIPS

AI has emerged as a pivotal force in driving global economic and social progress. In particular, LLMs are poised to significantly propel AI's evolution towards AGI, which is expected to fundamentally reshape human society in terms of productivity and creativity. LLMs quickly find their ways into a wide range of applications, such as AIGC, image recognition, content recommendation, sales forecasting, financial risk management, etc., and are expected to explore a lot more others. According to CIC, AI is expected to drive more than 15% of the global GDP by 2030. To realize the vision of AGI, computing chips are urgently needed, serving as the foundational infrastructure for AGI's actualization.

Compute-intensive tasks, such as AI training, inference and high-performance computing, especially those on a large scale, mainly run on the cloud or edge and involve a large number of parallel calculations where multiple operations are executed simultaneously. Intelligent computing chips[1] are purposely engineered to cater to these features with architectures suitable for high-speed parallel calculations, and mainly include three types of chips, namely GPGPUs (general purpose graphic processing units), ASICs (application specific integrated circuits) and FPGAs (field programmable gate arrays). They prove to be substantially more efficient in compute-intensive tasks than the previous computing chips such as CPUs, which are designed for sequential computing where calculations are executed in a sequence, one at a time. The full potential of intelligent computing chips can only be realized through the integration of a specialized software ecosystem, which provides the necessary infrastructure for programming, orchestration, and efficient workload distribution, making it an indispensable component in intelligent computing chips' functionality and real-world application. Ever since 2012, the milestone year in the history of AI, specialized computing chips have gradually replaced CPUs and later became the absolute choice for compute-intensive tasks.

1 Unless otherwise specified, "intelligent computing chips" in the Industry Overview section do not include on-device chips, such as in-vehicle SoCs designed for autonomous driving, due to distinct use cases and limited general-purpose computing capabilities.

OVERVIEW OF THE GLOBAL INTELLIGENT COMPUTING CHIPS INDUSTRY

Training and inference are two primary intelligent computing scenarios

Training and inference constitute the core application scenarios of intelligent computing. Training refers to the process of creating models using a training dataset, while inference refers to the process of using the trained model to return predicted results for new data inputs. The development and iteration of various LLMs have been flourishing around the globe in the past three years, and this trend is expected to continue in the near future, fueling the demand for the computing power for training. As LLMs mature in functionalities and usability going forward, there will be a significant increase in end-use cases and frequency, leading to a faster-growing demand for the computing power for inference in the long run.

Initially, as training and inference have distinctive features in terms of computational complexity in one single session and frequency of such sessions, they require different capabilities of intelligent computing chips, as is illustrated in the comparison table below. As a result, respective design and commercialization strategies are usually adopted for intelligent computing chips used in these two distinctive scenarios.

Key features of intelligent computing scenarios

Intelligent computing scenarios	Training	Inference
Computing power needed	– LLMs with hundreds of billions or trillions of parameters require extremely large computing power provided by server clusters at scale	– Modest computing power required for one-shot inference tasks, but potentially high concurrency leads to considerable computing power required in total – Increasingly higher computing power required for long-thinking reasoning tasks
Other requirements	– Large bandwidth and high interconnect speed to enhance training efficiency, especially for large clusters	– Low latency to ensure rapid output of results

Source: CIC

With the continued expansion of model parameter sizes and the increasing complexity of application scenarios, both training and inference are placing similarly high demands on intelligent computing chips, particularly in terms of computing power, memory bandwidth, and capacity. Meanwhile, the industry is transitioning from a single-stage, pre-training-focused paradigm to a multi-stage workflow that emphasizes both post-training and inference, which

has significantly increased the demand for chips capable of supporting both stages efficiently. As a result, the performance requirements for training and inference are increasingly converging, driving a trend toward more integrated and versatile intelligent computing chip architectures.

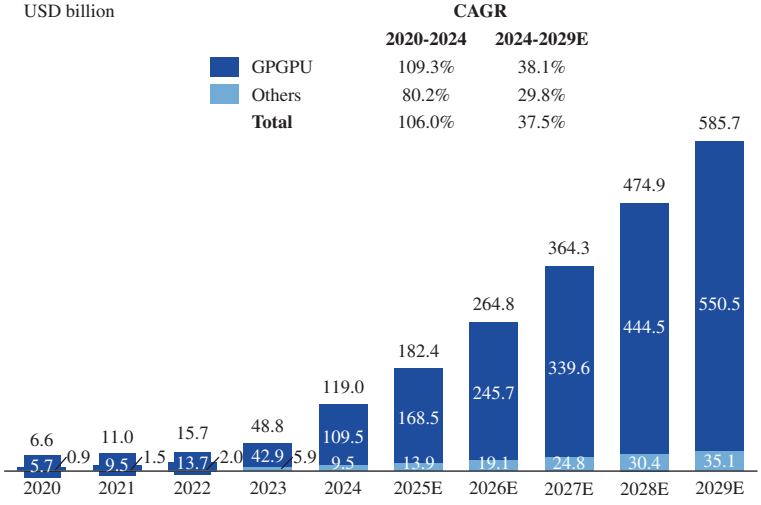
The intelligent computing chips industry has been and will continue to grow

The breakthroughs in LLMs since the launch of ChatGPT in late 2022 have resulted in a rapidly increasing demand for intelligent computing chips. Initially, the demand was largely focused on the training of foundation models, which are typically huge in size and require massive computing power to complete the training session. As model sizes further increase, following the scaling law, the demand for training computing chips also grew exponentially.

With the continuous iteration in model architecture, the divergence between pre-training and post-training and the introduction of reasoning models have fundamentally reshaped the industry landscape, leading to simultaneous growth in market demand for both training and inference computing. Post-training processes such as reinforcement learning, fine-tuning, and model distillation now require greater computing power than pre-training, amplifying the demand for training computing chips. Meanwhile, the current reasoning models apply inference time scaling, and make each query demand up to 100 times more computing power than traditional one-shot inferences, significantly increasing the demand for inference computing chips. It is expected that the growth of investment in inference computing chips will overtake training in the next one year or two.

According to CIC, the global intelligent computing chips market in terms of revenue increased rapidly from US$6.6 billion in 2020 to US$119.0 billion in 2024 at a CAGR of 106.0%. The market is expected to maintain fast growth in the next five years and reach US$585.7 billion in 2029, representing a CAGR of 37.5% from 2024 to 2029. Such growth will be driven by the surge of investment in AI computing infrastructure (such as AI data centers) in the near future, and the potential booming of a spectrum of LLM-based AI applications in the long run that calls for the consistent consumption of intelligence computing power.

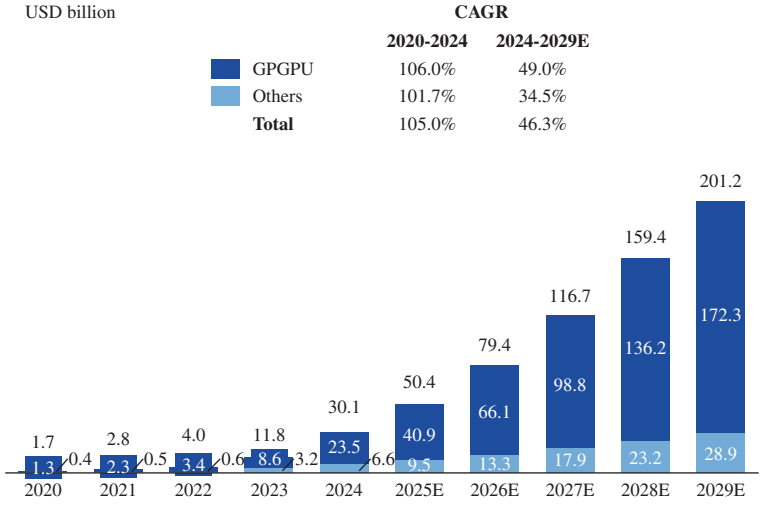
Market size of global intelligent computing chips industry, 2020-2029E



Source: CAICT, interviews with industry experts, annual reports of public companies, CIC

As one of the largest AI markets globally, China has also witnessed a rapid growth in the demand for intelligent computing chips. According to CIC, China's intelligent computing chips market in terms of revenue grew from US$1.7 billion in 2020 to US$30.1 billion in 2024, at a CAGR of 105%. The market is expected to reach US$201.2 billion in 2029, which represents a CAGR of 46.3% from 2024 to 2029, outgrowing the global market during the same period. This is mainly attributable to rapid demand expansion, supply chain localization and ecosystem development. While starting from a relatively lower base of intelligent computing chip adoption, China is facing an outsized surge in demand from a large number of cloud service providers, internet platforms, AI companies, and other customers from AI-driven industries, resulting in a considerable addressable market and ample room of growth. Concurrently, the rise of competitive domestic suppliers and the rapidly maturing ecosystem are expected to support swifter deployment and adoption of intelligent computing chips in the future.

Market size of China's intelligent computing chips industry, 2020-2029E



Source: CAICT, interviews with industry experts, annual reports of public companies, CIC

GPGPUs make the most versatile type of intelligent computing chips

Among the three types of intelligent computing chips, GPGPUs make the most versatile intelligent computing chips. GPGPUs are based on a non-custom architecture, which makes them easily adaptable to a wide array of computing tasks. This is a critical advantage in today's world where computing scenarios are constantly evolving and diversifying. In contrast, ASICs are typically tailor-made for specific applications, while FPGAs could be re-configured to fit a number of applications but require their users to be highly proficient at hardware coding in order to do so. Despite the outstanding performance and energy efficiency in their designated tasks, their scope of application is much narrower than GPGPUs. Therefore, GPGPUs have been the mainstream choice for intelligent computing chips and are expected to maintain the leading position. The table below sets forth the pros and cons of the three types of intelligent computing chips.

Downstream customers of GPGPUs primarily include major internet companies, cloud service providers, data centers and AI companies, who rely on GPGPUs for compute-intensive workloads such as large-scale model training and inference, as well as high-performance computing. Compared to ASICs and FPGAs, which are designed for specific or programmable functions, GPGPUs offer greater versatility and flexibility, high parallel processing capabilities, and a well-established software ecosystem, which enables them to effectively address the growing computational demands of training and inference across diverse AI model architectures and complex general-purpose tasks, positioning them as the mainstream solution in the intelligent computing chip landscape.

Pros and cons of intelligent computing chips

Type	Pros	Cons
GPGPU	– Versatile for different tasks – Suitable for highly parallel tasks – Highly scalable	– Higher power consumption
ASIC	– Fully optimized performance and power efficiency for specific tasks	– Inflexible applications – Long development cycle yet easily outdated
FPGA	– Re-configurable for different tasks	– Difficult to design and program

Source: CIC

GPGPU has been the predominant segment in the global intelligent computing chips market, whose market size represented 92.0% of the overall intelligent computing chips market in 2024. China's GPGPU market represented a lower 78.1% of the overall China's intelligent computing chips market in 2024. Nevertheless, China's GPGPU market size is expected to increase from US$23.5 billion in 2024 to US$172.3 billion in 2029, at a CAGR of 49.0%, which is faster than the 38.1% CAGR of global market during the same period.

The integration of hardware and software is essential to the performance of intelligent computing chips

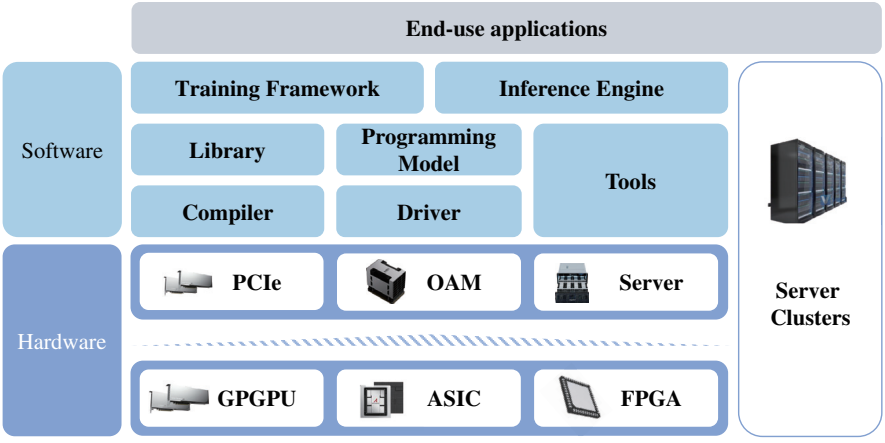
As AI applications become more complex and data-intensive, there is a growing demand for higher computing power and more efficient data processing. This requires continuous improvements and innovations in hardware design to deliver the best performance and energy efficiency at all times. One example of such milestone architectural evolution is the introduction of specialized cores to handle matrix multiplication, a complex calculation

commonly seen in deep learning algorithms that had been one of the bottlenecks of raising computing speed. Additionally, advancements in memory size, bandwidth and interconnects have further enhanced the capability of intelligent computing chips, especially large scale clustering, to effectively deal with heavy workloads. These iterations in hardware have played an underpinning role in enhancing the capabilities of intelligent computing chips.

Intelligent computing chips are delivered to customers in three different form factors that cater to their demand, including PCIe (peripheral component interconnect express) cards, OAMs (open accelerator modules) and servers. PCIe cards are the cost-effective option usually targeting customers who need to balance performance and affordability. OAMs are designed to optimize performance, targeting customers who demand maximal performance. Servers are ready-to-use computing power aimed at customers who need to be equipped with high computing power from scratch in a short time. Servers can be interconnected as supernodes and further scaled into server clusters that provide substantial computational resources to complete complex and massive tasks. Server clusters are expected to bear greater significance in the market going forward to support the increasing demand for large-scale computing power that can hardly be satisfied by deploying a single server.

Beyond hardware, software plays a crucial role in optimizing the performance of intelligent computing chips. It provides developers with essential tools and common deep learning frameworks needed to harness and fully utilize the capabilities of the underlying hardware. Through software, developers can reconfigure to maximize compute utilization, enhance data throughput, and ensure robust multi-chip interconnectivity, among others, in order to boost the overall performance and efficiency of intelligent computing chips. Nowadays, the flexibility to allow developers to continuously optimize performance through software has become a key competitive advantage for intelligent computing chip companies.

Typical architecture of intelligent computing solutions



Source: CIC

Value chain of intelligent computing chips

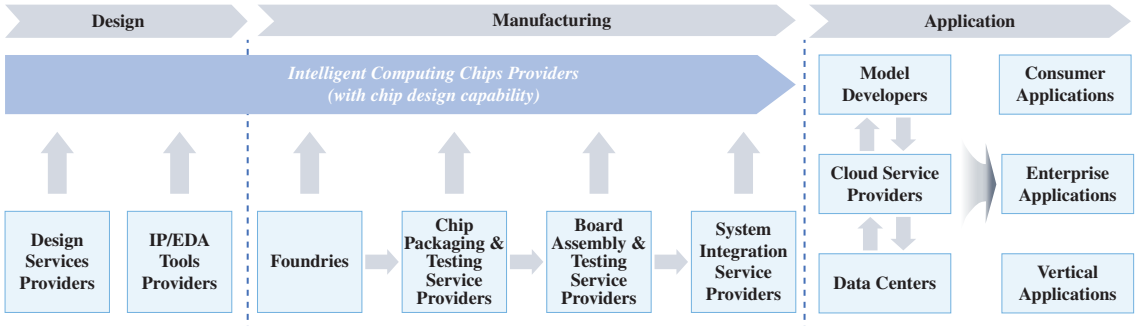
The intelligent computing chips industry value chain is centered around intelligent computing chips providers, which is critically important as it directly impacts the performance of the chip and requires deep engineering and industry know-how. They not only partner with various suppliers that provide support and manufacturing-related services to deliver their chips to end users, but also play an important role of leading the progress of the whole industry. For example, top-tiered R&D personnel and engineers would leverage their expertise and work closely with value chain participants to co-develop technologies and manufacture their chips, ultimately facilitating the technological advancement of industry.

Support services suppliers mainly include design services providers, IP and EDA (electronic design automation) tools providers. Design service providers offer research services for various stages of chip development, as well as outsourcing management for subsequent manufacturing and packaging and testing. IP suppliers provide core functional modules required for building the chips. EDA tool suppliers provide automated software tools for chip design and verification, such as emulators, which map and place a chip into a virtual environment that imitates the actual environment for which it is designed.

The manufacturing process that materializes chip design consists of four key stages: chip manufacturing, chip packaging and testing, PCIe card or OAM assembly and testing, and hardware system integration. Intelligent computing chips providers provide design layouts to foundries, who manufacture the chips accordingly. The chips are then encapsulated in a supporting case that prevents physical damage and corrosion. Finally, the chips are assembled into the PCIe cards, OAMs and then integrated as servers and undergo functional and performance tests.

End users typically come from such vertical industries as AI cloud services, AI solutions, energy and utilities, financial technologies, and internet, among others. As intelligent computing chips quickly prevail from a handful of industry pioneers to a much larger number of followers, the coverage of end-users is expected to further expand in the future.

Value chain of intelligent computing chips



Source: CIC

The development life cycle of intelligent computing chips is long and intricate

The chip design process is long and can be broken down into specification, architecture definition, front-end design, physical design, tape-out and post-silicon validation.

Specification: Chip designers first need to specify the requirements that describe all the interfaces between the design and its environment. The hardware and software specifications include the functionality, various hardware components, interfaces, timing, performance and other physical design details such as area and power.

Architecture design: Architecture design comes after all the specifications are gathered. This step consists of behavioral and functional modeling, where the comprehensive architecture is explicitly laid out, containing such components as combinational logic blocks, data registers, buses, on-chip and off-chip memories, switches, and finite state machines. Feasibility studies are conducted at this stage to evaluate different design options.

Front-end design: Once the architecture is confirmed, high-level models of the design are built, and functional simulation and verification are conducted to ensure that functionality and performance targets are met. Using specific software tools, the design is then integrated and converted into a gate-level netlist, which is a finalized blueprint outlining all the individual components and their connections.

Physical design: This process translates the gate-level netlist into a physical layout, where the circuit logic is mapped onto a silicon wafer. Multiple iterations of optimization and verification are usually performed along the process to ensure correct electrical and logical functionality and manufacturability.

Tape-out: After the chip is designed and verified, a file containing detailed compositional information on each layer of the chip will be sent to foundry for fabrication, packaging and testing. Tape-out marks a critical milestone in chip design, indicating that the design can be successfully turned into physical products, paving the way for the eventual commercialization of the chip.

Post-silicon validation: The manufactured design undergoes rigorous testing in real-life scenarios to identify any potential errors or operational issues that need to be fixed. The purpose of performing post-silicon verification is to ensure that the chip meets all the requirements and functions correctly and works under actual operating conditions within the designed life cycle so that the product is ready to be mass produced and marketed.

Market drivers of China's intelligent computing chips industry

The commercialization of AI in various aspects. In recent years, AI has been widely commercialized and adopted in various vertical industries, such as internet, telecommunications, manufacturing, finance, government and utilities, among others. With the continuously enhancing performance and functionalities of AI products, companies have shown increased willingness to invest in AI applications for the improvement in operational quality and efficiency. Furthermore, AI has also woven into the fabric of people's daily life, with an increase in consumer-oriented products enabled by AI. As the foundation of AI

applications, the demand for computing power is bound to increase as well, driving the growth of the intelligent computing chips market. This is evidenced by the allegedly surging Capex of cloud service providers in the near future, who are one of the largest consumers of intelligent computing chips.

Tremendous incremental computing demand from AI market booming. The accelerating maturity and commercialization of AI technologies are driving a substantial rise in demand for intelligent computing power. As AI products evolve from experimental prototypes into large-scale, real-world applications, computing demand for both training and inference have increased significantly. The pre-training of LLMs was the primary source of demand for intelligent computing chips in the initial phase of the LLM booming since 2022. The pivot of focus from pre-training to post-training and multi-step reasoning in 2024 further stimulated the demand for intelligent computing chips in parallel with pre-training. Meanwhile, the widespread deployment of AI applications has created rising requirements for higher inference accuracy and real-time responsiveness. These performance expectations have led to increasingly demanding inference workloads across a range of deployment environments. It is expected that the demand for both training and inference computing power will remain high, continuously fueling the intelligent computing chips market.

Technical advancements. Advancements in architecture, process node, packaging and software, among other technologies, underpin the development of intelligent computing chips. Architecture designs, complemented with upgrades in process nodes, are constantly iterating and are the keys to delivering up-to-date chips with the best computing power, energy efficiency and interconnectivity of all time. Advanced packaging technologies enable innovative design concepts such as chiplet, which could effectively address the challenges imposed by the physical limits of chips, and have demonstrated significant advantages in terms of cost, yield and design flexibility. Well-developed software ecosystems that include easy-to-use configuring tools and the latest frameworks ensure that applications can be most efficiently executed on the latest hardware.

Favorable policy support. In the past decade, the Chinese government has attached great importance to and firmly supported the development of China's AI industry, which is regarded as one of the most strategically important industries for China to withstand its leading position in the world's technological advancement. At the same time, the government has also provided significant support to the intelligent computing chips industry, which serves as the fundamental infrastructure for the deployment of AI, through capital investment, policy incentives, and other means. These support measures have provided a strong guarantee and guideline for the vigorous development of China's AI and intelligent computing chips industries, and have also driven the continuous improvement of the competitiveness and influence of related technologies.

The table below illustrates the main policies in China's intelligent computing chips industry:

Document Title	Executive Summary
Implementation Opinions on Promoting the Innovation and Development of Future Industries	Accelerate breakthroughs in technologies such as GPUs, low-latency interconnection networks for clusters, and heterogeneous resource management, and advance the development of ultra-large-scale intelligent computing centers to meet the demands of large model iterative training and inference.
Guidelines for the Construction of National Data Infrastructure	Accelerate the green development and coordinated integration of diversified and heterogeneous computing power, including general-purpose computing power, intelligent computing power, and supercomputing power.
Implementation Plan for the Construction of Computing Power Infrastructure in Beijing (2024–2027)	For enterprises that provide intelligent computing services based on the domestic GPUs, subsidies will be granted in proportion to their investment amount, with the aim of ensuring the secure and controllable supply of intelligent computing resources.
Policies of the Beijing Economic-Technological Development Area for Accelerating the Establishment of an AI-Native Industrial Innovation Hub	For cloud service enterprises that procure products from domestic intelligent computing chip companies and make them available on the Computing Power Scheduling Platform of the Economic-Technological Development Area for external services, subsidies of up to 10% will be granted on the portion of the purchase contract relating to domestic intelligent computing chip servers, with the total subsidy for each project capped at RMB10 million.
Measures to Further Expand the Application of Artificial Intelligence in Shanghai	For projects deploying self-developed intelligent computing facilities, construction support of up to 10% will be provided to accelerate the cultivation of an autonomous AI ecosystem.

Market trends of China's intelligent computing chips industry

Localization of intelligent computing chips. Under the U.S. export control, Chinese firms face limitations in acquiring high-performance intelligent computing chips from overseas suppliers, as well as in cooperating with partners outside Chinese Mainland for chip manufacturing, such as foundries, assembling and test manufacturing service providers, IP and EDA providers, among others. While these restrictions may pose short-term challenges to the overall supply of intelligent computing chips in China, they also present an opportunity for China to develop a self-reliant intelligent computing chips industry. By upgrading technologies and upscaling manufacturing capacities, China is witnessing the localization of both chip design and manufacturing, a trend that is expected to shape the future of China's intelligent computing chips industry in the long run.

Increasing demand for end-to-end solutions. End-to-end intelligent computing chip companies provide a comprehensive suite of products and services, including software development platforms, NRE development, implementation and other services, in addition to the delivery of hardware, which makes them a preferred choice for customers lacking AI development capabilities. As intelligent computing chips are being democratized, there will be an increasing number of customers that favor fast and practical deployment of ready-to-use, end-to-end intelligent computing solutions.

Self-developed software ecosystem. Self-developed software ecosystem forms a strong competitive barrier for intelligent computing chip companies, given that (i) they could maximize the performance potential of the underlying hardware via re-configuration, (ii) they build a vibrant and constantly enriching ecosystem with partners (such as customers, research institutes and developers) and offer a large number of useful libraries, tools, frameworks, and customized resources for particular applications, all of which would in turn attract more developers and contributors. New entrants to the market would typically provide software that is compatible with existing players. However, the continued development of their self-developed ecosystems is expected to gradually reduce reliance on existing ones and enable long-term substitution. It has become increasingly important and a long-term trend for Chinese intelligent computing chips providers to build their own software ecosystem due to the reasons mentioned above.

Heterogeneous computing. China is witnessing a growing need to pivot from the sole reliance on imported intelligent computing chips to the wide embrace of domestic ones. In this transitional phase, heterogeneous computing, such as heterogeneous GPU collaborative training or inference, plays a crucial role by integrating different chips from different vendors into a cohesive architecture that optimizes both performance and energy efficiency. This approach not only facilitates a seamless migration from foreign dependency to indigenous technology but also drives innovation, enabling China to meet the evolving demands of modern applications while ensuring stability and continuity in its intelligence computing chips ecosystem.

COMPETITIVE LANDSCAPE OF CHINA'S INTELLIGENT COMPUTING CHIPS INDUSTRY

Ranking of China's intelligent computing chips industry

China's intelligent computing chips market is highly concentrated for top players. In 2024, the top two players combined account for a market share of 94.4%. The rest of the market is relatively fragmented with over 15 scaled players, none of which captures a market share of over 1.0%. Given the high entry barriers and limited production capacity in the intelligent computing chip industry, companies with stronger technological competitiveness are expected to gradually capture a larger market share. The table below sets forth the ranking of China's intelligent computing chips market in terms of revenue generated in 2024, according to CIC.

Competitive landscape of China's intelligent computing chips industry, 2024

Rank	Company	Main type of intelligent computing chips	Market share, in terms of revenue, %
1	Company A	GPGPU	76.2%
2	Company B	ASIC	18.2%

Source: annual reports of public companies, CIC

Notes:

a. Company A is a GPU company headquartered in the United States and founded in 1993. It is a listed company on NASDAQ.

b. Company B is a semiconductor and device design company headquartered in China and founded in 2004. It is a subsidiary of an ICT infrastructure and smart devices company. It is an unlisted company.

China's GPGPU market reflects a similar competitive landscape, with the top two players holding the market share of 98.0% in 2024, out of a total of less than 10 scaled players in the market. The table below sets forth the ranking of China's GPGPU market in terms of revenue generated in 2024, according to CIC.

Competitive landscape of China's GPGPU industry, 2024

Rank	Company	Market share, in terms of revenue, %
1	Company A	97.6%
2	Company C	0.4%

Source: annual reports of public companies, CIC

Notes:

a. Company C is a high performance and adaptive computing company headquartered in the United States and founded in 1969. It is a listed company on NASDAQ.

In 2024, Biren held a market share of 0.16% in China's intelligent computing chips market and 0.20% in the GPGPU market in terms of revenue. Looking ahead, China's intelligent computing chips market is expected to reach US$50.4 billion in 2025, with the GPGPU market accounting for US$40.9 billion, according to CIC, and Biren is expected to capture a market share of approximately 0.19% in China's intelligent computing chips market and approximately 0.23% in China's GPGPU market, respectively. Furthermore, Chinese players are expected to capture a larger combined market share in the future from approximately 20% in 2024 to approximately 60% in 2029, given the growing competitiveness of their intelligent computing chips.

Entry barriers of the intelligent computing chips industry

Technical capabilities. Chip design capabilities are the key entry barrier for intelligent computing chip companies. Such capabilities to develop and constantly iterate high-performance, power-efficient and cost-effective products that are closely aligned with customer needs can only be established through years of research and development and technology accumulation in SoC engineering. New entrants with limited experience may struggle to establish a competitive presence in the market.

Ecosystem. In addition to hardware, a well-developed software ecosystem, which supports developers in optimizing chips' performance for specific application scenarios, would increase switching costs for developers and equip intelligent computing chips with an indispensable entry barrier. Such an ecosystem not only provides software and tools to developers, such as AI model frameworks, computing interfaces, libraries, programming models and compilers, but also brings together the world's best developers to communicate and share their expertise, which in turn improves the quality and comprehensiveness of the software and tools offered within the ecosystem. It takes significant time and effort to build and cultivate such an ecosystem for intelligent computing chip companies, and thus new entrants may find it especially challenging.

Customer relationships. Acquiring lighthouse customers and establishing stable customer relationships is a key barrier to entry in the intelligent computing chips industry. Customers of intelligent computing chips face high switching costs due to the difficulties and time of technology integration, system adaptation and data migration. Additionally, establishing long-term partnerships with lighthouse customers provides intelligent computing chip companies with a pertinent understanding of customer needs, thereby gaining valuable market insights. It is difficult for newcomers to accumulate customers and market insights in such a highly competitive environment.

Talent pool and financial strength. The intelligent computing chips industry is highly technology-intensive and requires many skilled professionals in both hardware and software engineering to drive technology development and innovation. Because of the scarcity of such professionals, intelligent computing chip companies that successfully attract and retain technology talent are highly advantageous in the market. Additionally, intelligent computing chips often require several years of development before commercialization, requiring substantial up-front financial investment, which can be a significant barrier for new entrants.

SOURCES OF INFORMATION

We commissioned China Insights Consultancy, an independent market research and consulting firm, to provide an analysis of, and to produce a report (the "CIC Report") on global and China's intelligent computing chips market. China Insights Consultancy, founded in Hong Kong, provides professional services including, among others, industry consulting, commercial due diligence and strategic consulting. We have agreed to pay a fee of RMB800,000 to China Insights Consultancy in connection with the preparation of the CIC Report. The report was prepared independent of the influence of us and other interested parties. We have extracted certain information from the CIC Report in this section, as well as elsewhere in this Document, to provide our potential [**REDACTED**] with a more comprehensive presentation of the industry in which we operate.

During the preparation of the CIC Report, China Insights Consultancy performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insights into global and China's intelligent computing chips market. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources.

The market projections in the CIC report are based on the following assumptions: (i) the global and China's social, economic and political environment is expected to remain stable during the forecast period; (ii) relevant key drivers are likely to drive the continued growth of global and China's intelligent computing chips market throughout the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulation in which the industry may be affected in either a dramatic or fundamental way. All forecasts in relation to market size are based on the general economic conditions as of the Latest Practicable Date. The exchange rate adopted is US$1=RMB7.189, which is the average exchange rate of 2024 according to the official announcement by the National Bureau of Statistics.

The Directors and the Joint Sponsors have exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, confirm that to the best of their knowledge and belief, there are no material omissions of the information.

*Information disclosed in this section is relevant PRC laws, regulations and regulatory documents in effect which have a significant impact on our operations in the PRC as of the date of this Document (hereinafter referred to as "**PRC Laws**"), which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.*

REGULATIONS AND POLICIES RELATING TO INTEGRATED CIRCUIT AND INFORMATION INDUSTRY

The Outline for Promoting the Development of the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), promulgated by the State Council on June 24, 2014 and came into effect on the same date, states that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The main tasks and development priorities are to focus on the development of integrated circuit design industry, accelerate the development of the integrated circuit manufacturing industry, enhance the development level of the advanced packaging and testing industry, and make breakthroughs in the key equipments and materials for integrated circuits.

The National Catalogue for Guidance on Industrial Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》), promulgated by the NDRC which was most recently amended on December 27, 2023 and came into effect on February 1, 2024, categorizes the integrated circuit design, artificial intelligence chip, big data, cloud computing, software and information technology service industries under the encouraged category.

The Outline of the Plan for the Integrated Development of the Yangtze River Delta Region (《長江三角洲區域一體化發展規劃綱要》), which was issued by the Central Committee of the Chinese Communist Party and the State Council on December 1, 2019 and became effective on the same date, focuses on the ten key areas, among which is the integrated circuits, and calls for accelerating the development of the integrated circuits industry chain, and the cultivation a number of leading enterprises with international competitiveness.

To conscientiously implement the Outline of the Plan for the Integrated Development of the Yangtze River Delta Region, the Ministry of Science and Technology and other six ministries and commissions jointly promulgated the Program for the Construction of the G60 Science and Technology Corridor in the Yangtze River Delta (《長三角G60科創走廊建設方案》) ("**G60 Program**") on October 27, 2020. According to the G60 Program, the construction of Science and Technology Corridor in the Yangtze River Delta should adhere to the combination of market mechanism-led and industrial policy guidance, which shall jointly prepare the development plan of advanced manufacturing industry, the strengthen of the synergistic and staggered development of regional advantageous industries around several industries, among which is the integrated circuits, the advancement of the upgrading of the industrial structure, the construction of a number of national strategic emerging industry bases with global competitiveness, and the cultivation of a number of leading enterprises with international competitiveness in the key fields.

The Several Policies to Promote the High-quality Development of the IC Industry and the Software Sectors in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》), promulgated by the State Council on July 27, 2020 and came into effect on the same date, launches a series of supporting policies in aspects of fiscal and taxation, investment and financing, research and development, import and export, talent, intellectual property rights, market application and international cooperation, to optimize the development environment of the integrated circuit industry and software sectors, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality.

The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Outlines of Objectives in Perspective of the Year 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》), promulgated by the National People's Congress on March 11, 2021 and came into effect on the same date, points out the focus of key areas including high-end chips, operating systems, key artificial intelligence algorithms, sensors, and the PRC shall speed up technology R&D, and make breakthroughs in basic theories, basic algorithms, and equipment materials.

The Notice by the MOFCOM of Issuing the Plan for Development by Utilizing Foreign Investment during the "14th Five-Year Plan" Period (《商務部關於印發<"十四五"利用外資發展規劃>的通知》) promulgated by the MOFCOM on October 12, 2021 and came into effect on the same date, proposes to optimize the domestic reinvestment support policies of foreign-invested enterprises during the "14th Five-Year Plan" period, encourage the reinvestment of profits of foreign-invested enterprises, and support foreign-invested enterprises to further improve the layout of the industrial chain through domestic reinvestment and invest in key links of high-end and high-tech industries such as artificial intelligence, advanced materials, integrated circuits and biomedicine. The notice further proposes to guide foreign investment in industries such as integrated circuits, digital economy, new materials and R&D, and to promote the agglomeration and development of foreign investment in high-end and high-tech industries.

The Notice of "14th Five-Year Plan" for the Development of Digital Economy (《"十四五"數字經濟發展規劃的通知》), promulgated by the State Council on December 12, 2021 and came into effect on the same date, specifies that during the "14th Five-Year Plan" period, the promotion of digital industrialization should be accelerated. Strategic and forward-looking fields such as integrated circuits, key software, and artificial intelligence should be focused on, the basic research and development capabilities of digital technology should be improved, and the engineering and industrialization of innovative technologies should be accelerated. Key and core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks should be broken through, and the integrated research and development of general-purpose processors, cloud computing systems, and key software technologies should be strengthened. In addition, the competitiveness of key links in the industrial chain should be improved, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

The Action Plan for Steadily Advancing High-level Opening up and Making Greater Efforts to Attract and Utilize Foreign Investment (《紮實推進高水平對外開放更大力度吸引和利用外資行動方案》), promulgated by the General Office of the State Council on February 28, 2024 and came into effect on the same date, states that all restrictions on foreign investment in the manufacturing industry will be removed comprehensively, and opening-up of the telecommunications, medical care and other fields will be continuously promoted. Foreign investment projects in the fields of integrated circuits, biomedicine, and high-end equipment will be actively supported in being included in the list of major and key foreign investment projects, and are allowed to enjoy corresponding supporting policies.

REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and management of companies in the PRC are mainly governed by the Company Law of the PRC (《中華人民共和國公司法》), ("**PRC Company Law**"), which was promulgated by the SCNPC on December 29, 1993 and came into effect on July 1, 1994. The PRC Company Law was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023 respectively. The latest revised PRC Company Law came into effect on July 1, 2024. The currently effective PRC Company Law applies to both PRC domestic companies and foreign-invested companies. The investment activities in the PRC conducted by foreign investors are also governed by the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) ("**Foreign Investment Law**"), which was approved by the National People's Congress on March 15, 2019, along with the Implementing Rules of the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) ("**Implementing Rules of Foreign Investment Law**") promulgated by the State Council on December 26, 2019, and the Interpretations of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》) ("**Foreign Investment Law Interpretation**") promulgated by the Supreme People's Court on December 26, 2019, all of which took effect on January 1, 2020. The Foreign Investment Law and its implementing rules replaced three major previous laws on foreign investments in the PRC, namely, the PRC Sino-foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Sino-foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the PRC Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their respective implementing rules.

Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules of Foreign Investment Law introduce a see-through principle and further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and its implementing rules.

The Foreign Investment Law and the Implementing Rules of Foreign Investment Law provide that a system of pre-entry national treatment and negative list shall be applied to the administration of foreign investment, where "pre-entry national treatment" means that the treatment given to foreign investors and their investments at market access stage shall be no less favorable than that given to domestic investors and their investments except for the foreign investments in the "restricted" or "prohibited" fields or industries, and "negative list" means the special administrative measures for foreign investment's access to the foregoing "restricted" or "prohibited" fields or industries, which will be proposed by the competent investment department of the State Council in conjunction with the competent commerce department of the State Council and other relevant departments, and be reported to the State Council for promulgation, or be promulgated by the competent investment department or competent commerce department of the State Council after being reported to the State Council for approval. Foreign investment beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited fields as specified in the negative list, and foreign investors who invest in the restricted fields shall comply with the special requirements on the shareholding, senior management personnel or other requirements. In the meantime, relevant competent government departments have formulated a catalogue of industries for which foreign investments are encouraged according to the needs for national economic and social development, to list the specific industries, fields and regions in which foreign investors are encouraged and guided to invest. The current industry entry clearance requirements governing investment activities in the PRC conducted by foreign investors are set out in two catalogues, namely the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), as promulgated on September 6, 2024 by the NDRC and MOFCOM and became effective on November 1, 2024, and the Encouraged Industry Catalogue for Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》), as promulgated by the NDRC and the MOFCOM on October 26, 2022 and became effective on January 1, 2023. These two catalogues lay out the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted", and "prohibited." Industries not listed in the three catalogues are generally deemed as falling into a fourth category, "permitted" for foreign investment unless specifically restricted by other PRC laws and regulations. According to the Encouraged Industry Catalogue for Foreign Investment (2022 version), industry of integrated circuit design is categorized under the encouraged category.

According to the Foreign Investment Law and the Implementing Rules of Foreign Investment Law, the registration of foreign-invested enterprises shall be handled by the SAMR or its authorized local counterparts. Where a foreign investor invests in an industry or field subject to licensing in accordance with laws, the relevant competent government department responsible for granting such license shall review the license application by the foreign investor in accordance with the same conditions and procedures applicable to PRC domestic investors unless it is stipulated otherwise by the laws and administrative regulations, and the competent government department shall not impose discriminatory requirements on the foreign investor in terms of licensing conditions, application materials, reviewing steps and deadlines, etc. However, the relevant competent government departments shall not grant any license or permit enterprise registration if the foreign investor intends to invest in the industries or fields

as specified in the negative list without satisfying the relevant requirements. In the event that a foreign investor invests in a prohibited field or industry as specified in the negative list, the relevant competent government department shall order the foreign investor to stop the investment activities, dispose of the shares or assets or take other necessary measures within a specified time limit, and restore to the status prior to the occurrence of the aforesaid investment, and the illegal gains, if any, shall be confiscated. If the investment activities conducted by a foreign investor violate the special administration measures for access restrictions on foreign investments as stipulated in the negative list, the relevant competent government department shall order the investor to make corrections within the specified time limit and take necessary measures to meet the relevant requirements. If the foreign investor fails to make such corrections within the specified time limit, the aforesaid legal consequences regarding the circumstance that a foreign investor invests in the prohibited field or industry shall also apply to such violation.

The Foreign Investment Law Interpretation provides guidance on questions relating to the effectiveness and enforceability of foreign investment related agreements, such as shareholder agreements, share transfer agreements, and project contracts that may arise under the negative list system for administration of foreign investment, according to which, investment agreements relating to foreign investment in violation of the negative list management system may be void.

Pursuant to the Foreign Investment Law and the Implementing Rules of Foreign Investment Law, and the Information Reporting Measures for Foreign Investment (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the SAMR, which took effect on January 1, 2020, a foreign investment information reporting system shall be established and foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments in a timely manner. In addition, the MOFCOM shall set up a foreign investment information reporting system to receive and handle the investment information and inter-departmentally share information forwarded by the administration for market regulation in a timely manner. The foreign investors or foreign-invested enterprises shall report the investment information by submitting initial reports, change reports, deregistration reports and annual reports, etc.

In terms of any foreign investment that affects or may affect national security, the security review shall be conducted in accordance with the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, which became effective on January 18, 2021. Pursuant to the Measures for the Security Review of Foreign Investment, the Office of the Foreign Investment Security Review Working Mechanism ("**Office of Working Mechanism**"), was established to be responsible for the routine work in relation to the security review of foreign investment. In addition, in respect of foreign investments in military, national defense-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of enterprises in certain key sectors, such as critical agricultural

products, critical energy and resources, critical equipment manufacturing, critical infrastructure, critical transport services, critical cultural products and services, critical information technology, critical internet products and services, critical financial services and critical technology sectors, the foreign investor or the relevant party in the PRC in relation to the foregoing foreign investments is required to proactively report to the Office of Working Mechanism in advance and shall not proceed the foreign investments until the Office of Working Mechanism decides whether to initiate the security review. "Actual control" exists where the foreign investor (i) holds no less than 50% equity interests in the target enterprise; (ii) holds voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target enterprise even when it holds less than 50% equity interests in the target enterprise; or (iii) has material impact on target enterprise's business decisions, human resources, accounting and technology, etc. Violation of the reporting requirements may subject to the order of reporting within a specified period, and, if the aforesaid parties refuse to report, the order of disposition of equities or assets or adoption of any other necessary measures to restore the status before the foreign investments were made and eliminate the effect on national security.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) ("**Patent Law**") promulgated by the SCNPC on March 12, 1984, which was most recently amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) ("**Implementation Rules of the Patent Law**") promulgated by the State Council on June 15, 2001, which was most recently amended on December 11, 2023 and came into effect on January 20, 2024, the patent administrative department of the State Council, namely China National Intellectual Property Administration (國家知識產權局) is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law and the Implementation Rules of the Patent Law provide three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents are valid for fifteen years and utility model patents are valid for ten years, from the date of filling application. In accordance with the Measures for the Filing of Patent Licensing Agreement (《專利實施許可合同備案辦法》), which was issued by on June 27, 2011, and came into effect on August 1, 2011, China National Intellectual Property Administration is responsible for the filing of patent licensing agreements nationwide. The parties concerned shall complete filing within three months from the effective date of such patent licensing agreement. The PRC patent system follows "first come, first file" principle, which means that where more than one person file patent applications for the same invention, the patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, non-obviousness and utility. A third party must procure consent or proper licensing from the patent owner to use the patent. Otherwise, the use constitutes infringement of the patent.

Trademark

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) ("**Trademark Law**") which was promulgated by the SCNPC on August 23, 1982, and was most recently amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on August 3, 2002, and was amended on April 29, 2014 and came into effect on May 1, 2014, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks and certification trademarks.

The Trademark Office of China National Intellectual Property Administration ("**Trademark Office**") is responsible for the registration and administration of trademarks throughout the PRC and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark licensing agreement. Trademark licensing agreements must be filed with the Trademark Office. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. The Trademark Law follows a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Copyright

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990, and was most recently amended on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the PRC Copyright Law (《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 other organizations shall, whether published or not, be entitled to copyrights in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

Designs of Integrated Circuits Layout

According to the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》) ("**Regulations on the Protection**") promulgated by the State Council on April 2, 2001 and came into effect on October 1, 2001, the owner of an integrated circuit layout design has exclusive rights to the design in accordance with the provisions of the Regulations on the Protection. The exclusive rights to the layout designs arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration of the design or from the date of putting it into commercial exploitation anywhere in the world for the first time, whichever is earlier. However, regardless of whether or not a layout design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the layout design.

Computer Software

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, which was most recently amended on January 30, 2013 and came into effect on March 1, 2013, provide that the PRC citizen, legal person or other organization is entitled to the copyright of the software that such person, entity or organization develops, whether the software is released publicly or not. A software copyright holder is entitled to right of publication, right of acknowledgement, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation, and other rights to which a software copyright holder is entitled.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration (國家版權局) on February 20, 2002 and last amended on June 18, 2004, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyrights registration, and China Copyright Protection Center (中國版權保護中心) is designated as the software registration authority. China Copyright Protection Center grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Domain Name

In accordance with the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration. Domain name registration follows a "first come, first file" principle as well. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關

於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of internet information service providers and other entities to combat terrorism and maintain network security.

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》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, the market supervision and administration department under the State Council is in charge of the national supervision of product quality, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

REGULATIONS ON IMPORT AND EXPORT

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) was promulgated by the SCNPC on May 12, 1994, which was most recently amended on December 30, 2022 and came into effect on the same date. Before December 30, 2022, any foreign trade business operator engaged in the import and export of goods or technologies must go through the record filing and registration formalities with the MOFCOM (formerly known as the Ministry of Foreign Trade and Commerce) or the agency entrusted by the MOFCOM, however, according to the latest amendment, such record filing and registration formalities are no longer required from December 30, 2022.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) adopted by the SCNPC on January 22, 1987, which was most recently amended on April 29, 2021 and came into effect on the same date, the General Administration of Customs of the PRC ("GACC") is the state's entry and exit customs supervision and administration authority. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. The consignee or the consignor of imports or exports may complete the declaration formalities for inspection on its own or by entrusting a declaration agency enterprise to complete the declaration formalities for inspection and complete the filing formalities with the immigration inspection and quarantine authorities in accordance with the law.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GACC on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities mean consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification; in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators. According to the Notice by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods, promulgated on January 3, 2023 and took effect on the same day, a consignee or consignor of imported or exported goods who applies for recordation shall be qualified as a market entity and is not required to complete such filing formalities for foreign trade business operators.

According to Regulations on Administration of Technology Import and Export of the PRC (《中華人民共和國技術進出口管理條例》) promulgated by the State Council on December 10, 2001, which was most recently amended on November 29, 2020 and came into effect on the same date, technology import and export is defined to include patent assignment, transfer of patent application rights, patent licensing, transfer of tech secrets, technical services and other forms of technology transfer. Technology falling under the catalog of prohibited import or export technology shall not be imported or exported. Technology falling under the catalog of restricted import or export technology shall be subject to licensing administration and shall not be imported without obtaining the license from competent foreign economic and trade authority. Technology which does not fall under the above two catalogs can be freely imported or exported but shall be subject to contract registration administration by foreign economic and trade authority.

REGULATIONS ON TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective PRC laws and practices and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion does not deal with all possible tax consequences relating to an [**REDACTED**] in the H Shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon current PRC laws and relevant interpretations in effect as of the date of this document, all of which are subject to change or adjustment. Prospective [**REDACTED**] are urged to consult their financial adviser regarding the PRC and other tax consequences of owning and disposing of H Shares.

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was last amended on August 31, 2018 by the SCNPC and came into effect on January 1, 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which were last amended on December 18, 2018 by the State Council and came into effect on January 1, 2019, dividends paid by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. In accordance with the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得税若干政策問題的通知》(財税字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation ("SAT") on May 13, 1994 and effective from the same day, overseas individuals are, as an interim measure, exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. According to the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》) issued by the State Council on February 3, 2013, overseas individuals are no longer exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises, which is, however, not specified in the subsequent Individual Income Tax Law of the PRC and relevant tax regulations.

Enterprise investors

According to the EIT Law, and the Implementation Rule for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) enacted on December 6, 2007 by the State Council and became effective on January 1, 2008, and last amended on December 6, 2024, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong (China)), if such non-resident enterprise 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. The aforesaid income tax payable for non-resident enterprises is 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 on each payment or when it is payable on due date. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

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 (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)), which was issued and implemented by the SAT on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Guo Shui Han [2009] No. 394) (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》(財税函[2009]394號)), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC has entered into with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) ("Arrangement"), which was signed between the SAT and the Hong Kong Special Administrative Region Government on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong (China) residents (including resident individual and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC company unless a Hong Kong (China) resident directly holds 25% or more of the equity interest in the PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), which came into effect on December 6, 2019, provided a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《國家税務總局關於執行税收協定股息條款有關問題的通知》(國税函[2009]81號)).

Tax Treaties

Non-PRC 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 PRC enterprise income tax imposed on the dividends received from PRC enterprises. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong (China), Macau (China), Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on share transfer

Income Tax

Individual investor

According to the Individual Income Tax Law of the PRC and its implementation rules, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%.

According to the Notice Concerning Continuing Temporary Exemption From Individual Income Tax on The Income From Stocks Transfer (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) promulgated by the MOF and the SAT and became effective on March 30, 1998, since January 1, 1997, the individual income tax levied on the individual income from transfer of stocks of [**REDACTED**] companies will continue to be temporarily exempted. In the newly revised Individual Income Tax Law of the PRC, the SAT did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of [**REDACTED**] companies.

Furthermore, the Notice of the SAT on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)) jointly issued by the MOF, the SAT and the CSRC and implemented on January 1, 2010 stipulates that individuals' income from the transfer of [**REDACTED**] shares obtained from the [**REDACTED**] of [**REDACTED**] companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, except for the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》(財稅[2010]70號)) jointly issued by these departments and implemented on November 10, 2010. As of the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise [**REDACTED**] on overseas stock exchanges (such as the Hong Kong Stock Exchange) by non-PRC resident individuals.

Enterprise investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise that has not established an establishment or premises in the PRC or it has established an establishment and premises but the income received has no actual connection with the establishment and premises, it shall pay an enterprise income tax at a rate of 10% for the income arising within the PRC (including the income from sale of equity interests of PRC-resident enterprise). The aforesaid income tax payable for non-resident enterprises is 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 on each payment or when it is payable on due date. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

Value-Added Tax

Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to Value-added Tax (Cai Shui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知》 (財税[2016]36號)), effective from May 1, 2016, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and sales of services within the PRC refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. The notice also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals are exempted from VAT upon transfer of financial products provided in the third appendix of the notice, namely Provisions on the Transitional Policies for the Pilot Collection of Value-added Tax in Lieu of Business Tax (《營業税改徵增值税試點過渡政策的規定》).

Stamp Duty

In accordance with the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花税法》) promulgated by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of PRC, or entities and individuals who issue taxable certificates and conduct securities transactions outside the territory of PRC to be used within the territory of the PRC shall subject to stamp duty.

Estate Duty

As at the Latest Practicable Date, no estate duty is levied within the PRC.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

The EIT Law and its implementation rules are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income is obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value-Added Tax

The major PRC Law governing VAT are the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) issued on December 13, 1993 by the State Council, and last revised and became effective on November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) issued on December 25, 1993 by the MOF, last revised on October 28, 2011, and became effective on November 1, 2011, which provides that any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the SAT issued the Notice of on Adjusting VAT Rates (Cai Shui [2018] No. 32) (《關於調整增值税税率的通知》(財税[2018]32號)) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, and this adjustment became effect on May 1, 2018. Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%. On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), which will become effective on January 1, 2026, and the Interim Regulations on Value-added Tax of the PRC will be abolished.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, which was most recently amended and came into effect on December 29, 2018, 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, which was last amended on December 28, 2012 and came into effect on July 1, 2013, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and came into effect on the same date. Pursuant to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written forms. These series of laws and regulations set out specific provisions concerning the execution, the terms and the termination of a labor contract, and the rights and obligations of the employees and employers, respectively. Wages may not be lower than the local minimum wage level. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to their employees. At the time of hiring, the employers shall truthfully inform the employees of the scope of work, working conditions, working place, occupational hazards, work safety, salary, and other matters which the employees request to be informed about.

According to the Notice on Issues relating to Confirmation of Labor Relationship (《關於確立勞動關係有關事項的通知》) promulgated by the Ministry of Labor and Social Security (勞動和社會保障部), which is the predecessor of the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) ("**MOHRSS**") on May 25, 2005 and came into effect on the same day, a labor relationship shall be deemed to be concluded under the following circumstances, even if the employer does not enter into a written contract with the worker, (i) the employer and the worker satisfy the requirements on eligibility prescribed by the laws and regulations, (ii) the employer has, in accordance with the law, formulated such labor regulations and requirements which apply to the worker; the worker is subject to labor management by the employer and engages in remunerated labor work arranged by the employer, and (iii) the labor provided by the worker is a component of the employer's business.

Employment of Foreigners and Hong Kong, Macao and Taiwan Residents

According to the Exit-Entry Administration Law of the PRC (《中華人民共和國出境入境管理法》), which was promulgated by the SCNPC on November 22, 1985, and was most recently amended by on June 30, 2012 and became effective on July 1, 2013, foreigners who work in the PRC shall obtain the work permit and the work-type residence permit in accordance with regulations. Foreigners who have not obtained the work permit and the work-type residence permit shall not be employed. Foreigners who have been employed in violation of the regulations may be subject to fines of RMB5,000 to RMB20,000 and may be further subject to detention for 5 to 15 days in severe circumstances. Employers who employ foreigners in violation of the regulations may be subject to fines of RMB10,000 for each such foreigner employed, but no more than RMB100,000 in aggregation, and may be further subject to confiscation of illegal gains.

According to the Administrative Provisions on Employment of Foreigners in the PRC (《外國人在中國就業管理規定》), which was promulgated by the Department of Labor on January 22, 1996, and was most recently amended by the MOHRSS and became effective on March 13, 2017, to employee a foreigner, an employer shall apply for the work permit for the foreigner, and the foreigner shall not be employed unless the employment is approved and the foreigner obtains the work permit.

According to the Notice of the Ministry of Human Resources and Social Security on Matters concerning the Employment of Hong Kong, Macao and Taiwan Residents in the Mainland (《人力資源社會保障部關於香港澳門台灣居民在內地(大陸)就業有關事項的通知》), which was promulgated by the MOHRSS on August 23, 2018, and became effective on the same date, from July 28, 2018, Hong Kong, Macao and Taiwan personnel no longer need to apply for the work permit for such person's employment in the Chinese Mainland .

Social Insurance and Housing Fund

Employers in the PRC are required to contribute, for and on behalf of their employees, to a series of social insurance funds, including funds for pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and housing fund. These payments are made to local administrative authorities and employers who fail to contribute may be fined and be ordered to make up for the outstanding contributions. The various laws and regulations that govern the employers' obligations to contribute to the social insurance funds include the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, and was amended with immediate effect on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, and was amended with immediate effect on March 24, 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003, and was amended on December 20, 2010, and the Regulations on Management of the Housing Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and was most recently amended with immediate effect on March 24, 2019. According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the SAT on September 13, 2018, the tax authorities will collect all social insurance premiums uniformly from January 1, 2019. Before the completion of the reform of the social insurance collection agency, the relevant local authorities shall continuously optimize the payment service and ensure the continuous improvement of the business environment and shall not organize and carry out the previous year's arrears check without permission.

According to the Interim Measures for Participation in the Social Insurance System by Foreigners Working within the Territory of the PRC (《在中國境內就業的外國人參加社會保險暫行辦法》), which was promulgated by the MOHRSS on September 6, 2011, and was most recently amended on December 23, 2024 and became effective on the same date, and the Interim Measures for Participation in Social Insurance System by Hong Kong, Macao and Taiwan Residents in the Mainland (《香港澳門台灣居民在內地(大陸)參加社會保險暫行辦法》), which was promulgated by the MOHRSS and the National Healthcare Security Administration on November 29, 2019 and became effective on January 1, 2020, employers shall participate in the basic pension insurance for employees, basic medical insurance for employees, work injury insurance, unemployment insurance, maternity insurance for foreigners and Hong Kong, Macao and Taiwan residents employed by them.

On July 31, 2025, the Supreme People's Court of the PRC has issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "Interpretation II"), which takes effect from September 1, 2025. Pursuant to the Interpretation II, it is a statutory obligation on both the employers and employees to participate in the social insurance. Any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that if the employee terminates the labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People's Court of the PRC shall uphold the claim.

REGULATIONS ON FOREIGN EXCHANGE ADMINISTRATION

The legal currency of the PRC is Renminbi, which is currently subject to foreign exchange regulation and cannot be freely converted into foreign currency. The SAFE with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

On January 29, 1996, the State Council promulgated the Regulations of the PRC Foreign Exchange Administration (《中華人民共和國外匯管理條例》) ("Foreign Exchange Regulations") which became effective on April 1, 1996. The Foreign Exchange Regulations classify all international payments and transfers into current items and capital items. Most of the current items are no longer subject to SAFE's approval, while capital items remain unchanged. The Foreign Exchange Regulations were subsequently amended on January 14, 1997 and August 5, 2008. The latest amendment to the Foreign Exchange Regulations clearly states that no restriction will be imposed on international current payments and transfers.

On June 20, 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210) (《結匯、售匯及付匯管理規定》(銀發[1996]210號)), which abolished the then-remaining restrictions on convertibility of foreign exchange under current items, while retaining the existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi (the PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]第16號)), issued by the PBOC on July 21, 2005 and became effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. As a result, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the revised Foreign Exchange Regulations, which have made substantial changes to the foreign exchange supervision system of the PRC. First, the regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, the regulations have improved the RMB exchange rate floating system based on market supply and demand under management; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, the regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at designated banks that carry foreign exchange business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, after paying taxes in according to the law, on the strength of resolutions of the board of directors or resolutions of shareholders on the distribution of profits, effect payment from foreign exchange accounts opened at designated banks that carry foreign exchange business, or effect exchange and payment at designated banks.

The Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) promulgated by the State Council and came into effect on October 23, 2014 provide to cancel the approval requirement of SAFE and its branches for the remittance and settlement of the [**REDACTED**] raised from the overseas [**REDACTED**] of the foreign shares into renminbi domestic accounts.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued by SAFE and became effective on December 26, 2014, a domestic company shall, within 15 business days of the date of the end of its overseas [**REDACTED**] issuance, register the overseas [**REDACTED**] with the branch office of SAFE located at its registered address; the [**REDACTED**] from an overseas [**REDACTED**] of a domestic company may be repatriated to China or deposited overseas, provided that the intended use of the [**REDACTED**] shall be consistent with the content of the document or other public disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas [**REDACTED**] to open a dedicated foreign exchange account at a domestic bank for its [**REDACTED**] (or follow-on [**REDACTED**]) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《關於進一步簡化和改進直接投資外匯管理政策的通知》(匯發[2015]13號)) promulgated by SAFE on February 13, 2015 and became effective on June 1, 2015, and partially repealed on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Administration of Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)), which was promulgated by SAFE and became effective on June 9, 2016 and was last amended on December 4, 2023, the settlement of foreign exchange [**REDACTED**] under the capital account (including foreign exchange capital funds, foreign debt funds, funds transferred back from overseas [**REDACTED**], etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency proceeds in capital account of domestic institutions is 100%, subject to adjustment of SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》 (匯發[2017]3號)) issued by the SAFE on January 26, 2017 and implemented on the same date, several measures are introduced, including (a) further expanding the scope of domestic foreign exchange loan settlement, allowing domestic foreign exchange loans with the background of commodity trade and exports to be settled, (b) allowing funds under domestic guarantee and foreign loans to be transferred back, (c) allowing foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones, and (d) implementing full-coverage administration of overseas lending in both Renminbi and foreign currencies, where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in Renminbi and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

According to the Notice on Further Facilitating Cross-border Trade and Investment (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》 (匯發[2019]28號)) issued by the SAFE on October 23, 2019 and implemented on the same date, which was last amended on December 4, 2023, restrictions have been removed on the use of capital funds by non-investment foreign-invested enterprises for domestic equity investment. In addition, restrictions have also been removed on the use of funds in domestic asset realization accounts for foreign exchange settlement and the use of security deposits for foreign exchange settlement by foreign investors. Eligible enterprises in pilot areas are allowed to use capital funds, foreign debt, overseas [**REDACTED**] and other income under capital items for domestic payments without providing the banks with proofs of authenticity in advance, provided that their use of funds shall be genuine and in compliance with the current regulations governing the use of income from capital items.

According to the Notice on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (Hui Fa [2020] No. 8) (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》(匯發[2020]8號)) issued by SAFE and became effective on June 1, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas [**REDACTED**], without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilized capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

According to the Notice on Further Deepening Reforms to Promote the Convenience of Cross-border Trade and Investment (Hui Fa [2023] No. 28) (《關於進一步深化改革促進跨境貿易投資便利化的通知》 (匯發[2023]28號)) issued by the SAFE on December 4, 2023 and implemented on the same date, qualified high-tech, "professional, sophisticated, unique and new" and technology-based small and medium-sized enterprises in Shanghai and certain other areas can borrow foreign debt on their own within an amount not exceeding the equivalent of US$10 million. The restriction that the cumulative remittance amount of up-front expenses of overseas direct investment by a domestic enterprise shall not exceed the equivalent of US$3 million was abolished, provided that the cumulative remittance amount shall not exceed 15% of the total proposed investment amount by the PRC entity. Additionally, the asset realization account of capital accounts to the settlement account of capital accounts was restructured. The equity transfer consideration funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas [**REDACTED**] may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion. The equity transfer consideration funds received by a domestic equity transferor from FIEs which are paid with RMB funds derived from the settlement of foreign exchange (i.e. RMB funds derived from direct settlement of foreign exchange or from settlement account for pending payment) may be transferred directly to the RMB account of the domestic equity transferor.

REGULATIONS RELATED TO CYBER SECURITY AND DATA SECURITY

The PRC government has proposed or promulgated a number of new measures and regulations in recent years regarding cybersecurity and data security.

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), ("**National Security Law**") which came into effect on the same day. The National Security Law provides that the PRC shall build a network and information security guarantee system and improve network and information security protection capability to realize the controllable security of the network information key technologies and critical infrastructure and the information systems and data in important fields. In addition, a national

security review and supervision system is required to be established to review, among other things, foreign investment, key technologies and network information technology products and services and other important activities that impact or are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) ("**Cybersecurity Law**"), which was most recently amended on October 28, 2025 and will take effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance, and use of networks as well as the supervision and administration of cybersecurity in China. Network service providers who do not comply with the Cybersecurity Law may be subject to corrective orders, warnings, fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) ("**Data Security Law**"), which took effect on September 1, 2021. The Data Security Law provides for data security on entities and individuals carrying out data processing activities. The Data Security Law also introduces a data classification and layered protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. Violation of the Data Security Law may be subject to an order to cease illegal activities, warnings, fines, suspension of business and revocation of business licenses or operating permits, and the personnel directly in charge or other directly responsible personnel may be imposed with fines.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. According to the regulations, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications, and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent authorities shall inform the relevant operators in a timely manner if such operators are determined as the critical information infrastructure operators.

On December 28, 2021, the Cyberspace Administration of China ("CAC"), together with certain other PRC governmental authorities, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) that replaced the previous version and took effect from February 15, 2022. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before [**REDACTED**]. The competent governmental

authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. The Cybersecurity Review Measures provide that the relevant violators shall be subject to legal consequences in accordance with the Cybersecurity Law and the Data Security Law.

On December 8, 2022, the MIIT issued the Administrative Measures for Data Security in the Industrial and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), which became effective on January 1, 2023. These measures state that the data in the industrial and information technology sector shall be divided into three grades: general data, important data, and core data. Meanwhile, the data processor in the field of industry and information technology shall file the catalog of its important and core data with the local industry regulatory authority for the record. Moreover, these measures clarify the processing requirements during the data life cycle per the classification of the data. In the case of any violation of these measures, the data processors shall burden the relative responsibilities per such measures and other relevant laws and administrative regulations.

On September 24, 2024, the CAC promulgated The Regulation on Network Data Security Management (《網絡數據安全管理條例》), which became effective on January 1, 2025. The regulation aims to regulate network data processing activities, ensure the security of network data, promote the reasonable and effective use of network data in accordance with the law, protect the legitimate rights and interests of individuals and organizations, and safeguard national security and public interests. This regulation puts forward general requirements and provisions for network data security, further specifies rules concerning personal information protection, and fine-tunes mechanisms for the management of important data.

In the meantime, the PRC regulatory authorities have also enhanced the supervision and regulation on cross-border data transfer.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022. These measures require that to provide data abroad, a data processor falling under any of the following circumstances shall, through the local cyberspace administration at the provincial level, apply to the CAC for security assessment of outbound data: (i) where a data processor provides critical data abroad; (ii) where a critical infrastructure operator or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. In addition, on March 22, 2024, the CAC released the Provisions on Promoting and Standardising Cross-Border Data Transfer (《促進和規範數據跨境流動規定》), which provide several exemptions from undergoing security assessment, obtaining personal information protection certification or entering into prescribed agreement for cross-border transfer of personal information for businesses. These exemptions include, among others, scenarios where a data

processor transfers personal information abroad for the necessity of implementing cross-border HR management in accordance with labor rules and regulations established by law and collective contracts signed in accordance with law and where a data processor, other than a critical information infrastructure operator, has cumulatively transferred overseas the personal information (excluding sensitive personal information) of fewer than 100,000 individuals since January 1 of the current year. The provisions also explicitly state that data processors are not required to conduct data security assessment for cross-border data transfers if the concerning data has not been notified or published as important data by relevant departments or regions.

REGULATIONS ON ANTI-UNFAIR COMPETITION AND ANTI-MONOPOLY

Anti-unfair Competition

Pursuant to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993 and last amended on June 27, 2025, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions set forth therein in its production and operating activities. Operators shall abide by the principle of voluntariness, equality, impartiality, integrity, as well as laws and business ethics during production and operating activities.

Anti-Monopoly

Pursuant to the Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) ("**Anti-monopoly Law**") promulgated by the SCNPC on August 30, 2007, which was most recently amended on June 24, 2022 and became effective on August 1, 2022, the monopolistic practices include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. Specifically, competing business operators may not enter into monopoly agreements that eliminate or restrict competition, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities, dividing the sales markets or the raw material supply markets, unless the agreement will satisfy the exemptions under the Anti-Monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized enterprises, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts.

REGULATIONS RELATED TO OVERSEAS SECURITIES [REDACTED] AND [REDACTED] AND FULL CIRCULATION

On February 17, 2023, the CSRC promulgated the Trial Measures. The Trial Measures reformed the regulatory regime for overseas securities [**REDACTED**] and [**REDACTED**] by domestic companies, into a filing-based system. Pursuant to the Trial Measures, no overseas [**REDACTED**] and [**REDACTED**] shall be made under any of the following circumstances: (i) where such securities [**REDACTED**] and [**REDACTED**] is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended

securities [**REDACTED**] and [**REDACTED**] may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities [**REDACTED**] and [**REDACTED**], or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or have undermined the order of socialist market economy during the latest three years; (iv) the domestic company intending to make the securities [**REDACTED**] and [**REDACTED**] is currently under investigation for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

[**REDACTED**] or [**REDACTED**] in overseas markets shall be filed with the CSRC within three business days after the relevant [**REDACTED**] is submitted overseas. The Trial Measures also require subsequent reports to be filed with the CSRC upon the occurrence of any of the material events after an issuer has [**REDACTED**] and [**REDACTED**] securities in an overseas market, such as (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of [**REDACTED**] status or transfer of [**REDACTED**] segment; (iv) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas [**REDACTED**] and [**REDACTED**] and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within three business days after occurrence of the changes.

Furthermore, according to the Trial Measures and their related guidelines, "Full circulation" represents the shareholders of domestic unlisted shares of domestic companies, which directly [**REDACTED**] and [**REDACTED**] securities in overseas markets, converting its domestic unlisted shares into shares [**REDACTED**] and [**REDACTED**] on an overseas [**REDACTED**] venue. The term "domestic unlisted shares" refers to shares offered by a domestic company but not listed or quoted for [**REDACTED**] on any domestic [**REDACTED**] venues. "Full circulation" shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the "Full circulation" with CSRC by filing materials on certain key issues, including whether the "Full circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the "Full circulation" involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

Failure to fulfill filing procedures or [**REDACTED**] and [**REDACTED**] securities in an overseas market in violation of the forgoing prohibitive provisions may subject PRC domestic companies to order rectification, warnings and a fine of RMB1 million to RMB10 million. Controlling shareholders and actual controllers of the domestic company that organize or instruct the aforementioned violations shall be imposed a fine of RMB1 million to RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be each imposed a fine of RMB0.5 million to RMB5 million.

Pursuant to the Trial Measures and their related guidelines, this [**REDACTED**] is subject to the filing requirements of the CSRC. We are also required to fulfill the filing procedure with the CSRC in accordance with the Trial Measures for the conversion of certain domestic unlisted shares into H Shares and the [**REDACTED**] of the H Shares on the Stock Exchange. We will submit the initial filing application to the CSRC with respect to the submission of our application for the [**REDACTED**] and the conversion of certain domestic unlisted shares into H Shares and the [**REDACTED**] of the H Shares on the Stock Exchange.

Furthermore, on February 24, 2023, the CSRC, together with certain other PRC governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies ("**Confidentiality and Archives Administration Provisions**") (《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》), which came into effect on March 31, 2023. According to the Confidentiality and Archives Administration Provisions, PRC domestic companies that directly or indirectly conduct overseas [**REDACTED**] and [**REDACTED**], shall strictly abide by applicable PRC laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas [**REDACTED**] entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas [**REDACTED**] and [**REDACTED**]. In the event such documents or materials contain state secrets or working secrets of government agencies, the PRC domestic companies shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; in the event that such documents or materials, if leaked, will jeopardize national security or public interest, the PRC domestic companies shall strictly fulfill relevant procedures stipulated by applicable national regulations. The PRC domestic companies shall also provide a written statement of the specific state secrets and sensitive information provided when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers shall properly retain such written statements for inspection. Furthermore, the Confidentiality and Archives Administration Provisions also provide where overseas securities regulators and relevant competent overseas authorities request to inspect, investigate or collect evidence from PRC domestic companies concerning their overseas [**REDACTED**] and [**REDACTED**] or their securities firms and securities service providers that undertake securities business for such PRC domestic companies, such inspection, investigation and evidence collection must be conducted under a cross-border regulatory cooperation mechanism, and the CSRC or other competent authorities of the PRC government will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanism. Domestic companies, securities firms and securities service providers shall first obtain approval from the CSRC or other competent PRC authorities before cooperating with the inspection and investigation by the overseas securities regulators or competent overseas authority or providing documents and materials requested in such inspection and investigation.

U.S. EXPORT CONTROLS OVERVIEW

The U.S. government imposes export controls for national security, foreign policy, and other policy reasons. One of the primary U.S. export control regimes is the Export Administration Regulations, 15 C.F.R. Parts 730-774 ("**EAR**"), which are administered and enforced by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"). BIS is responsible for regulating the export, reexport, and transfer (in-country) of a diverse range of goods, software, and technology (collectively, "**items**") including most commercial items, "dual-use" items (*i.e.*, those items having both commercial and military or proliferation applications), and less-sensitive military items. The export or transfer of other military items and services are governed by the International Traffic in Arms Regulations, 22 C.F.R. Parts 120-130, administered and enforced by the U.S. State Department's Directorate of Defense Trade Controls.

BIS regulates the export, reexport, and in-country transfer of items that are "subject to the EAR," a phrase that is used in the EAR to include: (i) all U.S.-origin items wherever they are located in the world; (ii) any item physically in, or moving in transit through, the United States or a U.S. Foreign Trade Zone (including items of foreign origin); (iii) any foreign-made item containing more than a *de minimis* amount of certain controlled U.S.-origin content; and (iv) certain foreign-made items that are the "direct products" of certain controlled U.S.-origin software or technology (or are the direct product of a plant or major plant component that is itself the direct product of such controlled U.S.-origin software or technology). Generally, foreign-made items that incorporate export-controlled U.S.-origin content accounting for 25% or less of the value of such items are not subject to the EAR when exported, reexported, or transferred (in-country) to any country except for Cuba, Iran, North Korea, or Syria (for which the *de minimis* threshold is 10%), unless the controlled content is of a certain type for which there is no *de minimis* threshold. For purposes of the *de minimis* analysis, a "controlled" item is any item that would require a destination-based export license from BIS to be exported to, reexported to, or transferred (in-country) within the country at issue.

Items that are subject to the EAR may require a license from BIS prior to the export, reexport, or transfer (in-country) of the item. Whether an export license is required depends on the export control classification number ("**ECCN**") of the item at issue, the destination to which the item is being exported, reexported, or transferred, and the intended end-use or end-user of the item.

A party that exports, reexports, or transfers an item that is subject to the EAR is strictly liable for violations related to such activity. The EAR also provides a basis for liability for other parties to a transaction (*i.e.,* in addition to the exporter). Specifically, parties are prohibited from (i) causing, aiding, or abetting a violation of the EAR; (ii) soliciting or attempting a violation of the EAR; (iii) conspiring to bring about or engage in a violation of the EAR; (iv) misrepresenting or concealing facts to the U.S. government in connection with activities subject to the EAR; (v) acting with the intent to evade the EAR; (vi) failing to comply with recordkeeping requirements of the EAR; and (vii) acting with "knowledge" that a violation of the EAR has occurred or is about to occur. The EAR defines "knowledge" as

including "positive knowledge that the circumstance exists or is substantially certain to occur," as well as "an awareness of a high probability of its existence or future occurrence," which is "inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts."

Violations of the EAR can result in civil monetary penalties, denial of export privileges, and in cases of willful violations, criminal penalties. However, BIS primarily enforces penalties against the parties engaged in the impermissible export, re-export and transfer of items subject to EAR, as opposed to the parties receiving the items that were impermissibly exported.

BIS Entity List and the Affiliates Rule

BIS maintains several restricted party lists of companies, organizations, and individuals that may be subject to additional license requirements, regardless of the classification of the item. For example, parties on the "Entity List," found at Supplement No. 4 to 15 C.F.R. Part 744, are generally prohibited from receiving some or all items subject to the EAR, absent an export license from BIS. License requirements for persons on the Entity List can be limited to only specific ECCNs of concern but will generally apply to all items subject to the EAR.

BIS may add entities to the Entity List for which "there is reasonable cause to believe, based on specific and articulable facts, that the entity has been involved, is involved, or poses a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests of the United States." Because the reasons for designation are so broad and a party need not have actually engaged in specified conduct prior to designation, BIS, in consultation with other U.S. Government agencies, has significant discretion to decide which entities will be designated to the Entity List.

Some parties added to the Entity List may be added with a so-called "footnote 4" designation. With respect to entities with a "footnote 4" designation, there is a broader scope of items captured under the EAR, specifically restricting a broader set of foreign-produced items that are the direct products of certain technology or software subject to the EAR, or produced by plants or components that are themselves the direct products of certain U.S.-origin technology or software.

After the suspension of the Affiliates Rule is lifted, the BIS Entity List restrictions will apply to affiliates of the entity if certain requirements under the Affiliates Rule are met, even if the affiliates of the entity are "legally distinct" from listed entities. Pursuant to the Affiliates Rule, the same export license requirements for items subject to the EAR will apply to any foreign entity owned 50% or more, directly or indirectly, individually or in aggregate, by one or more entities on (1) the BIS Entity List; (2) the BIS MEU List, and (3) certain persons designated on OFAC's SDN List. Previously, if a foreign entity was not expressly named on any of the relevant lists, exports, reexports, and transfers to the entity would not have been subject to the relevant licensing requirement, even if a majority of the entity's ownership could be traced to entities on these lists.

The Affiliates Rule only applies to items that are subject to the EAR, meaning that the Rule does not impact the export, reexport, or transfer of items that are not subject to the EAR to begin with. Thus, if there is no export, reexport, or transfer of an item subject to the EAR to an entity that would fall under the scope of the Affiliates Rule, the Rule would not have any practical impact on the operations of that entity.

Certain U.S. Export Controls on Advanced Computing and Semiconductor Equipment

BIS has issued a number of new export control restrictions on advanced computing and semiconductor equipment, including by expanding its jurisdiction over a broader set of foreign-produced items in this category when intended for certain end uses and end users in China (among other destinations). In particular, certain foreign-produced computing and semiconductor equipment items are now considered subject to the EAR if there is knowledge that: (i) the foreign-produced item will be incorporated into any part, component, or equipment produced, purchased, or ordered by an entity located at a facility in certain specified countries (including China) where the production of certain advanced-node integrated circuits occurs; or (ii) an entity located at a facility in certain specified countries (including China) where the production of certain advanced-node integrated circuits occurs is otherwise a party to any transaction involving the foreign-produced item. For example, BIS has clarified that certain foreign-produced items containing integrated circuits that are produced by a complete plant or major component of a plant that itself is a direct product of U.S.-origin technology or software would be subject to the EAR.

In addition to the foreign direct product rules applicable to advanced computing and semiconductor equipment, the United States also maintains restrictions on the involvement of U.S. persons in certain activities related to advanced computing and semiconductor equipment. For example, pursuant to the EAR, U.S. persons require a license to ship or transmit, transfer (in-country), facilitate the shipment, transmission, or transfer (in-country) of, or service (including installation) certain items used in the development or production of integrated circuits at a facility in China (among certain other destinations) where the production of advanced-node integrated circuits occurs.

BIS has also imposed additional restrictions on the export of certain integrated circuits ("**ICs**") and related semiconductor manufacturing equipment to China (among other destinations). Some ICs subject to the EAR with high total processing power require a license prior to export, reexport, or transfer to or within any destination worldwide. Other ICs subject to the EAR require a license prior to export, reexport, or transfer to or within certain destinations, including China.

In some cases, these controlled items may be eligible for transfer without a license, to the extent they fall within the scope of certain license exceptions provided for in the EAR. For example, one such license exception permits and authorizes the transfer (in-country) of controlled computing items to or within China, provided that the transfer is subject to a written purchase order, and the goods are not exported to prohibited end-users or for prohibited end-uses or for military end-users or end-uses.

U.S. OUTBOUND INVESTMENT

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") released its final regulations requiring notification of, or prohibiting, U.S. outbound investments in certain Chinese-affiliated companies in the semiconductor and microelectronics, quantum information technology, and artificial intelligence ("**AI**") sectors (the "**OIR Rule**"). The OIR Rule took effect on January 2, 2025.

The OIR Rule limits the ability of U.S. persons to invest in, "knowingly direct" investments in, or permit their controlled subsidiaries to invest in, Chinese-affiliated entities who are involved in or (in certain circumstances) may become involved in the development or production of certain high-end technologies within the semiconductor and microelectronics, quantum information technology, and AI sectors ("**Covered Foreign Persons**"). In some cases, investments are outright prohibited, and in other cases they may require a notification to Treasury. A U.S. person "knowingly directs" a transaction when the U.S. person has authority, individually or as part of a group, to make or substantially participate in decisions on behalf of a non-U.S. person, and exercises that authority to direct, order, decide upon, or approve a transaction. As stated in the OIR Rule, "[s]uch authority exists when a U.S. person is an officer, director, or otherwise possesses executive responsibilities at a non-U.S. person." However, the OIR Rule does not prohibit facilitation of an otherwise covered transaction by a U.S. person where the U.S. person does not otherwise have the authority to approve or order a party's participation in the covered transaction.

The OIR Rule lists the specific types of covered activities within the semiconductor and microelectronics, quantum information technology, and AI sectors in which a Chinese-affiliated person must engage to be considered "Covered Foreign Persons" captured by the restrictions. For example, among other things, the OIR Rule prohibits investments by, or knowingly directed by, a U.S. person in an entity on the BIS Entity List that is engaged in the design, fabrication, or packaging of any integrated circuit.

Covered transactions are categorized into two distinct groups: "prohibited transactions" and "notifiable transactions." U.S. persons are prohibited from engaging in prohibited transactions or knowingly directing non-U.S. persons to engage in transactions that would be prohibited if undertaken by a U.S. person, and they must take all reasonable steps to ensure that their controlled foreign entities do not engage in transactions that would be prohibited if undertaken by a U.S. person.

By contrast, provided they notify the U.S. Department of the Treasury of the transactions, U.S. persons may: (1) engage in notifiable transactions: and (2) permit their controlled foreign entities to engage in transactions that would be notifiable if undertaken by a U.S. person. There is no restriction on U.S. persons knowingly directing non-U.S. persons to engage in such transactions that would be notifiable if undertaken by a U.S. person. The activities associated with notifiable transactions are considered less sensitive than those giving rise to a prohibition but are nonetheless significant enough to warrant government disclosure.

As relevant to the Company, the OIR Rule prohibits certain investments by, or knowingly directed by, a U.S. person in Chinese-affiliated entities that engage in the:

1. Development or production of any:

   (a) electronic design automation software for the design of integrated circuits or advanced packaging;

   (b) front-end semiconductor fabrication equipment designed for performing the volume fabrication of integrated circuits, including equipment used in the production stages from a blank wafer or substrate to a completed wafer or substrate (i.e., the integrated circuits are processed but still on the wafer or substrate);

   (c) equipment for performing volume advanced packaging; or

   (d) commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment.

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

3. Fabrication of any integrated circuit that meets any of the following criteria:

   a. logic integrated circuits using a nonplanar transistor architecture or with a production technology node of 16/14 nanometers or less, including fully depleted silicon-on-insulator integrated circuits;

   b. NOT-AND (NAND) memory integrated circuits with 128 layers or more;

   c. dynamic random-access memory integrated circuits using a technology node of 18 nanometer half-pitch or less;

   d. integrated circuits manufactured from a gallium-based compound semiconductor;

   e. integrated circuits using graphene transistors or carbon nanotubes; or

   f. integrated circuits designed for operation at or below 4.5 Kelvin;

4. Packaging of any integrated circuit using advanced packaging techniques; or

5. Development, installation, sale, or production of any supercomputer enabled by advanced integrated circuits that can provide a theoretical compute capacity of 100 or more double-precision (64-bit) petaflops or 200 or more single-precision (32-bit) petaflops of processing power within a 41,600 cubic foot or smaller envelope.

The OIR Rule also prohibits investments by, or knowingly directed by, a U.S. person in an entity on the Entity List that is engaged in the design, fabrication, or packaging of any integrated circuit, even if not described above.

Because the Company engages in the activities outlined above, it would be considered a Covered Foreign Person engaging in covered activities that would render investments in the Company "prohibited transactions." Therefore, absent an applicable exception, U.S. persons would be prohibited from investing in, or knowingly directing investments in, the Company.

A number of exceptions to the restrictions exist. In particular, the OIR Rule exempts from the prohibitions, *inter alia*: (a) passive investments into publicly traded securities; (b) passive investments in the securities of investment companies (e.g., index funds, mutual funds, and exchange-traded funds) and businesses regulated as business development companies under Section 54 of the Investment Company Act of 1940; (c) investments made by limited partners ("**LPs**") in certain funds where (1) the LP's committed capital is not more than $2 million, or (2) the LP has obtained binding contractual assurances that its capital will not be used to engage in transactions that would be prohibited or notifiable if conducted by a U.S. person; and (d) investments in derivative securities (so long as such derivative does not confer the right to acquire equity, any rights associated with equity, or any assets in or of a Covered Foreign Person). In each case, these exemptions are available only if the investor does not receive any governance rights with respect to the relevant "Covered Foreign Person" beyond standard minority shareholder protections.

As a general matter, the obligation to comply with the OIR Rule rests with the U.S. investor, not the target company or the Stock Exchange . Liability under the OIR Rule is not based on strict liability but on the investor's knowledge. Accordingly, a U.S. person must conduct a reasonable and diligent inquiry to determine whether a given transaction is "covered," and if so, whether it is prohibited. The U.S. person should examine, among other things, available public information, including information disclosed by the target company.

Non-U.S. persons, including the target of the investment and the Stock Exchange, generally do not have any obligations under the OIR Rule, and the OIR Rule does not impose any responsibility on non-U.S. persons to report violations of the OIR Rule by U.S. persons. However, the OIR Rule prohibits conspiracies to violate the OIR Rule and acts that cause a violation of the OIR Rule. Furthermore, it authorizes penalties on persons subject to the jurisdiction of the United States who cause a violation of, conspire to violate, or willfully aid and abet a violation of the OIR Rule. Finally, the OIR Rule authorizes fines and imprisonment for those who, in a matter subject to U.S. jurisdiction, knowingly and willfully falsify, conceal or cover up by any trick, scheme, or device a material fact; make any materially false, fictitious, or fraudulent statement or representation; or make or use any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry. Thus, a non-U.S. person who engages in such activities and is subject to U.S. jurisdiction could face criminal and/or civil penalties, including but not limited to penalties under the International Emergency Economic Powers Act.

OVERVIEW

We develop GPGPU chips and GPGPU-based intelligent computing solutions to provide the foundational computing power required by AI. By integrating self-developed GPGPU-based hardware and proprietary BIRENSUPA software platform, our solutions support the training and inferencing of AI models in a broad range of applications from cloud to edge. Our Group was founded in September 2019 by Mr. Zhang, our Chairman, executive Director and Chief Executive Officer. For Mr. Zhang's biography, see "Directors and Senior Management".

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2019	Our Company was established in the PRC
	We executed the Series Pre-A financing agreement with investors including, among others, Qiming Venture Partners, in an aggregate amount of US$20.5 million
2020	We commenced the research and development of our first generation of Specialist Technology Product BR106
	We executed contracts on the Shanghai Artificial Intelligence Key Projects
	We executed agreements for five series of financing with investors including, among others, IDG Capital, V Fund, Country Garden Venture Capital and Source Code Capital in an aggregate amount of approximately RMB2.99 billion
2021	We completed the design of BR106 and successfully taped-out our first chip, BR106
	We executed the strategic cooperation framework agreement with the virtual reality of innovation center of a leading telecom company in China
	We executed the Series B financing agreements with investors including, among others, a wholly-owned subsidiary of Ping An Insurance Group, in an aggregate amount of approximately RMB1.546 billion

Year	Milestone
2022	We executed the strategic cooperation agreements with a renowned high-performance IDC (Internet Data Center) company in China
	We joined the Baidu PaddlePaddle Hardware Ecosystem Co-Creation Program
	We became a member of MLCommons, and ranked first globally in several MLPerf benchmarks developed by MLCommons
	We were awarded the Super Artificial Intelligence Leader award, the highest award at 2022 World Artificial Intelligence Conference
	We executed the Series B+ financing agreements with investors including, among others, Meridian Capital in an aggregate amount of RMB330 million
	We successfully taped-out BR110
2023	We achieved mass production of BR106 and started to generate revenue from our intelligent computing solutions
	We joined the FlagOpen large model technology open source system of the Beijing Academy of Artificial Intelligence
	We became a cloud computing ecosystem strategic partner of a leading telecom company in China
	We entered into several memorandum of understandings with strategic customers
	We became a member of the mobile cloud information technology fusion application innovation industry ecological consortium of a leading telecom company in China
	We obtained national-level recognition by MIIT (中國工業和信息化部) as "MIIT Specialized, Sophisticated, Distinctive, and Innovative Little Giants Enterprise" (工業和信息化部"專精特新小巨人"企業)
	We set up an office in Hong Kong and were among the first key enterprises introduced by the Hong Kong Government's OASES initiative

Year	Milestone
2024	We deepened cooperation with strategic customers and boosted sales of the BR10X series, including winning the milestone commercial AIDC kilocard GPU cluster project, and deploying our GPGPU cluster for 5G New Calling and other use cases with the three major domestic telecom operators
	We initiated the research and development of our second generation of Specialist Technology Product, the "BR20X"
	We became the first in the industry to achieve mixed training of a large model using four types of heterogeneous chips – accelerating the localization and deployment of domestic GPUs
	We again obtained national-level recognition by MIIT as "MIIT Key Specialized, Sophisticated, Distinctive, and Innovative Little Giants Enterprise" (工業和信息化部"專精特新重點小巨人"企業)
	We submitted 1,009 self-developed invention patent applications as of December 31, 2024, which is the biggest number among GPGPU companies in China according to CIC
2025	We completed inference support on all Biren GPGPU products to all versions of DeepSeek-V3/R1 distilled models within hours and full training support to DeepSeek-V3/R1 671B flagship version soon after its release
	Our "Integrated Software-Hardware Heterogeneous Super-Scale AI Computing Cluster Solution" was named a Top 5 case in the 2024 New Productive Forces Industry Practice "AI" Showcase by Global Times, China Association for Science and Technology's New Technology Development Center, and Tsinghua University's Center for Technology Innovation Research
	We completed strategic round investment with renowned and important investors including state-owned investment platforms of Shanghai and Guangzhou

OUR MAJOR SUBSIDIARIES

The principal business activities and the dates of incorporation of our major subsidiaries (each of which is a wholly-owned subsidiary of our Company) which have made material contributions to our results of operations during the Track Record Period or have key strategic value to the Group are as follows:

Name of major subsidiary	Place of incorporation	Date of establishment and commencement of business	Principal business activities
Zhuhai Biren	PRC	July 3, 2020	Development and sales of products
Beijing Biren	PRC	September 23, 2020	Development and sales of products
Hangzhou Biren	PRC	May 14, 2021	Development and sales of products
Shanghai Aoyan	PRC	November 7, 2023	Development and sales of products

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment of our Company

On September 9, 2019, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB10,000,000. The shareholding structure of our Company upon establishment is set forth in the table below:

Beneficial Shareholders	Registered capital subscribed for *(RMB)*	Corresponding equity interest in our Company *(%)*
Mr. Zhang[(1)]	5,000,000	50
Mr. Xiaoyao Liang (梁曉嶢) ("**Mr. Liang**")[(2)]	5,000,000	50
Total	10,000,000	100

Notes:

1. Mr. Zhang's equity interest was held by Mr. Sheng Zhang (張勝), the brother of Mr. Zhang, as his nominee. Pursuant to the equity transfer agreement dated April 29, 2023, such arrangement was terminated when Mr. Sheng Zhang transferred all the equity interest he held for Mr. Zhang to Mr. Zhang.

2. Mr. Liang is an early investor of the Company. Mr. Liang's equity interest was held by Ms. Hongjun Min (閔虹君) ("**Ms. Min**"), an Independent Third Party, as his nominee. Pursuant to the equity transfer agreement dated December 31, 2021, Ms. Min had ceased to be the nominee of Mr. Liang by transferring all the equity interests she held for Mr. Liang to Ms. Feng Ji (季豐) ("**Ms. Ji**"), an Independent Third Party. Pursuant to the equity transfer agreement dated April 29, 2023, such arrangement was terminated when Ms. Ji transferred all the equity interest she held for Mr. Liang to Mr. Liang.

(2) Equity Transfer to Employee Incentive Platform

For the purpose of setting up our employee incentive platform, (i) on September 29, 2019, each of Mr. Zhang and Mr. Liang agreed to transfer approximately 8.90% equity interest in our Company to Shanghai Biliren at nil consideration. Upon completion of such equity interest transfer, Mr. Zhang, Mr. Liang and Shanghai Biliren held 41.10%, 41.10% and 17.80% equity interest in our Company, respectively; (ii) on May 27, 2020, Mr. Liang agreed to further transfer approximately 18.82% equity interest of our Company to Shanghai Biliren at nil consideration. Upon completion of such equity interest transfer, our Company was held as to approximately 32.88% by Shanghai Biliren, approximately 32.45% by Mr. Zhang, approximately 13.63% by Mr. Liang, approximately 10.82% by QM120 Limited ("**QM120**"), approximately 3.97% by Hangzhou Unicorn No. 1 Investment Management Partnership (Limited Partnership) (杭州獨角獸一號投資管理合夥企業(有限合夥)) ("**Hangzhou Unicorn**") and 6.25% by Champ Earn Limited ("**Champ Earn**"). Each of QM120, Hangzhou Unicorn and Champ Earn is our Pre-[**REDACTED**] Investor. For details of our Pre-[**REDACTED**] Investors, see "Information about our Pre-[**REDACTED**] Investors" in this section.

(3) Conversion into a joint stock limited company

On July 12, 2023, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company and the change of name of our Company to Shanghai Biren Technology Co., Ltd. (上海壁仞科技股份有限公司). Pursuant to the promoters' agreement dated July 12, 2023 entered into by all the then Shareholders, all promoters approved the conversion of the net

assets value of our Company as of April 30, 2023 into 32,916,380 shares with a nominal value of RMB1.00 each of our Company, with the remaining RMB3,289,289,919.07 in net assets included as capital reserves of the Company. Details of the promoters are as follows:

Shareholder	Number of shares	Ownership percentage
Mr. Zhang	4,109,589	12.48%
Shanghai Biliren	4,163,775	12.65%
QM120	1,835,468	5.58%
Mr. Liang	1,726,636	5.25%
Zhuhai Da Heng Qin Innovative Development Co., Ltd. (珠海大橫琴創新發展有限公司) ("**Zhuhai Da Heng Qin**")	1,614,359	4.90%
Qingdao Huaxin Anchor Investment Center (Limited Partnership) (青島華芯錨點投資中心(有限合夥)) ("**Qingdao Huaxin Anchor**")	1,245,983	3.79%
Zhuhai Yuanqi Liqian Investment Consultancy Partnership (Limited Partnership) (珠海元啟立千投資咨詢合夥企業(有限合夥)) ("**Yuanqi Liqian**")	1,208,926	3.67%
Clear Affluent Limited ("**Clear Affluent**")	1,191,402	3.62%
Champ Earn	997,009	3.03%
PA GCC Limited ("**PA GCC**")	951,473	2.89%
Zhuhai Gree Venture Capital Investment Co., Ltd. (珠海格力創業投資有限公司) ("**Zhuhai Gree**")	918,093	2.79%
Shenzhen Songhe Growth Equity Investment Partnership (Limited Partnership) (深圳市松禾成長股權投資合夥企業(有限合夥)) ("**Shenzhen Songhe**")	799,347	2.43%
Huzhou Jingxin Equity Investment Partnership (Limited Partnership) (湖州景鑫股權投資合夥企業(有限合夥)) ("**Huzhou Jingxin**")	724,354	2.20%
Foshan Nanhai District Huibi No. 2 Equity Investment Partnership (Limited Partnership) (佛山市南海區匯碧二號股權投資合夥企業(有限合夥)) ("**Huibi No. 2**")	665,972	2.02%

Shareholder	Number of shares	Ownership percentage
Shenzhen Country Garden Innovation Investment Co., Ltd. (深圳市碧桂園創新投資有限公司) ("**Country Garden Venture Capital**")	665,972	2.02%
Lobelia Synergy Limited ("**Lobelia**")	608,942	1.85%
Nanjing Huaying Small and Medium-sized Enterprises Development Fund Partnership (Limited Partnership) (南京華映中小企業發展基金合夥企業(有限合夥)) ("**SME Huaying Fund**")	584,394	1.78%
Jiaxin Zhizao (Zhuhai) Fund Management Partnership (Limited Partnership) (嘉芯智造(珠海)基金管理合夥企業(有限合夥)) ("**Jiaxin Zhizao**")	580,990	1.77%
Sky9 Alpha Limited ("**Sky9 Alpha**")	510,452	1.55%
Hangzhou Unicorn	502,283	1.53%
Tianjin Yuheng Equity Investment Fund Partnership (Limited Partnership) (天津宇珩股權投資基金合夥企業(有限合夥)) ("**Tianjin Yuheng**")	465,604	1.41%
Shanghai Zhongtong Ruide Investment Group Limited (上海中通瑞德投資集團有限公司) ("**Zhongtong Ruide**")	459,046	1.39%
MSA China Growth Fund II, L.P. (currently known as MSA Growth Fund II, L.P. ("**MSA Growth**"))	380,589	1.16%
Nantong Merchants Jianghai Industry Development Fund Partnership (L.P.) (南通招商江海產業發展基金合夥企業(有限合夥)) ("**Nantong Jianghai Fund**")	377,644	1.15%
Champion Forest Holding Limited ("**Champion Forest**")	340,301	1.03%
Suzhou Juyuan Zhuxin Venture Capital Investment Partnership (Limited Partnership) (蘇州聚源鑄芯創業投資合夥企業(有限合夥)) ("**Suzhou Juyuan**")	327,890	1.00%
Gongqingcheng Hangling Shenghe Investment Partnership (Limited Partnership) (共青城航瓴昇和投資合夥企業(有限合夥)) ("**Gongqingcheng Shenghe**")	325,904	0.99%

Shareholder	Number of shares	Ownership percentage
Beijing Gaorong Phase 4 Kangteng Equity Investment Partnership (Limited Partnership) (北京高榕四期康騰股權投資合夥企業(有限合夥)) ("**Gaorong Kangteng**")	309,917	0.94%
GBA Fund Investment Limited ("**GBA Fund**")	304,471	0.93%
Guangdong Zhihui Unicorn Venture Investment Partnership (Limited Partnership) (廣東智匯獨角獸創業投資合夥企業(有限合夥)) ("**Zhihui Unicorn**")	290,495	0.88%
BAI GmbH	289,817	0.88%
Suzhou Yuanqi Equity Investment Center (Limited Partnership) (蘇州源啟股權投資中心(有限合夥)) ("**Suzhou Yuanqi**")	261,273	0.79%
Matrice Capital Hong Kong Limited (矩陣資本香港有限公司) ("**Matrice Capital**")	261,273	0.79%
Shanghai GP Weishi Enterprise Management Partnership (Limited Partnership) (上海金浦惟石企業管理合夥企業(有限合夥)) ("**Shanghai GP**")	243,072	0.74%
Jiaxing Yufeng Equity Investment Partnership (Limited Partnership) (嘉興譽峰股權投資合夥企業(有限合夥)) ("**Jiaxing Yufeng**")	243,072	0.74%
Suzhou Glory Ventures Investments Fund L.P. (蘇州耀途進取創業投資合夥企業(有限合夥)) ("**Suzhou Glory**")	229,523	0.70%
Shenzhen Qianhai Qihang Technology Development Partnership (Limited Partnership) (深圳前海啟航科技發展合夥企業(有限合夥)) ("**Shenzhen Qianhai**")	194,458	0.59%
Shanghai State-owned Enterprise Reform Development Equity Investment Fund Partnership (Limited Partnership) (上海國企改革發展股權投資基金合夥企業(有限合夥)) ("**Shanghai SOE Reform Fund**")	193,035	0.59%
Jiaxing Yuzhen Equity Investment Partnership (Limited Partnership) (嘉興譽臻股權投資合夥企業(有限合夥)) ("**Jiaxing Yuzhen**")	193,035	0.59%
Praise Fortune Project Company Limited ("**Praise Fortune**")	190,295	0.58%
RCIF Combo Limited ("**RCIF**")	190,295	0.58%

Shareholder	Number of shares	Ownership percentage
Beijing GL Yurun Equity Investment Fund Partnership (Limited Partnership) (北京高瓴裕潤股權投資基金合夥企業(有限合夥)) ("**Beijing Yurun**")	188,022	0.57%
Shenzhen Julong Jingrun Technology Co., Ltd. (深圳市聚隆景潤科技有限公司) ("**Julong Jingrun**")	170,151	0.52%
Ningbo Meishan Bonded Port Area Xingyinfeng Investment Management Partnership (Limited Partnership) (寧波梅山保税港區星胤峰投資管理合夥企業(有限合夥)) ("**Ningbo Meishan Xingyinfeng**")	161,530	0.49%
Jiaxing Guangren Equity Investment Partnership (Limited Partnership) (嘉興廣仞股權投資合夥企業(有限合夥)) ("**Jiaxing Guangren**")	154,429	0.47%
Cyber Chief Limited ("**Cyber Chief**")	152,236	0.46%
Tianjin Zhiping Investment Management Partnership (Limited Partnership) (天津治平投資管理合夥企業(有限合夥)) (Currently known as Yancheng Zhiping Equity Investment Partnership (Limited Partnership) (鹽城治平股權投資合夥企業(有限合夥)) ("**Yancheng Zhiping**"))	129,639	0.39%
Ningbo Meishan Bonded Port Area Huixin Investment Management Partnership (Limited Partnership) (寧波梅山保税港區匯莘投資管理合夥企業(有限合夥)) ("**Ningbo Meishan Huixin**")	115,821	0.35%
Gongqingcheng Fengjue Investment Management Partnership (Limited Partnership) (共青城鳳玦投資管理合夥企業(有限合夥)) ("**Gongqingcheng Fengjue**")	113,433	0.34%
Chengdu Tianfu New District Gaorong Phase 4 Kangyong Investment Partnership (Limited Partnership) (成都市天府新區高榕四期康永投資合夥企業(有限合夥)) ("**Gaorong Kangyong**")	54,691	0.17%
Total	**32,916,380**	**100.00%**

On July 12, 2023, our Company convened a general meeting, and passed related resolutions approving the conversion of our Company into a joint stock limited company, articles of association and relevant procedures. Upon completion of the conversion, the registered capital of our Company became RMB32,916,380 divided into 32,916,380 shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on September 8, 2023 when our Company obtained a new business license.

(4) Share subdivision

Pursuant to the resolutions of the Shareholders dated June 25, 2025, resolved to conduct a share subdivision pursuant to which each share of the Company was split on a one-for-fifty basis, and the nominal value of the shares of the Company was changed from RMB1.00 each to RMB0.02 each. Immediately after the share subdivision, the registered share capital of the Company was changed to RMB38,359,505 with 1,917,975,250 Shares in a nominal value of RMB0.02 each.

(5) Pre-[REDACTED] Investments

Since December 2019, our Company entered into several rounds of Pre-[**REDACTED**] Investments pursuant to the respective equity transfer agreements and capital increase agreements with our Pre-[**REDACTED**] Investors. For details, see "Pre-[**REDACTED**] Investments" in this section.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

All the above-mentioned capital increases and equity transfers of our Company and our subsidiaries are effective, legally binding, duly settled and in compliance with the PRC laws and regulations and its Articles of Association, and our Company and our subsidiaries have obtained all necessary approvals from competent authorities or made all necessary registration or filings with the relevant local branch of the SAMR in respect of the capital increases.

MAJOR ACQUISITIONS AND INVESTMENTS

We have not conducted any acquisitions, disposals or mergers during the Track Record Period that we consider to be material to us.

PREVIOUS PLAN FOR A SHARE LISTING AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

In September 2024, we entered into a tutoring agreement (the "**Tutoring Agreement**") with Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) (formerly known as Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司)) in connection with an A share listing on the STAR Market of the Shanghai Stock Exchange and made a preliminary filing (上市輔導備案) (the "**Preliminary Filing**") with the Shanghai Regulatory Bureau of CSRC (中國證券監督管理委員會上海監管局). Considering that the Stock Exchange would provide us with a platform to access capital and attract diverse [**REDACTED**], the Company decided in the first half of 2025 to pursue a [**REDACTED**] in Hong Kong. Our Directors confirmed that as of the Latest Practicable Date, (i) the Tutoring Agreement has not been terminated, (ii) no material matter in relation to the Group had been identified during the tutoring period, (iii) the Company had not submitted any formal A-share listing application to the Shanghai Stock Exchange, and neither the Shanghai Regulatory Bureau of the CSRC nor the Shanghai Stock Exchange had issued any enquiries or comments to the Company regarding the tutoring for A share listing, (iv) there is no material disagreement or unresolved dispute between the Company and the relevant professional parties involved in the Preliminary Filing, (v) there is no other matter relating to the Preliminary Filing that would affect the Company's suitability for [**REDACTED**] on the Stock Exchange or that is relevant to the [**REDACTED**] and is necessary to be disclosed in this Document for the [**REDACTED**] to form an informed assessment of our Company, and (vi) there is no other matter relating to the Preliminary Filing that should be brought to the attention of the Stock Exchange. Based on the due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to disagree with the Directors' view above.

We may conduct an offering and listing of A shares at an appropriate time subject to compliance with the relevant requirements under the Listing Rules after the [**REDACTED**] (including but not limited to Rule 10.08 of the Listing Rules). As of the Latest Practicable Date, we had not determined the timetable, the offering size nor the listing venue of the potential A share listing. There is no assurance that we will pursue an A share listing in the future.

Our Company is seeking a [**REDACTED**] of its H Shares on the Hong Kong Stock Exchange in order to provide further capital to achieve our long-term goal of enabling technology advancements and accelerating the applications of artificial intelligence. For more details, see "Business" and "Future Plans and Use of [**REDACTED**]".

PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and to incentivize them to further promote our development, we approved and adopted the Pre-[**REDACTED**] Employee Incentive Scheme on April 24, 2024. Shanghai Biliren was established as a limited partnership in the PRC on September 26, 2019 as our employee incentive platform. Our Company had granted Share Options to selected participants under the Pre-[**REDACTED**] Employee Incentive Scheme for indirect limited partnership interests in Shanghai Biliren corresponding to underlying Shares of the Company. As of the Latest Practicable Date, our Company had granted Share Options to 752 grantees (including four Directors and 748 other employees), whom had exercised the Share Options in exchange for the indirect limited partnership interests in 31 limited partners of Shanghai Biliren. The Share Options granted to four Directors and 748 other employees represented 56,830,000 Shares and 134,391,400 Shares, and no Share remained available for grant under the Pre-[**REDACTED**] Employee Incentive Scheme. No awards (including Share Options and restricted share awards) under the Pre-[**REDACTED**] Employee Incentive Plan will be further granted upon [**REDACTED**].

For the details regarding the terms of the Pre-[**REDACTED**] Employee Incentive Scheme and details of the Share Options granted, please refer to the section headed "Statutory and General Information – Further Information about Our Directors, Senior Management and Substantial Shareholders – 5. Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix V to this Document.

PRE-[REDACTED] INVESTMENTS

Since December 2019, our Company entered into several rounds of Pre-[**REDACTED**] Investments pursuant to the respective equity transfer agreements and capital increase agreements with our Pre-[**REDACTED**] Investors.

Principal Terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments to our Company made by the Pre-[**REDACTED**] Investors:

	Series Pre-A	Series Pre-A+	Series Pre-A++	Series A	Series Pre-B	Series Pre-B+	Series B	Series B+	Strategic round	August 2025
Amount of registered capital increased/number of shares subscribed (as applicable)	RMB1,872,147	RMB791,476	RMB1,107,429	RMB5,188,534	RMB4,436,069	RMB4,201,712	RMB4,491,717	RMB827,296	5,443,125 shares	193,209,850 shares
Amount of registered capital/issued share capital after each round of Pre-[REDACTED] Investments	RMB11,872,147	RMB12,663,623	RMB13,771,052	RMB18,959,586	RMB23,395,655	RMB27,597,367	RMB32,089,084	RMB32,916,380	38,359,505 shares	2,111,285,100 shares
Amount of consideration paid	US$20,500,000	US$10,000,000	US$18,271,856	RMB791,200,000	RMB912,500,000	RMB1,088,327,500	RMB1,546,228,250	RMB330,000,000	RMB2,397,750,230	RMB1,914,983,800
Implied pre-money valuation[(1)]	US$109,500,000	US$150,000,000[(4)]	US$225,000,000[(5)]	RMB2,100,000,000[(6)]	RMB3,900,000,000[(7)]	RMB6,060,000,000[(8)]	RMB9,500,000,000[(9)]	RMB12,800,000,000[(10)]	RMB14,500,000,000[(11)]	RMB19,000,000,000[(12)]
Implied post-money valuation[(2)]	US$130,000,000	US$160,000,000	US$243,271,856	RMB2,891,200,000	RMB4,812,500,000	RMB7,148,327,500	RMB11,046,228,250	RMB13,130,000,000	RMB16,897,750,230	RMB20,914,983,800[(13)]

	Series Pre-A	Series Pre-A+	Series Pre-A++	Series A	Series Pre-B	Series Pre-B+	Series B	Series B+	Strategic round	August 2025
Date of agreement(s)	December 8, 2019[14]	February 19, 2020[15]	March 27, 2020 and May 28, 2020[16]	May 28, 2020, June 7, 2020 and July 15, 2020[17]	August 6, 2020, August 26, 2020 and September 11, 2020[18]	September 27, 2020[19]	January 5, 2021, January 20, 2021, March 24, 2021 and April 16, 2021[20]	January 13, 2022, June 8, 2022 and July 28, 2022[21]	February 27, 2025, March 18, 2025, March 26, 2025, April 10, 2025, April 11, 2025, April 14, 2025, April 23, 2025, May 5, 2025, May 15, 2025 and June 12, 2025[22]	July 10, 2025, July 21, 2025, July 29, 2025, July 30, 2025, July 31, 2025 and August 15, 2025[24]
Date of payment of full consideration	April 30, 2020	March 11, 2020	March 27, 2020	January 29, 2021	April 29, 2021	October 8, 2021	October 22, 2021	April 28, 2023	June 20, 2025	August 22, 2025
Cost per share paid under the Pre-[REDACTED] Investments (approximately)	US$10.95	US$12.63	US$16.50	RMB152.49	RMB205.7	RMB259.02	RMB344.24	RMB398.89	RMB440.51	RMB495.32[25]
Discount to the [REDACTED] (approximately)[3]	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

	Series Pre-A	Series Pre-A+	Series Pre-A++	Series A	Series Pre-B	Series Pre-B+	Series B	Series B+	Strategic round	August 2025
Basis of determination of the valuation and consideration	The valuation and considerations for each round of Pre-[**REDACTED**] Investments were determined based on arm's length negotiation amongst the respective Pre-[**REDACTED**] Investors and our Group after taking into consideration of the timing of the investments and the status of our business operations.									
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all current Shareholders (including the Pre-[**REDACTED**] Investors) could not dispose of any of the Shares held by them. Further, pursuant to Rules 18C.14 of the Listing Rules, certain of our Pre-[**REDACTED**] Investors are subject to lock-up period commencing on the date of this Document and ending on the expiry of 6 months from the [**REDACTED**], see "Lock-up and Free Float Requirement Under the Listing Rules".									
Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[**REDACTED**] Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, approximately 68% of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized.									
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investors' investments in our Group and the knowledge and experience of the Pre-[**REDACTED**] Investors.									

Notes:

1. The implied pre-money valuation is calculated based on (i) the cost per share paid to the Company for the corresponding round of Pre-[**REDACTED**] Investment and (ii) the registered/issued share capital of the Company immediately prior to the corresponding round of Pre-[**REDACTED**] Investment.

2. The implied post-money valuation is the sum of (i) the pre-money valuation for the corresponding round of Pre-[**REDACTED**] Investment and (ii) the total funds received by the Company from the corresponding round of Pre-[**REDACTED**] Investment.

3. Calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**]).

4. The increase in the valuation of the Company in Series Pre-A+ investment compared with Series Pre-A investment was due to the prospects of the GPGPU market that our Company targeted and the addition of key management including our CTO Zhou HONG. Qiming Venture, one of our pathfinder SIIs invested in our Company, helped attract further investment.

5. The increase in the valuation of the Company in Series Pre-A++ investment compared with Series Pre-A+ investment was due to the set-up of the core management team of the Company and the planning and prospects of our Company.

6. The increase in the valuation of the Company in Series A investment compared with Series Pre-A++ investment was due to the initiation of the research and development of the our first-generation high-performance GPGPU with industry-leading product specification and innovation.

7. The increase in the valuation of the Company in Series Pre-B investment compared with Series A investment was due to achieving R&D milestones including the completion of the framework of the chip architecture, and supportive policies including China's semiconductor self-sufficiency initiatives, which attracts high investment interest in the industry.

8. The increase in the valuation of the Company in Series Pre-B+ investment compared with Series Pre-B investment was due to continuous R&D progress including the completion of the core architecture design of the chips. The Company has entered into several cooperation partnership agreements with ecosystem partners. It was also driven by strong investor appetite and the industry-wide increase in valuation of AI chip companies.

9. The increase in the valuation of the Company in Series B investment compared with Series Pre-B+ investment as we had attained important business milestones at the relevant time. For example, the smooth execution and validation of our BR106 GPGPU. The positive market sentiment amongst the venture capital markets also helped elevate the valuation of the AI chip companies in general.

10. The increase in the valuation of the Company in Series B+ investment compared with Series B investment was due to the successful tape-out and launch of our BR106 chip and the industry-leading performance BR106 has demonstrated in industry benchmark suite MLPerf. We also began commercializing our solutions and cooperating with our customers.

11. The increase in the valuation of the Company in strategic round investment compared with Series B+ investment was due to the mass production and commercialization of our GPGPU solutions, and milestone customer deployment projects of kilocard GPGPU clusters with certain well-known customers. We have started the R&D for our next-generation GPGPU architecture and solutions with high performance. It also reflected strong investor appetite for the industry driven by the explosive demand for GPGPU chips and advancement in AI such as LLMs. The difference between the discount to the [**REDACTED**] per Share in strategic round investment conducted in 2025 compared with Series B+ investment conducted in 2023 is comparatively less significant as notwithstanding that the strategic round investment was conducted in 2025, the valuation was negotiated and finalized by the Company with the relevant investors during second half of 2023 to 2024, with reference to the then business development of the Group and the venture capital market sentiment, in order to attract more important strategic and renowned investors at the relevant time.

12. The increase in the valuation of the Company in the latest round of pre-[**REDACTED**] investment in August 2025 compared with strategic round investment was due to the progress made in the business development of the Group and the considerable progress made in the R&D of the products of the Group during 2025, for example, we received SAIL Award, the highest honor at The World Artificial Intelligence Conference (WAIC) and secured sizable optical circuit switches (OCS)-enabled GPU cluster project.

13. The increase in the valuation of the Company upon [**REDACTED**] compared with the latest round of pre-[**REDACTED**] investment in August 2025 is primarily due to the significant progress made in the business development of the Group in second half of 2025 taking into account the increase in customers and orders received, as well as the launching of new technologies and the considerable progress made in the R&D and production capacity of the products of the Group, and the liquidity premium as a result of the increased liquidity of the Shares subsequent to the [**REDACTED**].

14. On December 8, 2019, our Company, our then Shareholders, QM120 and Hangzhou Unicorn entered into an investment agreement, pursuant to which QM120 and Hangzhou Unicorn agreed to invest in our Company by subscription of the increased registered capital of RMB1,872,147 at a consideration of US$20,500,000. The relevant industrial and commercial registration change in respect of Series Pre-A Financing was completed on December 9, 2019.

15. Pursuant to an investment agreement dated February 19, 2020, entered into by and among Champ Earn, our Company and our then Shareholders, Champ Earn agreed to subscribe for registered capital in the amount of RMB791,476 of our Company at a consideration of US$10 million. The relevant industrial and commercial registration change in respect of Series Pre-A+ Financing was completed on February 27, 2020.

16. Pursuant to the investment agreements dated March 27, 2020 and May 28, 2020 entered into by and among others, Clear Affluent and Ningbo Meishan Xingyinfeng, our Company and our then Shareholders, the aforementioned Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription of the increased registered capital of RMB1,107,429 at a consideration of RMB128,683,200. The relevant industrial and commercial registration change in respect of Series Pre-A++ Financing was completed on August 12, 2020.

17. Pursuant to the investment agreements dated May 28, 2020, June 7, 2020 and July 15, 2020, entered into by and among others, Tianjin Yuheng, Suzhou Glory, Suzhou Huaying Phase 6 Investment Partnership (Limited Partnership) (蘇州華映六期投資合夥企業(有限合夥)), Qingdao Huaxin Anchor, Shenzhen Songhe, Zhuhai Gree, Zhuhai Da Heng Qin, Zhongtong Ruide, and Suzhou Juyuan, our Company and our then Shareholders, the aforementioned Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription of the increased registered capital of RMB5,188,534 at a consideration of RMB791,200,000. The relevant industrial and commercial registration change in respect of Series A Financing was completed on August 12, 2020.

18. Pursuant to the investment agreements dated August 6, 2020, August 26, 2020 and September 11, 2020, entered into by and among others, Sky9 Alpha, Yancheng Zhiping, Gongqingcheng Fengjue, Shanghai GP, Julong Jingrun, Gaorong Kangteng, Gaorong Kangyong, Champion Forest, Shenzhen Qianhai, Yuanqi Liqian and Jiaxing Yufeng, our Company and our then Shareholders, the aforementioned Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription of the increased registered capital of RMB4,436,069 at a consideration of RMB912,500,000. The relevant industrial and commercial registration change in respect of Series Pre-B Financing was completed on October 13, 2020 (except the relevant industrial and commercial registration change of Champion Forest which was completed on November 19, 2020).

19. Pursuant to an investment agreement dated September 27, 2020, entered into by and among others, Huzhou Jingxin, Ningbo Meishan Huixin, CITIC Securities Investment Co., Ltd. (中信証券投資有限公司), BAI GmbH, Huibi No. 2, Country Garden Venture Capital, Suzhou Yuanqi, Matrice Capital, Shanghai SOE Reform Fund, our Company and our then Shareholders, the aforementioned Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription of the increased registered capital of RMB4,201,712 at a consideration of RMB1,088,327,500. The relevant industrial and commercial registration change in respect of Series Pre-B+ Financing was completed on November 19, 2020.

20. Pursuant to the investment agreements dated January 5, 2021, January 20, 2021, March 24, 2021 and April 16, 2021, entered into by and among others, MSA Growth, Cyber Chief, Praise Fortune, Lobelia, Nantong Jianghai Fund, GBA Fund, Zhihui Unicorn, PA GCC, RCIF, Jiaxin Zhizao, our Company and our then Shareholders, the aforementioned Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription of the increased registered capital of RMB4,491,717 at a consideration of RMB1,546,228,250. The relevant industrial and commercial registration change in respect of Series B Financing was completed on May 26, 2021.

21. Pursuant to the investment agreements dated January 13, 2022, June 8, 2022 and July 28, 2022, entered into by and among others, SME Huaying Fund, Beijing Yurun, Gongqingcheng Shenghe, our Company and our then Shareholders, the aforementioned Pre-[**REDACTED**] Investors agreed to invest in our Company by subscription of the increased registered capital of RMB827,296 at a consideration of RMB330,000,000. The relevant industrial and commercial registration change in respect of Series B+ Financing was completed on January 19, 2023.

22. Pursuant to the investment agreements dated February 27, 2025, March 18, 2025, March 26, 2025, April 10, 2025, April 11, 2025, April 14, 2025, April 23, 2025, May 5, 2025, May 15, 2025 and June 12, 2025, entered into by and among others, Sky9 Capital MVP Fund II, L.P., Shanghai Yunjiu No. 1 Venture Capital Investment Partnership (Limited Partnership) (上海雲玖一號創業投資合夥企業(有限合夥)), Shanghai Linke Bixin Private Equity Investment Fund Partnership (Limited Partnership) (上海臨科壁芯私募基金合夥企業(有限合夥)) ("**Linke Bixin**"), Guangzhou Industry Investment Major Projects Special Fund Partnership (Limited Partnership) (廣州產投重大項目投資專項基金合夥企業(有限合夥)) ("**Guangzhou Industry Investment**"), Knowledge City (Guangzhou) Industrial Park Development Group Co., Ltd. (知識城(廣州)產業園發展集團有限公司) ("**Knowledge City**") and our Company, certain Pre-[**REDACTED**] Investors agreed to subscribe for an aggregate of 5,443,125 shares of our Company at a consideration of approximately RMB2,397,750,230. The relevant industrial and commercial registration change in respect of strategic round investment was completed on June 20, 2025.

23. In June 2025, Shanghai Biliren and Mr. Zhang (as transferors) entered into share transfer agreements with Jiaxing Jiuyi Zhixin New Materials Industry Equity Investment Partnership (Limited Partnership) (嘉興久奕執信新材料產業股權投資合夥企業(有限合夥)) ("**Jiuyi Zhixin**"), Gongqingcheng Yunzhang Venture Capital Investment Partnership (Limited Partnership) (共青城雲章創業投資合夥企業(有限合夥)) ("**Gongqingcheng Yunzhang**"), Gongqingcheng Yunren Venture Capital Investment Partnership (Limited Partnership) (共青城雲仞創業投資合夥企業(有限合夥)) ("**Gongqingcheng Yunren**"), Xiamen Tanren Investment Partnership (Limited Partnership) (廈門探韌投資合夥企業(有限合夥)) ("**Xiamen Tanren**") and/or 3W Global II Ltd ("**3W Global**") (each of which as transferee), pursuant to which an aggregate of 156,353 shares, 119,179 shares, 238,359 shares, 167,892 shares and 407,940 shares of the Company were transferred to Jiuyi Zhixin, Gongqingcheng Yunzhang, Gongqingcheng Yunren, Xiamen Tanren and 3W Global, respectively, at an aggregate consideration of approximately RMB386.76 million. The consideration of such share transfers was completely settled on June 20, 2025.

24. Pursuant to the investment agreements dated July 10, 2025, July 21, 2025, July 29, 2025, July 30, 2025, July 31, 2025 and August 15, 2025, entered into by and among others, Minsheng Tonghui Asset Management Co., Ltd. (民生通惠資產管理有限公司) ("**Minsheng Tonghui**") and Turing Anchang, the Pre-[**REDACTED**] Investors agreed to subscribe for an aggregate 193,309,850 shares of our Company (taking into account the share subdivision approved by the then shareholders of the Company in June 2025) at a consideration of approximately RMB1,914,983,800. The relevant industrial and commercial registration change was completed on August 14, 2025.

25. For illustration purpose without taking into account the effect of the share subdivision approved by the then shareholders of the Company in June 2025. The cost per share would be RMB9.9063 taking into account the effect of the share subdivision.

26. In July and August, 2025, (i) Cyber Chief agreed to transfer 7,611,800 shares of the Company to Jupiter Global Master Fund Ltd. at a consideration of US$7,770,923.15; (ii) Julong Jingrun agreed to transfer 4,414,100 shares of the Company to Gongqingcheng Congtai Zhihe Venture Investment Partnership (Limited Partnership) (共青城崇泰智核創業投資合夥企業(有限合夥)) at a consideration of RMB35,000,000, (iii) Mr. Liang agreed to transfer 685,750 shares, 5,197,850 shares and 15,214,150 shares of the Company to Jiuyi Zhixin, Jiangsu Jianyin Investment Co., Ltd. (江蘇建銀投資有限公司) and Shanghai Biliren at an aggregate consideration of RMB43,203,083, and (iv) Shanghai SOE Reform Fund agreed to transfer 6,860,000 shares and 2,791,750 shares to Shenzhen Times Xinchuang No. 16 Investment Partnership (Limited Partnership) (深圳時代信創十六號投資合夥企業(有限合夥)) and Qingdao Tuling Anchi Investment Partnership (Limited Partnership) (青島圖靈安馳投資合夥企業(有限合夥)) at an aggregate consideration of RMB70,451,984. The consideration of such share transfers was completely settled on August 14, 2025.

Rights of the Pre-[REDACTED] Investors

Pursuant to the shareholders agreement dated June 13, 2025 (the "**Shareholders Agreement**"), the Pre-[**REDACTED**] Investors were granted customary special rights, including but not limited to (i) right of first refusal and co-sale, (ii) anti-dilution rights, (iii) liquidation rights, (iv) divestment rights, and (v) information rights. Pursuant to a termination agreement entered into by our Company with, among others, the then Shareholders of the Company dated June 25, 2025 (the "**Termination Agreement**"), (a) the divestment rights shall be terminated immediately before the submission of the [**REDACTED**] to the Hong Kong Stock Exchange by the Company (the "[**REDACTED**]"), subject to the reinstatement in the event that the [**REDACTED**] being returned or lapsed and the Company failing to refile within six months or other period as agreed by the parties or being rejected; and (b) all the other special rights in the Shareholders Agreement (including, among others, the rights of first refusal and co-sale and the information rights) shall be terminated from the [**REDACTED**].

Joint Sponsors' Confirmation

On the basis that (i) the [**REDACTED**] is expected to take place more than 120 clear days after the completion of our Company's last round of Pre-[**REDACTED**] Investment; and (ii) all the special rights granted to the Pre-[**REDACTED**] Investors shall cease to be effective and be terminated before the [**REDACTED**] (save for the divestment rights as described above), the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Information about our Pre-[REDACTED] Investors

Set out below is a description of our Pre-[**REDACTED**] Investors, including our Sophisticated Independent Investors. We have five Sophisticated Independent Shareholders, which are also our Pathfinder SIIs. Save for being a shareholder of our Company, each of our Sophisticated Independent Investors is independent from and not connected with any Director, chief executive or substantial shareholder of our Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules). Save as disclosed otherwise, each of the general partners, ultimate beneficial owners, and limited partners and shareholders holding 30% or more of the partnership or shareholding interests (as the case may be) of the Pre-[**REDACTED**] Investors is an Independent Third Party.

Our Pathfinder SIIs

Qiming Venture Partners

QM120 is a company incorporated under the laws of the British Virgin Islands and is owned by Qiming Venture Partners VI, L.P. ("**QVP**") and Qiming Managing Directors Fund VI, L.P. ("**QMDF**"). QVP and QMDF (collectively, the "**Qiming Funds**") are sophisticated investors operated by Qiming Venture Partners and are registered as exempted limited partnerships in the Cayman Islands, specializing in investing in early-stage companies in the technology & consumer and healthcare sectors. Qiming GP VI, L.P. is the general partner of QVP and Qiming Corporate GP VI, Ltd. is the general partner of Qiming GP VI, L.P. and QMDF. The voting and investment power of the Qiming Funds are exercised by Qiming Corporate GP VI, Ltd. Save and except Gary Edward Rieschel and Duane Ziping Kuang (each of whom is an Independent Third Party), no other shareholders of Qiming Corporate GP VI, Ltd. holds 30% or more of its shareholding interests. None of the limited partners of QVP and QMDF hold more than 30% of its partnership interest. Qiming Venture Partners is a leading venture capital firm in China, and its investment portfolio includes some of the most influential brands in their respective sectors. The assets under management of Qiming Venture Partners was over US$4.2 billion as of November 30, 2019[(1)], and over US$9.5 billion as of December 31, 2024, respectively.

In compliance with Rule 18C.05 of the Listing Rules, QM120 held approximately 4.78% and 5.58% of the total issued share capital of the Company, as of June 27, 2025 (being the date of submission of the Company's first [**REDACTED**]) and June 27, 2024 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

Country Garden Venture Capital

Huibi No. 2 is a limited partnership established under the laws of the PRC and its general partner is Guangzhou Cheng Hui Equity Investment Management Co., Ltd. (廣州成匯股權投資管理有限責任公司), which is ultimately controlled by Country Garden Holdings Company Limited (碧桂園控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 02007) ("**Country Garden Holdings**"). The largest limited partners of Huibi No. 2 are Country Garden Venture Capital and Foshan Shunde District Rongyue Enterprise Management Co., Ltd. (佛山市順德區榮躍企業管理有限公司), each holding 49.95% limited partnership interest. No other limited partners of Huibi No. 2 holds 30% or more of its partnership interests.

(1) being a date not more than six months prior to the date on which the relevant investor signed the relevant definitive agreement for their earliest investment in the Company.

Country Garden Venture Capital is a limited liability company established under the laws of the PRC in June 2019 and is ultimately controlled by Country Garden Holdings. As of June 30, 2020[(1)] and December 31, 2024, Country Garden Venture Capital had an aggregate size of investment portfolio under management of over HK$2 billion and over HK$5 billion which were derived from Specialist Technology investments, respectively. The investment team of Country Garden Venture Capital includes members with substantial experience in renowned investment banks and asset management companies and strong expertise in private equity and securities investment.

Country Garden Venture Capital was established in June 2019. At the initial stage of its establishment, the number and size of investment projects (particularly in Specialist Technology Industries) was relatively limited and growing. In 2021 and 2022, the fund has experienced significant growth in deal amount and size focusing on high-tech industries, such as semiconductors, next-generation technology and artificial intelligence. Hence, the number of investments managed by Country Garden Venture Capital in Specialist Technology Industries had increased over the years from 3 as of June 30, 2020 to over 10 as of December 31, 2024, which contributed to the overall growth of its portfolio size. Apart from the increase in the number of investee companies, the size of investment in monetary amount made by Country Garden Venture Capital in Specialist Technology Industries also grew. For example, in April 2021, it further invested in Unisoc Shanghai Technologies Co., Ltd. (紫光展銳(上海)科技股份有限公司), an investee company which it first invested in May 2020. Further, while Country Garden Venture Capital had managed a variety of portfolio companies engaged in the Specialist Technology Industries as of June 30, 2020, it took time for such early-stage investments to grow as the businesses of the portfolio companies matured, scaled and expanded, resulting in increased valuation and rapid growth of portfolio size of Country Garden Venture Capital as of December 2024 compared to that of June 2020.

Since its establishment and up to the Latest Practicable Date, the investment portfolio managed by Country Garden Venture Capital involved various companies across different fields and its investment management portfolio in Specialist Technology Industries included, among others, Unisoc Shanghai Technologies Co., Ltd. (紫光展銳(上海)科技股份有限公司), LandSpace Technology Co. Ltd. (藍箭航天空間科技股份有限公司), UtmoLight Co., Ltd. (極電光能有限公司), Phoenix Wings Technology (Shenzhen) Co., Ltd. (豐翼科技(深圳)有限公司), Zhejiang HC Intelligent Technology Co., Ltd. (浙江慧倉智能科技有限公司) and CXMT Group Co., Ltd. (長鑫科技集團股份有限公司).

In compliance with Rule 18C.05 of the Listing Rules, Huibi No. 2 and Country Garden Venture Capital in aggregate held approximately 3.47% and 4.05% of the total issued share capital of the Company, as of June 27, 2025 (being the date of submission of the Company's first [**REDACTED**]) and June 27, 2024 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

(1) being a date not more than six months prior to the date on which the relevant investor signed the relevant definitive agreement for their earliest investment in the Company.

Sky9 Capital

Sky9 Alpha is a limited company incorporated in Hong Kong and is wholly-owned by Sky9 Capital Fund IV, L.P., the general partner of which is Sky9 Capital Fund IV GP Ltd, which is ultimately controlled by Mr. Ronald CAO ("**Mr. Cao**").

Sky9 Capital MVP Fund II, L.P. ("**Sky9 Capital MVP**") is a limited partnership established in Cayman Islands, the general partner of which is Sky9 Capital MVP Fund II GP Ltd., which is ultimately controlled by Mr. Cao. None of the limited partners of Sky9 Capital MVP holds more than 30% of its partnership interest.

Shanghai Yunjiu No. 1 Venture Capital Investment Partnership (Limited Partnership) (上海雲玖一號創業投資合夥企業(有限合夥)) ("**Yunjiu No. 1**") is a limited partnership established in the PRC, the general partner of which is Shanghai Yunyong Investment Management Co., Ltd. (上海沄湧投資管理有限公司), which is ultimately controlled by Mr. Cao. There is a limited partner which holds more than 30% of the partnership interest of Yunjiu No. 1.

Sky9 Alpha, Sky9 Capital MVP and Yunjiu No. 1 are funds managed by Sky9 Capital. Sky9 Capital is a leading early-stage focused venture capital firm with a presence in Beijing, Shanghai, Singapore, and San Francisco, dedicated to supporting disruptive technologies and outstanding innovators around the world. The partners of Sky9 Capital have invested in numerous global technology companies (including Specialist Technology companies) such as PDD Holdings (a company listed on the Nasdaq, symbol: PDD), Zhongji Innolight Co. (中際旭創股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300308), Full Truck Alliance (a company listed on the New York Stock Exchange, symbol: YMM), FinVolution (a company listed on the New York Stock Exchange, symbol: FINV), Xtalpi (晶泰科技) (a company listed on the Hong Kong Stock Exchange, stock code: 2228), WeRide (a company listed on the Nasdaq, symbol: WRD), Energy Monster (a company listed on the Nasdaq, symbol: EM), QingCloud Technologies (北京青雲科技集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688316), Webull (a company listed on the Nasdaq, symbol: BULL), 51World (北京五一視界數字孿生科技股份有限公司), Rox Motor (極石汽車) and others.

As of June 30, 2020(1), the fair value of Sky9 Capital's investment in Specialist Technology companies exceeded US$88.21 million. As of December 31, 2024, the fair value of Sky9 Capital's investment in Specialist Technology companies exceeded US$749.46 million.

(1) being a date not more than six months prior to the date on which the relevant investor signed the relevant definitive agreement for their earliest investment in the Company.

In compliance with Rule 18C.05 of the Listing Rules, Sky9 Alpha, Sky9 Capital MVP and Yunjiu No. 1 collectively held approximately 2.88% and 1.55% of the total issued share capital of the Company, as of June 27, 2025 (being the date of submission of the Company's first [**REDACTED**]) and June 27, 2024 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

Zhuhai Gree

Zhuhai Gree is a limited liability company established under the laws of the PRC. Zhuhai Gree is wholly owned by Zhuhai Gree Financial Investment Management Co., Ltd. (珠海格力金融投資管理有限公司), which is in turn ultimately controlled by Zhuhai Gree Group Co., Ltd. (珠海格力集團有限公司) ("**Gree Group**"), a state-owned capital investment platform based in Zhuhai. Gree Group is owned as to 90% by the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government (珠海市人民政府國有資產監督管理委員會) and no other shareholders of it holds more than 30% of its equity interests. Since its establishment, Gree Group has grown into the largest leading state-owned enterprise in Zhuhai, with its main credit rating reaching AAA.

Gree Group has invested in other renowned companies engaged in different industries, such as Gree Electric Appliances, Inc. of Zhuhai (珠海格力電器股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000651), Zhuhai Aerospace Microchips Science & Technology Co., Ltd. (珠海航宇微科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300053), Kintor Pharmaceutical Limited (開拓藥業有限公司) (a company listed on the Stock Exchange, stock code: 9939) and Guangzhou Yangpu Medical Technology Co., Ltd. (廣州陽普醫療科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300030).

As of December 31, 2019[(1)] and December 31, 2024, the aggregate size of investment portfolio of Gree Group was over HK$15 billion, respectively.

In compliance with Rule 18C.05 of the Listing Rules, Zhuhai Gree held approximately 2.39% and 2.79% of the total issued share capital of the Company, as of June 27, 2025 (being the date of submission of the Company's first [**REDACTED**]) and June 27, 2024 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

(1) being a date not more than six months prior to the date on which the relevant investor signed the relevant definitive agreement for their earliest investment in the Company.

Green Pine Capital Partners

Shenzhen Songhe is a limited liability partnership established under the laws of the PRC. The general partner of Shenzhen Songhe is Shenzhen Songhe Growth Private Equity Fund Management Co., Ltd. (深圳市松禾成長私募股權基金管理有限公司), which is held as to 55% by Mr. Li Wei (厲偉), and there is no other shareholder holding more than 30% of the shareholding interest in Shenzhen Songhe Growth Private Equity Fund Management Co., Ltd.. None of the limited partners of Shenzhen Songhe holds more than 30% of its partnership interest.

Shenzhen Songhe is operated under Green Pine Capital Partners, which was founded by Mr. Li Wei (厲偉) and Mr. Luo Fei (羅飛), a venture capital firm specializing on strategic emerging industries including digital technology, precision medicine and next generation materials and is committed to becoming a technology investment institution with global influence. Green Pine Capital Partners has invested in other renowned companies engaged in different industries such as SenseTime Group Inc. (商湯集團股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0020), UBTech Robotics Corp Ltd. (深圳市優必選科技股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 9880), Shenzhen Dobot Corp Ltd (深圳市越疆科技股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 2432) and Akrostar Technology Co., Ltd. (芯耀輝科技有限公司). As of December 31, 2019[(1)] and December 31, 2024, the aggregate size of funds managed by Green Pine Capital Partners was over HK$15 billion, respectively.

In compliance with Rule 18C.05 of the Listing Rules, Shenzhen Songhe held approximately 2.08% and 2.43% of the total issued share capital of the Company, as of June 27, 2025 (being the date of submission of the Company's first [**REDACTED**]) and June 27, 2024 (being the commencement date of the pre-[**REDACTED**] 12-month period), respectively.

Our Other Key Pre-*[REDACTED] *Investors

We set out below descriptions of our other key Pre-[**REDACTED**] Investors (which held more than 1% of our total issued share capital as of the Latest Practicable Date) which, together with Mr. Zhang, Shanghai Biliren, Mr. Liang and the Sophisticated Independent Investors, held approximately 80% of our total issued share capital as of the Latest Practicable Date:

Zhuhai Da Heng Qin

Zhuhai Da Heng Qin is a limited liability company established under the laws of the PRC, which is held as to 51% by China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) through Zhuhai Yuexinchen Investment Co., Ltd. (珠海市粵信宸投資有限責任公司), and as to 49% by Zhuhai Da Heng Qin Real Estate Co., Ltd. (珠海大橫琴置業有限公司). The ultimate beneficial owner of China Cinda Asset Management Co., Ltd. is Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a wholly state-owned company.

Yuanqi Liqian and Beijing Yurun

Yuanqi Liqian is a limited partnership established under the laws of the PRC. Its general partner is Shenzhen GL Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) (an Independent Third Party), and its limited partners are private equity funds registered with Asset Management Association of China. Shenzhen GL Tiancheng III Investment Co., Ltd. is held as to 55% by Ms. Zhang Haiyan (張海燕), an Independent Third Party, and there is no other shareholder holding 30% or more of the shareholding interest. Limited partners holding 30% or more of the partnership interest of Yuanqi Liqian includes Shenzhen GL Muqi Equity Investment Fund Partnership (Limited Partnership) holding 50.1143% of the limited partnership interests in Yuanqi Liqian and Xiamen GL Ruiqi Equity Investment Fund Partnership (Limited Partnership) holding 36.4184% of the partnership interests in Yuanqi Liqian.

Beijing Yurun is a limited partnership established under the laws of the PRC. Beijing Yurun is a private equity investment fund registered with Asset Management Association of China. Its general partner is Beijing GL Yuqing Investment Management Co., Ltd. (北京高瓴裕清投資管理有限公司), an Independent Third Party. No limited partner of Beijing Yurun holds more than 30% of the limited partnership interest. Beijing GL Yuqing Investment Management Co., Ltd. is owned as to 55% ultimately by Ms. Zhu Xiuhua (朱秀花), an Independent Third Party. No other ultimate beneficial owner holds 30% or more of the shareholding interest in Beijing GL Yuqing Investment Management Co., Ltd.

Qingdao Huaxin Anchor

Qingdao Huaxin Anchor is a limited partnership established under the laws of the PRC. Its general partner, Qingdao Anchor Technology Investment and Development Co., Ltd. (青島錨點科技投資發展有限公司), is controlled by Mr. Lin WANG (王林), a director of the Company. No limited partners of Qingdao Huaxin Anchor hold more than 30% of the limited partnership interest.

Clear Affluent

Clear Affluent is a company registered under the laws of the British Virgin Islands with limited liability and is principally engaged in equity investment. It is owned by 12 Independent Third Parties, none of which owned more than 30%. As confirmed by Clear Affluent, they have no ultimate beneficial owner.

Shanghai Shanghe

Shanghai Shanghe Technology Development Co., Ltd. (上海熵和科技發展有限公司) ("**Shanghai Shanghe**") is a limited liability company established under the laws of the PRC, and held by an Independent Third Party investor.

Linke Bixin

Linke Bixin is a limited partnership established under the laws of the PRC. Its general partner is Shanghai Lingang Science and Technology Innovation Investment Management Co., Ltd. (上海臨港科創投資管理有限公司) ("**Lingang Science and Technology**"). Lingang Science and Technology is held as to 40% by Shanghai Lingzhi Enterprise Management Center (Limited Partnership) (上海靈致企業管理中心(有限合夥)) ("**Shanghai Lingzhi**", a limited partnership which Wei WU (吳巍) held 97% of the limited partnership interest), and as to 30% by Shanghai Linchuang Investment Management Co., Ltd. (上海臨創投資管理有限公司) (a limited liability company which Shanghai State-owned Assets Supervision and Administration Commission indirectly controls approximately 63% of the shareholding interest) and Shenzhen High Hope Investment Management Co., Ltd. (深圳市厚望投資管理有限公司) (a limited liability company which Zhijie ZENG (曾之杰) held 99% of the shareholding interest), respectively. The general partner of Shanghai Lingzhi is Lingsheng (Shanghai) Commercial Consultation Co., Ltd. (靈升(上海)商務諮詢有限公司), a limited liability company wholly-owned by Wei WU.

Linke Bixin is held as to 40%, 40% and 20%, respectively, by three Independent Third Parties as limited partners, namely Shanghai Minhang Financial Investment Development Co., Ltd. (上海閔行金融投資發展有限公司) (a limited liability company which is wholly-owned by Shanghai Minhang District State-owned Assets Supervision and Administration Commission), Shanghai Artificial Intelligence Industry Equity Investment Fund Partnership (Limited Partnership) (上海人工智能產業股權投資基金合夥企業(有限合夥)) (a limited partnership ultimately controlled by Wei WU, with no limited partner holding more than 30% of the partnership interest), and Shanghai Guotou Leading Artificial Intelligence Private Equity Investment Fund Partnership (Limited Partnership) (上海國投先導人工智能私募投資基金合夥企業(有限合夥)). The general partner of Shanghai Artificial Intelligence Industry Equity Investment Fund Partnership (Limited Partnership) is Shanghai Artificial Intelligence Industrial Investment Management Center (Limited Partnership) (上海人工智能產業投資管理中心(有限合夥)), the general partner of which is Lingang Science and Technology.

Minsheng Tonghui

Minsheng Tonghui Asset Management Co., Ltd. (民生通惠資產管理有限公司) ("**Minsheng Tonghui**") is a limited liability company established under the laws of the PRC. Minsheng Tonghui is wholly owned by Minsheng Life Insurance Co., Ltd. (民生人壽保險股份有限公司) ("**Minsheng Life**"), which is ultimately owned by Weiding LU (魯偉鼎). The largest shareholder of Minsheng Life is China Wanxiang Holding Limited (中國萬向控股有限公司), holding approximately 37% of Minsheng Life, and is owned as to 70.95% by Weiding LU, an Independent Third Party, and 20% by Shanghai Guandingze Co., Ltd. (上海冠鼎澤有限公司), a company owned as to 70% by Weiding LU. No other shareholders of Minsheng Life holds more than 30% of its equity interests.

Minsheng Tonghui is principally engaged in fixed income investment, equity investment, etc.

IDG Capital

Champ Earn is a limited liability company established in Hong Kong, and its controlling shareholder is IDG China Venture Capital Fund V L.P., an Independent Third Party holding 94.61% of the equity interests therein. The ultimate beneficial owners of IDG China Venture Capital Fund V L.P. are Chi Sing HO and Quan ZHOU, both being Independent Third Parties. IDG China Venture Capital Fund V L.P. is a venture capital fund that mainly invests in seed-stage and growth-stage companies in China, focusing on information technology, media, healthcare, energy, clean technology, non-technology consumer business and service-related industries sectors, including but not limited to companies engaged in the software, internet, telecommunications, media, and managed healthcare businesses.

PA GCC

PA GCC is a limited liability company established under the laws of the Cayman Islands and is indirectly controlled by Ping An Insurance Overseas (Holdings) Company of China Co., Ltd. (中國平安保險海外(控股)有限公司), which is in turn wholly owned by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a listed company whose A Shares are listed on the Shanghai Stock Exchange (stock code: 601318) and H Shares are listed on the Hong Kong Stock Exchange (stock code: 2318).

Huzhou Jingxin

Huzhou Jingxin is a limited partnership established under the laws of the PRC. Its general partner is Xinyan LI (李新燕), an Independent Third Party. The limited partner of Huzhou Jingxin is Shandong Yizhou Energy Co., Ltd. (山東沂州能源股份有限公司), a company ultimately wholly owned by Jianqun ZHANG (張劍群), an Independent Third Party, holding approximately 99.8% of partnership interest in Huzhou Jingxin.

V Fund

Ningbo Meishan Xingyinfeng, Gongqingcheng Fengjue, Gongqingcheng Yunzhang and Gongqingcheng Yunren are all limited partnerships established under the laws of the PRC. The general partner of Ningbo Meishan Xingyinfeng is Dongtai Yunchang Investment Management Partnership (Limited Partnership) (東台雲暢投資管理合夥企業(有限合夥)), of which, along with Gongqingcheng Fengjue, Gongqingcheng Yunzhang and Gongqingcheng Yunren, the general partner is Beijing Yunhui Private Equity Fund Management Co., Ltd. (北京雲暉私募基金管理有限公司) ("**V Fund**"), which is held as to 25% by Feng ZHU (朱鋒), 25% by Aimin DUAN (段愛民), 25% by Yanpin XIONG (熊焱嬪) and 25% by Xing LI (李星), respectively, each being an Independent Third Party. The single largest limited partner of Gongqingcheng Fengjue is Gongqingcheng Ruixin No. 6 Venture Capital Partnership (Limited Partnership) (共青城睿芯六號創業投資合夥企業(有限合夥)), holding 99.7234% of the partnership interests therein. The largest limited partners of Ningbo Meishan Xingyinfeng are Dongxiu XIAO (肖冬秀) and Shenzhen Hepuyuan Industrial Co., Ltd. (深圳市和浦園實業有限公司), each holding

more than 30% of the partnership shares therein. The largest limited partner of Gongqingcheng Yunzhang is Hong XIE (謝紅), holding 33.47% of the partnership interests in Gongqingcheng Yunzhang. None of the limited partners of Gongqingcheng Yunren holds more than 30% of the partnership interests therein.

V Fund is a private equity investment management firm established in early 2016, focusing on investments in the hard technology sector.

Lobelia

Lobelia is a limited liability company incorporated in the BVI and is controlled by C Ventures Fund II L.P., which is a venture capital fund and its general partner is C Ventures Fund Ltd., which is a limited liability company ultimately wholly-owned by Youngtimers AG, a company listed in Switzerland (ticker: YTME). C Ventures Fund II L.P. is managed by its investment manager, C Ventures Fund II Investment Manager LLC, a Delaware company, and its sub-investment manager, C Capital Investment Management Limited, a Hong Kong SFC licensed entity, both of which are Independent Third Parties. The single largest shareholder of Lobelia is Classic Flame Limited, which holds 37.5% of its total issued shares. No other shareholders of Lobelia holds more than 30% of its equity interests.

Meridian Capital

SME Huaying Fund is a limited partnership established under the laws of the PRC. Its general partner is Meridian Capital Management Co., Ltd. (華映資本管理有限公司), an Independent Third Party which is held as to 50% by Shanghai Yitong Investment Co., Ltd. (上海億彤投資有限公司) (ultimately controlled by Yuying QU (瞿玉英)) and 50% by Shanghai Honglang Investment Management Co., Ltd. (上海弘朗投資管理有限公司) (ultimately controlled by Jin YING (應瑾)), respectively.

Meridian Capital Management Co., Ltd. is a leading comprehensive private equity investment institution in China, and one of the earliest private equity investment institution with extensive layout and rich experience in the digital field in China. The single largest limited partner of SME Huaying Fund is Suzhou Huaying Phase VI Investment Partnership (Limited Partnership) (蘇州華映六期投資合夥企業(有限合夥)), holding approximately 31.87% of the partnership interest therein. No other limited partners of SME Huaying Fund holds more than 30% of the limited partnership interest.

Harvest Capital

Jiaxin Zhizao is a limited partnership established under the laws of the PRC. Its general partner is Shenzhen Qianhai Hongzhao Fund Management Co., Ltd. (深圳前海宏兆基金管理有限公司), an Independent Third Party, and is held as to 95% by Lianni YAO (姚漣妮), an Independent Third Party. The largest limited partner of Jiaxin Zhizao is Harvest Capital Management Ltd. (嘉實資本管理有限公司), which holds approximately 86.42% partnership interests in Jiaxin Zhizao and acts as a manager representing two collective asset management schemes. No other limited partners of Jiaxin Zhizao holds more than 30% of its equity interests. Harvest Capital Management Ltd. is a holding subsidiary of Harvest Fund Management Company Limited (嘉實基金管理有限公司), which has no de facto controller.

Source Code Capital

Suzhou Yuanqi is a limited partnership established under the laws of the PRC. Its general partner is Ningbo Yuanzhang Investment Management Partnership (Limited Partnership) (寧波源章投資管理合夥企業(有限合夥)), of which the general partner is Hangzhou Yuanwei Management Consulting Co., Ltd. (杭州源未管理諮詢有限公司), which is ultimately controlled by Yi CAO (曹毅), an Independent Third Party. No limited partners of Suzhou Yuanqi holds more than 30% of the limited partnership interest.

Matrice Capital is a limited company incorporated in Hong Kong. The sole shareholder of Matrice Capital is Source Code Venture Fund IV L.P. ("**Source Code Fund IV**"). Source Code Fund IV is a private fund registered in the Cayman Islands. There is no entity or individual holding 30% or more of the partnership interest in Source Code Fund IV.

Jiuyi Investment

Jiaxing Jiuyi Xinyuan New Energy Venture Capital Investment Partnership (Limited Partnership) (嘉興久奕鑫芫新能源創業投資合夥企業(有限合夥)) ("**Jiuyi Xinyuan**") and Jiuyi Zhixin are limited partnerships established under the laws of the PRC, of which the general partner is Shanghai Jiuyi Yonglin Private Equity Fund Management Co., Ltd., which is indirectly wholly owned by Shanghai Jiuyi Yongyan Investment Management Co., Ltd. Shanghai Jiuyi Yongyan Investment Management Co., Ltd. is held as to 51% by Lei Jun OUYANG and 49% by Xiaoming WANG.

The largest limited partner of Jiuyi Xinyuan is Shanghai Holystar Electrical Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688330, stock short name: Holystar), which holds 36.23% of limited partnership interests. The largest limited partner of Jiuyi Zhixin is Jiangsu Jianyin Investment Co., Ltd. ("**Jiangsu Jianyin**"), which holds 36.84% of limited partnership interests. Jiangsu Jianyin also holds approximately 18.12% of the partnership interests in Jiuyi Xinyuan. Jiangsu Jianyin is also a Shareholder of our Company, holding approximately 0.25% of our Company as of the Latest Practicable Date. No other limited partners of Jiuyi Xinyuan or Jiuyi Zhixin holds more than 30% of the partnership interests therein.

Hangzhou Unicorn

Hangzhou Unicorn is a limited partnership established under the laws of the PRC. It has been registered as a private equity investment fund with the Asset Management Association of China (Fund Code: SJN148). The general partner and fund manager of Hangzhou Unicorn is Shenzhen Qianhai Honghao Asset Management Co., Ltd. (深圳市前海鴻灝資產管理有限公司), an Independent Third Party controlled by Ting HAO (郝婷) and is a private equity and venture capital fund manager registered with the Asset Management Association of China (Registration Code: P1021681). Shenzhen Qianhai Honghao Asset Management Co., Ltd. focuses on initiating, setting up and managing private investment funds to carry out investments in initial start-up and expansion phases growth venture capital. It invests in high-tech projects such as artificial intelligence and high-end manufacturing, including key hardware, algorithmic models, basic application technology, product integration and application, etc. The single largest limited partners of Hangzhou Unicorn are Huiling CHEN (陳惠玲) and Shenzhen Jiaren Innovation Technology Co., Ltd. (深圳嘉仞創新科技有限公司), each holding approximately 11.90% of the partnership interests. No limited partner of Hangzhou Unicorn holds more than 30% of the partnership interests therein.

Pro Capital

Tianjin Yuheng is a limited partnership established under the laws of the PRC. Its general partner is Zhuhai Pusheng Enterprise Management Co., Ltd. (珠海普盛企業管理有限公司), an Independent Third Party, which in turn is held by Biao GUO (郭飆) and Chenhao XU (徐晨昊) as ultimate beneficial owners. Biao GUO and Chenhao XU are partners of Pro Capital (普羅資本). Pro Capital focuses on equity investments in advanced manufacturing industries in the PRC, including integrated circuits, high-end manufacturing and new energy, etc. The single largest limited partner of Tianjin Yuheng is Pro Haihe Technology Manufacturing Industry Investment Fund (Tianjin) Partnership (Limited Partnership) (普羅海河科技製造產業投資基金(天津)合夥企業(有限合夥)), an Independent Third Party, which holds 70.4225% of the limited partnership interest of Tianjin Yuheng. No other limited partners of Tianjin Yuheng holds more than 30% of the partnership interests therein.

Turing PE

Qingdao Turing Anqian Investment Partnership (Limited Partnership) (青島圖靈安乾投資合夥企業(有限合夥)) ("**Turing Anqian**"), Qingdao Turing Anchang Investment Partnership (Limited Partnership) (青島圖靈安昌投資合夥企業(有限合夥)) ("**Turing Anchang**") and Qingdao Turing Anchi Investment Partnership (Limited Partnership) (青島圖靈安馳投資合夥企業(有限合夥)) ("**Turing Anchi**") are limited partnerships established under the laws of the PRC, of which the general partner is Hangzhou Turing Asset Management Co., Ltd. (杭州圖靈資產管理有限公司) ("**Turing PE**"). Turing PE is held as to approximately 82% by Xiaoyan WANG (王曉妍), an Independent Third Party. The single largest limited partner of Turing Anchang is Luzhou Puxin Equity Investment Fund Partnership (Limited Partnership) (瀘州璞信股權投資基金合夥企業(有限合夥)), holding approximately 39.88% of the partnership interests therein. The single largest limited partners of Turing Anchi are Zuoqin LAI (賴作勤) and Wei DENG (鄧煒), each holding approximately 49.98% of the partnership interests therein. No other limited partners of Turing Anqian, Turing Anchang or Turing Anchi holds 30% or more of the partnership interests therein, respectively.

Turing PE focuses on investing in the semiconductor, defense, new energy, artificial intelligence, and medical device industries. The investment portfolio of Turing PE includes, among others, NetEase Cloud Music Inc. (a company listed on the Hong Kong Stock Exchange, stock code: 9899), Dingdang Health Technology Group Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 9886) and Shanghai New Vision Microelectronics Co., Ltd. (上海新相微電子股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688593).

Ruiyu Capital

Jiaxing Yufeng and Jiaxing Yuzhen are limited partnerships established under the laws of the PRC. None of the limited partners of Jiaxing Yufeng and Jiaxing Yuzhen hold more than 30% of the limited partnership interests therein. The general partner and fund manager of Jiaxing Yufeng and Jiaxing Yuzhen is Jiaxing Ruiyu Equity Investment Co., Ltd. (嘉興瑞譽股權投資有限公司), which is wholly-owned by Wang Yu (王宇), all being Independent Third Parties, which invests in investment sectors including healthcare and technology.

3W Fund

3W Global is a limited liability company established under the laws of the Cayman Islands, and a wholly-owned subsidiary of 3W Global Fund. No single investor holds 30% or more interests in 3W Global Fund. 3W Global Fund is managed by 3W Fund Management Limited as its investment manager, an investment management firm with expertise in equity investments. 3W Fund Management Limited is wholly owned by Mr. Weiwei WU.

Meaningful Investment from Pathfinder SIIs and Sophisticated Independent Investors

We have received investments from five Pathfinder SIIs, namely QM120, Country Garden Venture Capital (comprising Country Garden Venture Capital and Huibi No. 2), Sky9 Capital (comprising Sky9 Alpha, Sky9 Capital MVP and Yunjiu No. 1), Zhuhai Gree and Shenzhen Songhe, each having invested in the Group for at least 12 months prior to the first submission of our [**REDACTED**] to the Stock Exchange, in aggregate hold more than 10% of the issued share capital of the Company as at the date of our [**REDACTED**] and throughout the 12-month period prior to the [**REDACTED**]. Further, each of QM120 and Country Garden Venture Capital (comprising Country Garden Venture Capital and Huibi No. 2) holds more than 3% of the issued share capital of the Company as at the date of our [**REDACTED**] and throughout the 12-month period prior to the [**REDACTED**].

As at the Latest Practicable Date, our Sophisticated Independent Investors (as identified above) held, in aggregate, approximately 15.62% in the total issued share capital of our Company. At [**REDACTED**], such Sophisticated Independent Investors will hold, in aggregate, no less than [**REDACTED**]% in the total issued share capital of our Company, assuming that our expected market capitalization at the time of [**REDACTED**] will exceed HK$[**REDACTED**].

PUBLIC FLOAT

Following the conversion of the Unlisted Shares into H Shares and upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):

(a) a total of 1,238,013,076 Unlisted Shares held by our Shareholders (including Shares held by Mr. Zhang, our executive Director, and Shanghai Biliren, being a member of the Single Largest Group of Shareholders) will not be converted into H Shares and [**REDACTED**] on the Stock Exchange, and therefore will not be counted as part of the public float, representing [**REDACTED**]% of our issued share capital in aggregate;

(b) a total of [**REDACTED**] Unlisted Shares held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company) (details of which are set out in the paragraph headed "Capitalization of our Company" in this section below) will be converted into H Shares and [**REDACTED**] on the Stock Exchange, and therefore will be counted as part of the public float, representing [**REDACTED**]% of our issued share capital in aggregate; and

(c) a total of [**REDACTED**] H Shares issued pursuant to the [**REDACTED**] will be counted as part of the public float, representing [**REDACTED**]% of our issued share capital in aggregate.

Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), a total of [**REDACTED**] H Shares, representing [**REDACTED**]% of our total issued share capital upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) will be counted as part of the public float.

With respect to the indicative [**REDACTED**] range of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low end, mid-point and the upper-end of the [**REDACTED**], respectively), the expected market value of the Company's Shares would exceed HK$[**REDACTED**]. Pursuant to Rule 19A.13A(1) of the Listing Rules, at least [**REDACTED**]% of the total number of H Shares must at the time of the [**REDACTED**] be held by the public. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A immediately upon [**REDACTED**].

LOCK-UP AND FREE FLOAT REQUIREMENT UNDER THE LISTING RULES

Rules 18C.14 of the Listing Rules provides that certain persons and their respective close associates, as identified in the [**REDACTED**] document of a Specialist Technology Company, must not, and must procure that the relevant registered holder(s) must not, in the period commencing on the [**REDACTED**] and ending on the applicable dates upon the expiry of the period as prescribed under Rule 18C.14 of the Listing Rules, 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 shares (except as permitted under Chapter 18C of the Listing Rules). Details of the Shareholders which are subject to lock-up under Rules 18C.14 of the Listing Rules are as follows:

Name of Shareholder	Capacity	Number of Shares	Ownership percentage as of the [REDACTED][(1)]	Lock-up period
Mr. Zhang	Founder of our Group, an executive Director and Chief Executive Officer	183,174,800	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 12 months from the [**REDACTED**]
Shanghai Biliren	Close associate of Mr. Zhang	191,221,400[(2)]	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 12 months from the [**REDACTED**]
QM120	Pathfinder SII	91,773,400	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 6 months from the [**REDACTED**]
Country Garden Venture Capital (comprising Shares held by Country Garden Venture Capital and Huibi No. 2)	Pathfinder SII	66,597,200[(3)]	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 6 months from the [**REDACTED**]

Name of Shareholder	Capacity	Number of Shares	Ownership percentage as of the [REDACTED][(1)]	Lock-up period
Sky9 Capital (comprising Shares held by Sky9 Alpha, Sky9 Capital MVP and Yunjiu No. 1)	Pathfinder SII	55,270,450[(4)]	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 6 months from the [**REDACTED**]
Zhuhai Gree	Pathfinder SII	45,904,650	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 6 months from the [**REDACTED**]
Shenzhen Songhe	Pathfinder SII	39,967,350	[REDACTED]%	Commencing on the date of this Document and ending on the expiry of 6 months from the [**REDACTED**]

Notes:

1. On the basis that [**REDACTED**] Shares are expected to be in issue immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

2. Shanghai Biliren is our employee incentive platform. We had granted Share Options to selected participants under the Pre-[**REDACTED**] Employee Incentive Scheme for indirect limited partnership interests in 31 limited partners of Shanghai Biliren. As of the Latest Practicable Date, four of our Directors (including Mr. Zhou HONG, our Chief Technology Officer, and Mr. Linglan ZHANG, our Chief Operating Officer, who are also key management and core members of our R&D team) were limited partners of four of the limited partners of Shanghai Biliren, including (i) Limited Partnership 1 (a limited partner of Shanghai Biliren holding 46.54% of its partnership interests), whereby Mr. Zhou HONG, Mr. Linglan ZHANG and Mr. Luting PAN held 35.32%, 22.91% and 1.28% of the partnership interests of Limited Partnership 1; (ii) Limited Partnership 2 (a limited partner of Shanghai Biliren holding approximately 9.08% of its partnership interests), whereby Mr. Xiao held 2.53% of the partnership interests of Limited Partnership 2; (iii) Limited Partnership 3 (a limited partner of Shanghai Biliren holding 1.95% of its partnership interests), whereby Mr. Xiao held 66.89% of the partnership interests of Limited Partnership 3; and (iv) Limited Partnership 31 (a limited partner of Shanghai Biliren holding 2.83% of its partnership interests), whereby Mr. Luting PAN held 17.23% of the partnership interests of Limited Partnership 31. Such partnership interests held by our four executive Directors in

the limited partners of Shanghai Biliren will be subject to lock-up period ending on the expiry of 12 months from the [**REDACTED**]. Save as disclosed above, there is no other senior management or key management and core members of our R&D team who holds any interest in our Company.

3. Includes 33,298,600 Shares held by Huibi No. 2 and 33,298,600 Shares held by Country Garden Venture Capital.

4. Includes 29,194,700 Shares held by Sky9 Alpha, 20,400,500 Shares held by Sky9 Capital MVP and 5,675,250 Shares held by Yunjiu No. 1.

Under Rule 19A.13C(1) of the Listing Rules, the portion of the class of Shares for which [**REDACTED**] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of [**REDACTED**], must (i) represent at least 10% of the total number of issued Shares in the class of Shares for which [**REDACTED**] is sought (excluding treasury shares), with an expected market value at the time of [**REDACTED**] of not less than HK$50,000,000; or (2) have an expected market value at the time of [**REDACTED**] of not less than HK$600,000,000. It is expected that immediately following completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, a total of [**REDACTED**] H Shares, representing [**REDACTED**]% of the issued share capital of the Company upon [**REDACTED**] with a market capitalization of approximately HK$[**REDACTED**] are not subject to any disposal restrictions at the time of [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-end of the indicative [**REDACTED**] range). Therefore, our Company will be able to meet the minimum free float requirement under Rule 19A.13C(1) of the Listing Rules.

ACTING IN CONCERT AGREEMENT AND VOTING PROXY AGREEMENT

To jointly control the decision-making and operational management of our Company at its shareholders' meetings, Mr. Zhang and Shanghai Biliren had entered into the AIC Agreement, pursuant to which they confirmed and acknowledged, since the establishment of the Company, they have been acting in concert to control the decision-making and operational management of our Company in its shareholders' meetings. In the event the parties are unable to reach consensus on matters of our Company, Shanghai Biliren shall act in accordance with the instructions of Mr. Zhang. Further, given that the general partner of Shanghai Biliren and the general partners of the limited partners of Shanghai Biliren are not parties of the AIC Agreement, in order to further consolidate and entrench Mr. Zhang's control over Shanghai Biliren, Mr. Zhang entered into a voting proxy agreement with, among others, Shanghai Zhuoren, a limited liability company wholly-owned by Mr. Xiao (as the general partner of Shanghai Biliren and certain limited partners of Shanghai Biliren) and the general partners of all other limited partners of Shanghai Biliren, pursuant to which each of them has agreed and confirmed they have irrevocably and unconditionally proxied their voting rights and other rights as the general partner of Shanghai Biliren and/or the other limited partners of Shanghai Biliren and/or shareholder of Shanghai Zhuoren (as the case maybe) to Mr. Zhang, and thus Mr. Zhang is in a position to control Shanghai Biliren.

CAPITALIZATION OF OUR COMPANY

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

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	**Number of Shares**	**Approximate ownership percentage**	**Number of H Shares Held**	**% of issued H Shares**	**Number of Unlisted Shares Held**	**% of issued Unlisted Shares**	**Approximate ownership percentage**
Shanghai Biliren[A]	191,221,400	9.06%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhang[A]	183,174,800	8.68%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
QM120[B]	91,773,400	4.35%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Shanghe[B]	87,036,150	4.12%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
SOEs within Guangdong Province							
Zhuhai Gree[B]	45,904,650	2.17%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Guangzhou Industry Investment[D]	19,068,800	0.90%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Knowledge City[D]	19,068,800	0.90%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**84,042,250**	**3.98%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Zhuhai Da Heng Qin[C]	80,717,950	3.82%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Yuanqi Liqian and Beijing Yurun							
Yuanqi Liqian[B]	60,446,300	2.86%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Beijing Yurun[B]	9,401,100	0.45%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**69,847,400**	**3.31%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Country Garden Venture Capital							
Huibi No. 2[C]	33,298,600	1.58%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Country Garden Venture Capital[C]	33,298,600	1.58%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**66,597,200**	**3.15%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Liang[C]	65,234,050	3.09%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Qingdao Huaxin Anchor[B]	62,299,150	2.95%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Clear Affluent[B]	59,570,100	2.82%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Linke Bixin[B]	56,752,400	2.69%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	Number of Shares	Approximate ownership percentage	Number of H Shares Held	% of issued H Shares	Number of Unlisted Shares Held	% of issued Unlisted Shares	Approximate ownership percentage
Sky9 Capital							
Sky9 Alpha[B]	29,194,700	1.38%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Sky9 Capital MVP[B]	20,400,500	0.97%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Yunjiu No. 1[B]	5,675,250	0.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**55,270,450**	**2.62%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Minsheng Tonghui[C]	50,472,950	2.39%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Champ Earn[D]	49,850,450	2.36%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
PA GCC[D]	47,573,650	2.25%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shenzhen Songhe[D]	39,967,350	1.89%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Huzhou Jingxin[D]	36,217,700	1.72%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
V Fund							
Gongqingcheng Yunren[B]	11,917,950	0.56%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ningbo Meishan Xingyinfeng[B]	8,076,500	0.38%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongqingcheng Yunzhang[B]	5,958,950	0.28%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongqingcheng Fengjue[B]	5,671,650	0.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**31,625,050**	**1.50%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Lobelia[D]	30,447,100	1.44%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
SME Huaying Fund[B]	29,219,700	1.38%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiaxin Zhizao[D]	29,049,500	1.38%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiuyi Investment							
Jiuyi Xinyuan[D]	14,755,650	0.70%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiuyi Zhixin[B]	11,717,100	0.56%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**26,472,750**	**1.25%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Source Code Capital							
Suzhou Yuanqi[D]	13,063,650	0.62%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Matrice Capital[D]	13,063,650	0.62%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**26,127,300**	**1.24%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hangzhou Unicorn[C]	25,114,150	1.19%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Turing PE							
Turing Anqian[B]	11,350,500	0.54%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Turing Anchang[C]	10,094,600	0.48%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Turing Anchi[C]	2,791,750	0.13%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**24,236,850**	**1.15%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Tianjin Yuheng[D]	23,280,200	1.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Zhongtong Ruide[C]	22,952,300	1.09%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	Number of Shares	Approximate ownership percentage	Number of H Shares Held	% of issued H Shares	Number of Unlisted Shares Held	% of issued Unlisted Shares	Approximate ownership percentage
Ruiyu Capital							
Jiaxing Yufeng[C]	12,153,600	0.58%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiaxing Yuzhen[C]	9,651,750	0.46%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**21,805,350**	**1.03%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
3W Global[D]	20,397,000	0.97%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
MSA Growth[D]	19,029,450	0.90%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Nantong Jianghai Fund [D]	18,882,200	0.89%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gaorong Capital							
Gaorong Kangteng[D]	15,495,850	0.73%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gaorong Kangyong[D]	2,734,550	0.13%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**18,230,400**	**0.86%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Champion Forest[D]	17,015,050	0.81%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Suzhou Juyuan[D]	16,394,500	0.78%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongqingcheng Shenghe[C]	16,295,200	0.77%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Maxwise Investments Limited (萬慧投資有限公司)[D]	15,223,550	0.72%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Zhihui Unicorn[D]	14,524,750	0.69%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
BAI GmbH[D]	14,490,850	0.69%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai GP[D]	12,153,600	0.58%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Suzhou Glory[B]	11,476,150	0.54%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Qi'an Investment							
Shanghai Qi'an Jingjin Private Equity Fund Partnership (Limited Partnership) (上海奇安競進私募基金合夥企業(有限合夥))[C]	10,094,600	0.48%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Changsha Qi'an Qilin Venture Investment Fund Partnership (Limited Partnership) (長沙奇安麒麟創業投資基金合夥企業(有限合夥))[C]	1,009,450	0.05%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**11,104,050**	**0.53%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	Number of Shares	Approximate ownership percentage	Number of H Shares Held	% of issued H Shares	Number of Unlisted Shares Held	% of issued Unlisted Shares	Approximate ownership percentage
Hainan Nanbai Suan Technology Co., Ltd. (海南南佰算科技有限公司)[C]	10,094,600	0.48%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Xiaobin LIU (劉曉斌)[C]	10,094,600	0.48%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shenzhen Qianhai[D]	9,722,900	0.46%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Praise Fortune[D]	9,514,750	0.45%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
RCIF[D]	9,514,750	0.45%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Qingdao Shuda Equity Investment Fund Partnership (Limited Partnership) (青島樹達股權投資基金合夥企業(有限合夥))[B]	9,400,000	0.45%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Xiamen Tanren[C]	8,394,600	0.40%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Puhua SME Phase II (Hangzhou) Venture Investment Partnership (Limited Partnership) (普華中小二期(杭州)創業投資合夥企業(有限合夥))[C]	8,075,650	0.38%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Bolian Capital							
Yancheng Huayao Intelligent Computing Venture Capital Investment Partnership (Limited Partnership) (鹽城華耀智算創業投資合夥企業(有限合夥))[D]	5,675,250	0.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Yancheng Huayao Zhisuan Phase II Venture Investment Partnership (Limited Partnership) (鹽城華耀智算二期創業投資合夥企業(有限合夥))[C]	2,220,800	0.11%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**7,896,050**	**0.37%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiaxing Guangren[D]	7,721,450	0.37%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jupiter Global Master Fund Ltd.[C]	7,611,800	0.36%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Aspirational China Growth GP Limited[C]	7,220,250	0.34%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shenzhen Times Xinchuang No. 16 Investment Partnership (Limited Partnership) (深圳時代信創十六號投資合夥企業(有限合夥))[C]	6,860,000	0.32%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	Number of Shares	Approximate ownership percentage	Number of H Shares Held	% of issued H Shares	Number of Unlisted Shares Held	% of issued Unlisted Shares	Approximate ownership percentage
Shenzhen Ganshen Wenhe Equity Investment Fund Partnership (Limited Partnership) (深圳市贛深文合股權投資基金合夥企業 (有限合夥))[C]	6,810,300	0.32%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Yancheng Zhiping[C]	6,481,950	0.31%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Kun LAN (蘭坤)[C]	6,056,750	0.29%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Quanzhou Wolun Hongshen Venture Capital Investment Partnership (Limited Partnership) (泉州沃侖紅燊創業投資合夥企業(有限合夥))[C]	5,675,250	0.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiantou Investment Co., Ltd. (建投投資有限責任公司)[C]	5,675,250	0.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
China Insurance Investment Co., Ltd. (中保投資有限責任公司)[D]	5,561,750	0.26%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Guotai Haitong Jihe							
Nanchang Zhengtong Equity Investment Fund Partnership (Limited Partnership) (南昌政通股權投資基金合夥企業(有限合夥))[D]	5,277,950	0.25%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Haitong Zhida Private Equity Investment Fund Partnership (Limited Partnership) (上海海通智達私募投資基金合夥企業(有限合夥))[D]	397,250	0.02%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**5,675,200**	**0.27%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiangsu Jianyin Investment Co., Ltd. (江蘇建銀投資有限公司)[C]	5,197,850	0.25%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Li Song Foundation Company Limited (李•宋基金會有限公司)[C]	5,047,300	0.24%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shaanxi Jinzi Jinji Equity Investment Partnership (Limited Partnership) (陝西金資金濟股權投資合夥企業(有限合夥))[C]	5,047,300	0.24%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Shenzhen Jinshi Tiancheng Technology Investment Co., Ltd. (深圳金石天成科技投資有限公司)[C]	5,047,300	0.24%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	Number of Shares	Approximate ownership percentage	Number of H Shares Held	% of issued H Shares	Number of Unlisted Shares Held	% of issued Unlisted Shares	Approximate ownership percentage
YOOZOO							
YOUSU GmbH[C]	2,523,650	0.12%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Yousu HongKong Limited (游素香港有限公司)[C]	2,523,650	0.12%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**5,047,300**	**0.24%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Huaxu Fund							
Huaxu (Guangzhou) Industrial Investment Fund Management Partnership (Limited Partnership) (華胥(廣州)產業投資基金管理合夥企業(有限合夥))[C]	3,028,400	0.14%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Chongqing Huaxu Private Equity Investment Fund Partnership (Limited Partnership) (重慶華胥私募股權投資基金合夥企業(有限合夥))[C]	2,018,900	0.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**5,047,300**	**0.24%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jiaxing Benshuo Venture Capital Investment Partnership (Limited Partnership) (嘉興犇碩創業投資合夥企業(有限合夥))[D]	4,937,450	0.23%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongqingcheng Fangwei Equity Investment Partnership (Limited Partnership) (共青城方維股權投資合夥企業(有限合夥))[B]	4,540,200	0.22%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongqingcheng Chongtai Zhihe Venture Investment Partnership (Limited Partnership) (共青城崇泰智核創業投資合夥企業(有限合夥))[C]	4,414,100	0.21%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Black Dragon AP SPV1[D]	4,125,900	0.20%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Julong Jingrun[C]	4,093,450	0.19%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Zhenchun FANG (方振淳)[C]	4,037,850	0.19%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Wuhan Huashi Huitian Private Equity Investment Fund Partnership (Limited Partnership) (武漢華實匯添私募股權投資基金合夥企業(有限合夥))[C]	3,405,150	0.16%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	Number of Shares	Approximate ownership percentage	Number of H Shares Held	% of issued H Shares	Number of Unlisted Shares Held	% of issued Unlisted Shares	Approximate ownership percentage
Vision Knight Capital							
Suzhou Xiangzhong Venture Investment Partnership (Limited Partnership) (蘇州祥仲創業投資合夥企業(有限合夥))[C]	2,422,700	0.11%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Nanjing Xiangzhong Venture Investment Partnership (Limited Partnership) (南京祥仲創業投資合夥企業(有限合夥))[C]	605,700	0.03%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Suzhou Weixin Taike Venture Investment Partnership (Limited Partnership) (蘇州維新鈦氪創業投資合夥企業(有限合夥))[C]	2,018,900	0.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Subtotal	**5,047,300**	**0.24%**	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongqingcheng Yintai Jiayi Investment Partnership (Limited Partnership)(共青城銀泰嘉益投資合夥企業(有限合夥))[C]	3,028,400	0.14%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Fuzhou Innovation & Tech Venture Investment Partnership (Limited Partnership) (福州創新創科投資合夥企業(有限合夥))[C]	3,028,400	0.14%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ningbo Fengxi Venture Investment Partnership (Limited Partnership) (寧波豐曦創業投資合夥企業(有限合夥))[C]	3,028,400	0.14%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Zibo Pufeng Darun Equity Investment Fund Partnership (Limited Partnership) (淄博普豐達潤股權投資基金合夥企業(有限合夥))[B]	2,577,350	0.12%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Lighthouse Capital (HK) Financial Limited (光源資本(香港)金融有限公司)[C]	2,166,100	0.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED]				
Shareholders	**Number of Shares**	**Approximate ownership percentage**	**Number of H Shares Held**	**% of issued H Shares**	**Number of Unlisted Shares Held**	**% of issued Unlisted Shares**	**Approximate ownership percentage**
Shaanxi Zhongtou Zhanlu Phase II Equity Investment Partnership (Limited Partnership) (陝西眾投湛盧二期股權投資合夥企業(有限合夥))[D]	2,043,100	0.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Quanzhou Hongzhao Qiangxin Venture Investment Partnership (Limited Partnership) (泉州宏兆強芯創業投資合夥企業(有限合夥))[C]	2,018,900	0.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Wimzie Zotac Limited[D]	1,135,050	0.05%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
[**REDACTED**] taking part [**REDACTED**]	[–]	[–]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]%
Total	**2,111,285,100**	**100.00%**	[REDACTED]	**100.00%**	[REDACTED]	[REDACTED]%	**100.00%**

Notes:

"A" indicates Shares which are held by our core connected persons, and therefore will not be counted as part of the public float.

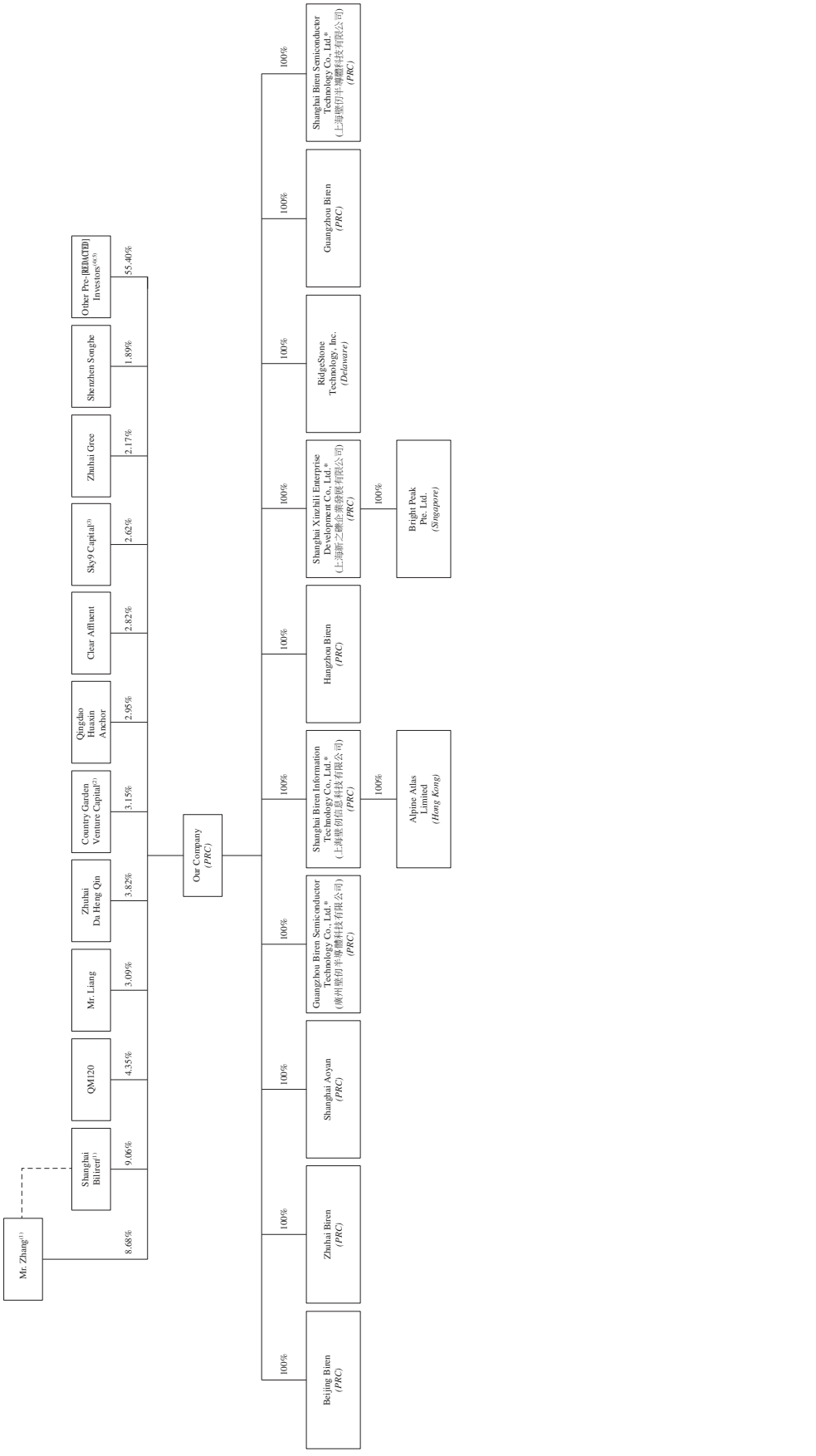
"B" indicates part of the Unlisted Shares will be converted into H Shares and [**REDACTED**] on the Stock Exchange, which will be counted as part of the public float; for the Unlisted Shares which will not be converted into H Shares, such Shares will not be counted as part of the public float.

"C" indicates the Unlisted Shares held by such Shareholders will not be converted into H Shares, and therefore will not be counted as part of the public float.

"D" indicates the Unlisted Shares held by such Shareholders will be converted into H Shares and [**REDACTED**] on the Stock Exchange, and therefore will be counted as part of the public float.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the simplified corporate structure of our Group immediately before completion of the [**REDACTED**]:



Notes:

1. Pursuant to the AIC Agreement, Shanghai Biliren and Mr. Zhang confirmed and acknowledged they have been acting in concert to control the decision-making and operational management of our Company in its shareholders' meetings. In the event they are unable to reach consensus on matters of our Company, Shanghai Biliren shall act in accordance with the instructions of Mr. Zhang. Further, Mr. Zhang is in a position to control Shanghai Biliren as a result of the voting proxy agreement entered into, among others, Shanghai Zhuoren (as the general partner of Shanghai Biliren) and the general partners of all limited partners of Shanghai Biliren. For details, see "History, Development and Corporate Structure – Acting in Concert Agreement and Voting Proxy Agreement".

2. Includes Shares held by Huibi No. 2 and Country Garden Venture Capital. For details, see "Information about our Pre-[**REDACTED**] Investors – Country Garden Venture Capital" in this section above.

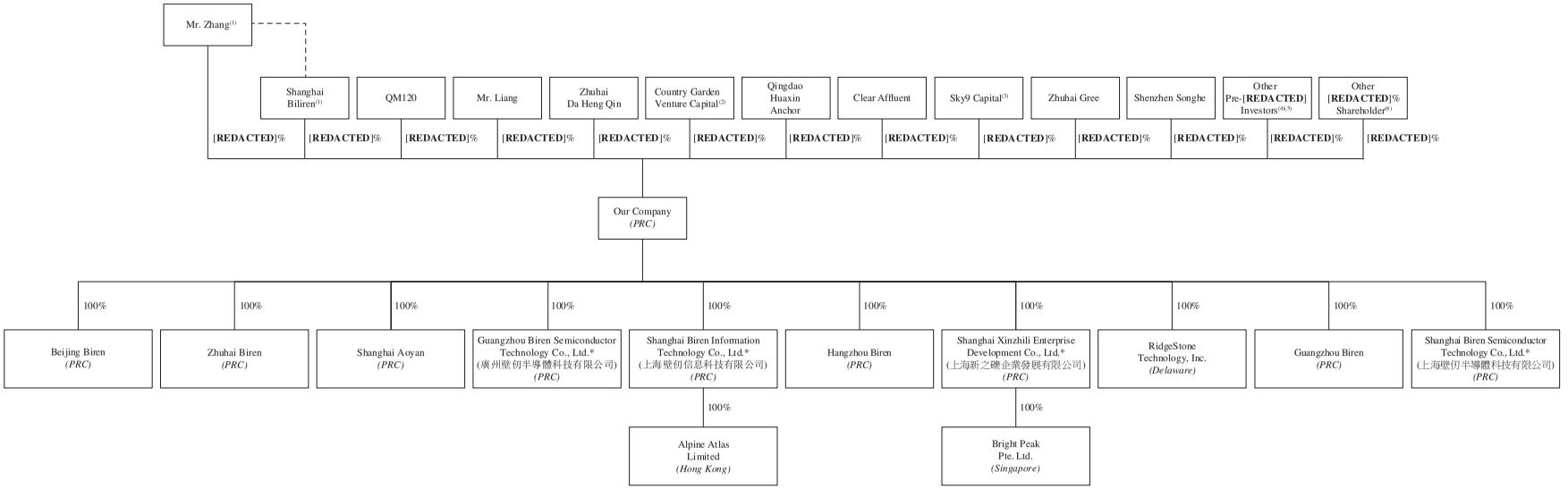
3. Includes Shares held by Sky9 Alpha, Sky9 Capital MVP and Yunjiu No. 1. For details, see "Information about our Pre-[**REDACTED**] Investors – Sky9 Capital" in this section above.

4. For further details of other Pre-[**REDACTED**] Investors, see "Pre-[**REDACTED**] Investments – 5. Information about our Pre-[**REDACTED**] Investors" for details.

5. As of the Latest Practicable Date, 22,952,300 Shares held by Zhongtong Ruide, representing approximately 1.09% of our Company's entire share capital, was subject to a freezing order under (the "**Freezing Order**") assets protection made by the Shanghai Financial Court, Pudong New Area People's Court of Shanghai, the Intermediate People's Court of Dongguan City and the People's Court of Changning District (the "**Court**") in connection with pending lawsuit against Zhongtong Ruide for disputes with certain Independent Third Parties. Neither our Company nor any of our Directors or senior management members was involved in such pending lawsuit. As of the Latest Practicable Date, the lawsuit was still on going. Pursuant to the applicable PRC laws and regulations, shares subject to a freezing order are not eligible for converting into H Shares and cannot be transferred or disposed. Our Director confirmed that, given Zhongtong Ruide is not applying for conversion of such Shares into H Shares upon [**REDACTED**], the Freezing Order made by the Court does not have a material adverse impact on our Group's business operations or our Company's proposed [**REDACTED**] in Hong Kong.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the simplified corporate structure of our Group immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

1-5. See notes contained under the sub-section headed "– Corporate Structure Immediately before Completion of the [**REDACTED**]".

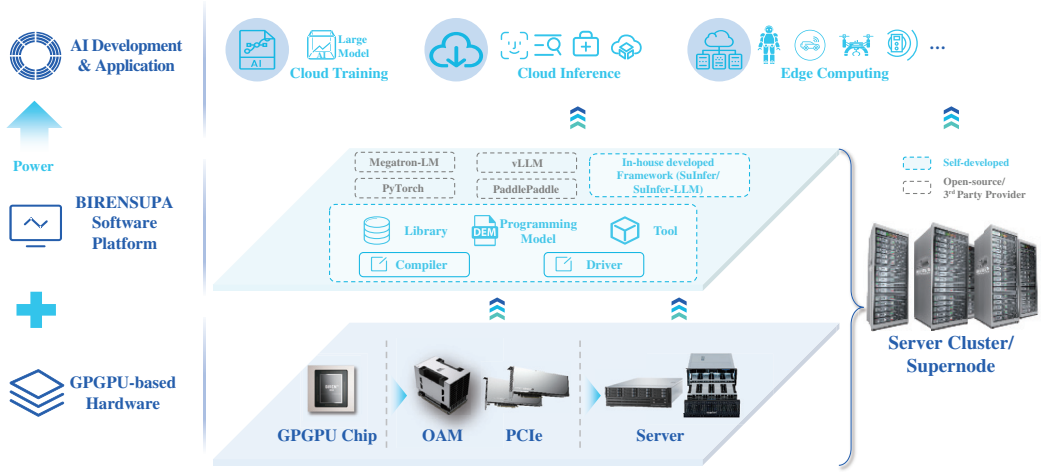
6. These Shares will count towards the public float upon [**REDACTED**]. See "– Public Float" for details.

OVERVIEW OF OUR BUSINESS

Who We Are

We develop GPGPU chips and GPGPU-based intelligent computing solutions to provide the foundational computing power required by AI. By integrating self-developed GPGPU-based hardware and proprietary BIRENSUPA software platform, our solutions support the training and inferencing of AI models in a broad range of applications from cloud to edge. In particular, strong performance and high efficiency for large language models ("LLMs") pre-training, post-training and inference of our GPGPU-based solutions, which possess high technology barriers, provide us with key competitive advantages among domestic players. Our technology forms a critical infrastructure to enable AI and advance AGI, addressing the surging computational demands across various industries to drive productivity, innovation and transformation.

Innovation and technology excellence are our core competencies. With the rapid development of AI, especially through LLMs and generative AI, many businesses have an increasing need for computing solutions to meet their surging demand for computing power and harness the power of AI. To meet such demand, we have self-developed our Specialist Technology Product which is an integrated intelligent computing solution comprising of two components, namely (i) hardware systems based on our GPGPU architecture and chips, and (ii) BIRENSUPA, a computing software platform. To better address our customers' urgent demands for high-performance computing and intelligent applications, our Specialist Technology Product can be offered as large-scale intelligent computing clusters, which consist of a large number of interconnected GPGPU units and that work together to perform parallel processing tasks and controlled by our BIRENSUPA software platform.



With the groundbreaking advancements in large language models such as DeepSeek, QWEN and GPT, the AI technology sector is witnessing three notable trends: (i) the exponential growth in the scale of parameters and training data, which pushes the boundaries of model capabilities; (ii) the accelerated evolution of multimodal fusion architectures, enabling the collaborative processing of multimodal data including text, images, and speech; and (iii) the emergence of reasoning models that significantly enhance inference performance, facilitating the broader adoption of AI applications. These trends directly drive the demand for intelligent computing chips: for training, there is a need for high computational density to support large-parameter model iterations; while for inference, there is strong demand for low latency and high concurrency, thereby reducing inference costs. Moreover, beyond the trajectory of large models, AI technology is poised for further breakthroughs and transformations. Following the scaling trends in pre-training large language models, subsequent post-training scaling (including reinforcement learning, fine-tuning, and alignment) and test-time scaling (such as chain-of-thought prompting and complex reasoning strategies) have substantially amplified computational demands. Additionally, the rise of reasoning-model-based agents, involving iterative interactions and autonomous decision-making, has further intensified these computational requirements. Next-generation models are expected to require computational capacity increases by thousands or even tens of thousands of times, presenting a need for diversification. GPU chips will need comprehensive upgrades across multiple dimensions, including computing power, memory capacity and bandwidth, interconnection, general-purpose flexibility, and energy efficiency. These enhancements are crucial to ultimately meet the requirements for ultra-large-scale training and real-time inference, as well as the next generation computing paradigms. As a result, the market size of China's intelligent computing chips increased from US$1.7 billion in 2020 at a CAGR of 105.0% to US$30.1 billion in 2024 and is expected to further grow to US$201.2 billion in 2029, with a CAGR of 46.3% from 2024 to 2029, according to CIC.

We have a comprehensive understanding of the crucial demands driven by the above-mentioned trends in AI technology development. We strategically align our core technologies and product systems with requirements surrounding large language models, having achieved high performance, high energy efficiency, and multimodal adaptability through in-house research and development. This enables us to provide the computational support necessary for training and inference of large models with hundreds of billions of parameters. Our products fully support mainstream open-source large models such as DeepSeek, QWEN, and LLaMA, demonstrating our technological maturity in essential scenarios such as trillion-parameter LLM and multimodal models training and inference.

We have built our solutions upon five foundational pillars: a self-developed GPGPU architecture, system-on-chip ("SoC") design, hardware system, software platform, and cluster deployment optimization. Specifically:

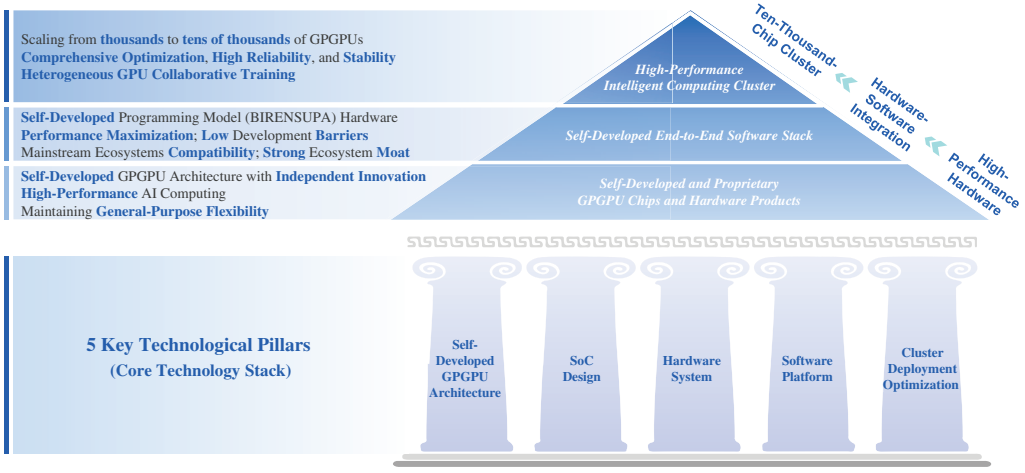
- Our technology capabilities and solution excellence are underpinned by our in-house developed GPGPU architecture, which is purpose-built for handling large-scale AI workloads, especially LLM workloads, to accommodate expanding model sizes, parameters and complexities, while offering high-performance and superior general-purpose flexibility, energy-efficiency and scalability. The unified and continuously evolving GPGPU architecture is the core of our platform strategy and lays a solid foundation for fast iteration and development of next generation computing platform.

- Based on the self-developed GPGPU architecture, we design and launch a series of chips. According to CIC, we are the first company in China to package dual AI computing dies using 2.5D chiplet technology, supported by our superior SoC design and execution capabilities. We are among the first in the industry to support advanced interconnection specifications, according to CIC. Our SoC design methodology and workflow ensure successful VLSI (Very Large Scale Integrated Circuit) execution and first-time-right tape-out, which help us achieve mass production and commercialization with our first generation products.

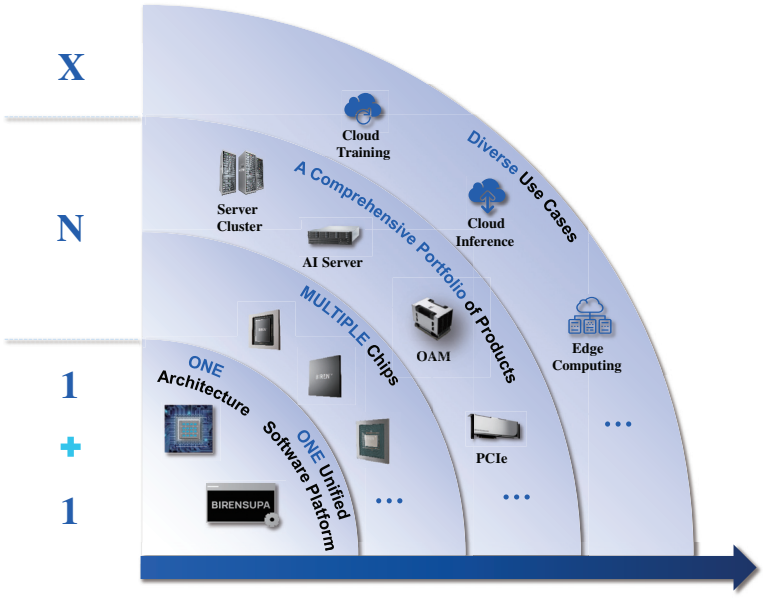
- We have developed a comprehensive portfolio of high-performance hardware systems in various form factors containing our self-developed GPGPUs chips, such as PCIe Card, OAM, UBB, and servers. Our hardware systems support both air-cooled and liquid-cooled solutions, helping to reduce the PUE and optimize energy efficiency of data centers and comply with applicable energy-saving requirements. We provide enterprises the mission-critical large-scale computing infrastructure that offers high performance, reliability, and scalability.

- We have developed the BIRENSUPA software platform, bridging all of our hardware systems with diverse AI applications and scenarios. BIRENSUPA enables our hardware features, optimizes their performance and manages large-scale GPGPU clusters. It offers user a friendly programming interface, high performance libraries, training and inference frameworks and comprehensive set of tool chains to streamline the development and deployment of AI solutions. Furthermore, BIRENSUPA is compatible with other third-party GPGPU computing software platforms, significantly reducing the migration cost to our GPGPU products.

- We have developed comprehensive solutions of large-scale intelligent computing cluster by integrating our hardware systems and software platform with other hardware infrastructure such as servers, storage, and networking equipment provided by partners. Our cluster management platform, BIRENCUBE, is designed to manage extensive AI hardware infrastructure, allowing us to help customers construct GPU clusters comprising of over one thousand, or even ten thousand, GPU chips.



Our product development strategy is platform-based, integrating both hardware and software. Leveraging a unified hardware architecture and a software platform, we create a comprehensive portfolio of GPGPU chips and GPGPU chip-based hardware products, consistently iterating to enhance our offerings. This approach allows us to achieve a high degree of co-design between hardware and software, significantly improving development efficiency while ensuring a consistent user experience. The unified software platform supports rapid adaptation and optimization across multiple chip products, providing users with seamless cross-product compatibility that lowers the barriers to use. This platform-based strategy not only accelerates product iteration and innovation but also strengthens our competitive edge in the intelligent computing ecosystem, delivering users an efficient, stable, and consistent computing experience. We have implemented a highly effective "1+1+N+X" platform strategy that can be summarized as "1" GPU architecture + "1" unified software platform, deriving "multiple" chips and a "comprehensive" portfolio of products, to enable "diverse" use cases.



As AI adoption continues to expand, a growing number of companies across diverse industries are creating innovative AI-enabled products and services, significantly increasing the demand for computing power. Key sectors, including AI data centers, AI solutions and Internet, are at the forefront of the race, significantly increasing their investment in computing power and related infrastructure. Moreover, leading companies within these industries account for the majority of capital expenditures on computing power. Hence, we implement the strategy that targets key industries with high demand for computing power, and form strategic partnerships with large customers in each industry. These selected key industries include AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet. With localized expertise and on-the-ground customer support, our solutions are designed to address unique needs of these customers.

- We started to generate revenue from our intelligent computing solutions in 2023. During the year ended December 31, 2024 and for the six months ended June 30, 2025, we had 14 and 12 customers for our Specialist Technology Product, respectively, contributing a revenue amounted to RMB336.8 million and RMB58.9 million, respectively.

- As of the Latest Practicable Date, we had 24 unfulfilled binding orders for our Specialist Technology Product with a total value of approximately RMB821.8 million.

- In addition, as of the Latest Practicable Date, we have entered into five framework sales agreements and 24 sales contracts for our Specialist Technology Product with a total value of approximately RMB1,240.7 million, which will contribute to our future revenue when realized.

Our Talent and Culture

We have a strong R&D team. As of June 30, 2025, we had 657 employees focused on research and development, accounting for approximately 83% out of our total employees. Over 78% of our R&D staff held master or doctor degrees from renowned universities. We have over 210 R&D staff with more than 10 years industry experience, consisting of over 33% of our total R&D staff.

Our culture is defined by "R.E.C.I.P.E.", which stands for Responsibility, Excellence, Collaboration, Innovation, Pragmatism, and Empowering. Benefiting our culture established since day one, we have built a strong and experienced team with proven track record. We have won Best Workplaces in Asia 2023 from Great Place to Work due to our high Trust Index and Culture Audit results.

Innovation is at the heart of our culture and allows us to continue to enhance and expand our solution offerings. As of June 30, 2025, we submitted 1,158 self-developed invention patent applications, which is the biggest number among GPGPU companies in China according to CIC, and 67 other related patent applications globally, and have obtained 388 invention patents and 58 other related patents with 100% grant rate.

Open collaboration is a key strategy for us to cultivate a thriving ecosystem. We work with leading universities to grow and strengthen our developer ecosystem, including Tsinghua University, Fudan University, Shanghai Jiao Tong University, and Zhejiang University. We are cultivating a developer community by sharing our BIRENSUPA platform with universities, research institutes and developers. We encourage developers to develop deep learning algorithm applications based on BIRENSUPA and provide extensive tool kits, training materials, and developer supports. We also embrace different types of open-source communities, enabling us to reach more developers.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to, and will continue to contribute to our success and differentiate us from our competitors.

Advanced Technology and Solution in General Intelligent Computing

We provide integrated general intelligent computing solutions. We self-developed our entire GPGPU architecture from ground up. Our solutions encompass a set of architecture innovations and advanced technologies, providing superior performance, efficiency and scalability that can be applied in large-scale training and inference for a wide variety of AI algorithms and scenarios. Our technology excellence is evidenced by the following:

- We differentiate ourselves from AI chip companies in China through our dedication to and expertise in GPGPU architecture. For example, we have developed the BR10X – a general-purpose and high-performance computing architecture tailored for AI workloads. This architecture delivers efficient processing for both transformer-based large language models (LLMs) and traditional AI compute kernels, while ensuring forward-compatibility with emerging AI paradigms. By integrating general-purpose flexibility with dedicated AI acceleration, BR10X facilitates seamless adaptation to rapid algorithm advancements, fulfilling the dual demands of AI performance optimization and general-purpose computational flexibility;

- We possess technology capabilities in full stack innovation, solidifying our competitive edge in China's GPGPU landscape. We have implemented advanced technologies including high-speed interconnection, high bandwidth memory, chiplet package into products to advanced packaging to address the exponential growth in AI workloads. We were among the first GPGPU companies in China to utilize PCIe Gen 5, CXL, high performance DRAM and dual-die chiplet design in commercialized products, according to CIC. We were among the first GPGPU companies in China that successfully developed, prototyped and mass-produced high-performance OAM and Universal Baseboard, according to CIC;

- We possess the highest number of invention patent submissions among GPGPU companies in China as of December 31, 2024, according to CIC;

- Both our GPGPU chip and servers containing our GPGPU chips (independently submitted by our server partner) won the first place in language processing model BERT and image classification model ResNet50 in the closed division in MLPerf Inference 2.1 among available category;

- We were the first and only GPGPU company in China to be invited to speak at Hot Chips Conference Opening Session, known as one of the semiconductor industry's leading conferences, according to CIC;

- We won the SAIL Award at WAIC 2022 and 2025, which is one of the most prestigious awards in intelligent computing, according to CIC;

- We were among the earliest GPGPU companies in China whose products are commercially deployed in one thousand chip clusters, according to CIC. Moreover, the one thousand chip cluster continuously run more than 5 days without any software or hardware interruption, and more than 30 days without training service interruption which proved the strong stability and fault tolerance capability in large scale training;

- We were the only GPU and intelligent computing cluster company who won the Excellent Typical Cases of 2024 Future Industrial Innovation and Development in Iconic product segments; and

- We won New Quality Productivity Industry Practice "Artificial Intelligence" Demonstration Case issued by Global Times Newspaper and China Association for Science and Technology New Technology Development Center, and were the only startup company among the top five winners.

Our technology capabilities play a pivotal role in our early success of commercialization. Our highly competitive solutions make us the go-to-choice for industry-leading customers in China who are seeking domestic supplies. Our solutions, technologies and know-hows poised us for commercial deployment of intelligent computing clusters containing more than ten thousand GPGPU chips.

Comprehensive Software Ecosystem

We focus on end-to-end co-design and co-optimization of our hardware systems and software platform. We have developed an integrated intelligent computing solution comprising two key components: (i) GPGPU-based hardware systems, and (ii) BIRENSUPA, our computing software platform. As of the Latest Practicable Date, we have launched a diverse range of GPGPU-based hardware products with different configurations, catering to various market segments, from cloud-based training and inference to edge inference. The scalable and programmable nature of our GPGPU architecture, combined with the BIRENSUPA software platform, enables our solutions to be deployed at scale and to serve multiple markets while maintaining a consistent technology foundation. Leveraging this core architecture, we efficiently develop a broad portfolio of solutions that address diverse computing needs.

BIRENSUPA offers a comprehensive software stack, including driver, programming language, libraries, tool chain, AI frameworks, and application interfaces. For customers focusing on in-depth AI model development, we provide an open programming platform with an intuitive programming language and a rich set of debugging and profiling tools. Developers can write C/C++ programming language code and Python model script for building acceleration libraries and optimizing AI models. For those prioritizing seamless integration and rapid production, we offer ready-to-use, end-to-end solutions that minimize deployment effort.

Broad support for open-source communities is critical to the adoption of our solutions. BIRENSUPA supports mainstream deep learning frameworks, including PyTorch, TensorFlow, PaddlePaddle, as well as LLM frameworks such as DeepSpeed, Megatron-LM, and vLLM. Additionally, Our self-developed inference engine, suInfer/suInfer-LLM, is optimized for performance, providing an excellent solution for inference services adoption. We provide native support for a wide range of LLMs and multimodal workloads, including DeepSeek, GPT, LLaMA, Stable Diffusion, ChatGLM, Baichuan, and Qwen. Furthermore, our platform supports traditional deep learning models across multiple domains, including ResNet50, YOLO for computer vision, BERT, Transformer for natural language processing, Conformer, Tacotron for speech processing, and DLRM for recommendation systems, etc.

Proven Commercialization Results with High-Quality Customer Base

Our strategy is to strategically partner with large customers in key industries with high demands for computing power. As compared to global competitors, our localized expertise in China and on-the-ground customer support enabled us to form strategic partnerships with large customers in key industries, such as AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet, to understand and address their unique needs. As of the Latest Practicable Date, we have provided solutions to nine Fortune China 500 companies, among which five are also listed in the Fortune Global 500. For example, in September 2023, we entered into a strategic cooperation agreement with a leading IT company in China pursuant to which we will co-develop and provide intelligent computing solutions to build AI cloud infrastructure and support the AI applications in sectors such as intelligent 5G, smart manufacturing, smart cities, finance etc. We are committed to deepening collaborations

with such customers and completing lighthouse projects. By serving industry leaders and forming partnership with large customers, we expect to accelerate market adoption of our solutions and further penetrate to other players in such industries.

Close relationships with leading customers in each industry also help us expedite our solution deployment and build industry standard solutions. Collaborating with industry leaders will enable us to leverage the deep understanding of industry-specific needs and enhanced reputation to further penetrate into other players in such industries without incurring significant sales and marketing efforts. These industry insights, foresights and experience also allow us to contemplate a forward-looking product roadmap and achieve faster and competitive product iteration with a long-term vision. In addition, we have also forged strong relationships with reputable domestic suppliers, ensuring the performance and supply of our solutions and accelerating our commercialization plans.

Experienced R&D Team with Deep Industry Know-how

Our advanced technologies and solutions in intelligent computing are attributable to our experienced R&D team with deep industry know-how and resources. Moreover, we have attracted and retained a highly qualified R&D team. As of June 30, 2025, we have a R&D team consisting of 657 employees, with more than 78% of our R&D employees have a degree of Master or above from renowned universities. Our R&D team's expertise spans a wide range of subject areas, including architecture design, SoC design, system design, software engineering, and supply chain management, among others. A substantial portion of our R&D staff is equipped with extensive know-how and expertise over multiple years' industry experience accumulated while serving other leading semiconductor and information technology companies before joining us. As of June 30, 2025, over 210 members of our R&D team have work experience over 10 years. Leveraging their extensive experience and know-how, we are able to streamline our engineering process and ensure continuous success in our future development. As of June 30, 2025, we submitted 1,158 self-developed invention patent applications, which is the biggest number among GPGPU companies in China according to CIC, and 67 other related patent applications globally, and have obtained 388 invention patents and 58 other related patents with 100% grant rate. To further enhance our R&D capabilities and attract more talent, we have established a postdoctoral research station, and cooperated with leading universities.

Visionary Management with a Proven Track Record of Innovation and Commercialization

Our management team consists of both top scientists and business veterans, offering in-depth insights and strong relationships within the industry value chain. Our founder, Chairman and Chief Executive Officer, Mr. Zhang, has more than 10 years of management experiences in AI and hardware technologies, and has extensive experience in the integrated circuit and artificial intelligence industries and other next-generation information technology industries, with demonstrated achievements in corporate strategy, management and capital markets operation. Prior to founding our Company, Mr. Zhang served as the president of a

leading AI company in China and was vital to its commercial success. Mr. Zhang was presented with the Shanghai "Magnolia Gold Award" in 2021; "Outstanding Entrepreneur in IT industry in Shanghai" in 2020; "2021 Annual Entrepreneur" awarded by Dark Horse Technology (創業黑馬); and "2022 Annual Entrepreneur" awarded by Cyzone (創業邦). Mr. Zhang is a visiting associate professor at the University of Hong Kong. Mr. Zhou HONG, our CTO, is the chief architect of our GPGPU chip and is responsible for the definition and design of GPGPU architecture. Mr. Hong has nearly 30 years of experience in design and engineering of GPU and has led R&D teams at multiple leading semiconductor companies in China and overseas. Mr. Hong holds over 70 patents globally. We believe that our visionary management and talent pool will keep playing key roles in fulfilling our mission as we continue to expand and attract more vision-sharing talent.

OUR STRATEGIES

We strive to achieve our long-term goal of enabling technology advancements and accelerating the applications of artificial intelligence. To achieve this goal, we intend to pursue the following strategies.

Continue to Invest in Self-developed Core Technology

Our success is driven by our capabilities to continuously improve our core technologies underlying our solutions. As such, we will continue to invest in our research and development capabilities, particularly with respect to our core technologies including self-developed computing cores, NoC, high-speed IO and SoC design to further enhance self-sufficiency and self-control of our core technologies.

We are also focusing on the research and development of other related advanced technologies to enable system-level and cross-domain innovation, enhance AI computing system performance and scalability, and reduce the cost of large model training and deployment, which will allow wider application of AI across diverse industries and application scenarios. For example:

- 3D stacking technology, which enables vertically stacking and packaging multiple-layer chips, integrates more transistors and memory, improving chip computing density and memory bandwidth;

- CPO (co-package optics), which integrates optical modules with GPUs to shorten transmission distance and reduce energy consumption, applied to GPU clusters interconnects with tens of thousands of chips in large-scale data center;

Further Develop and Optimize Our Solutions

We have been investing in, and will continue to invest in the development and optimization of our solutions, which we believe are critical to our long-term success. Leveraging our technology capabilities, we will continue to upgrade our solutions comprehensively in terms of architecture, SoC, hardware systems and software platform, to address customers' evolving business needs and create value for them. To better accommodate the increasingly intensive computing demand from generative AIs, we will further enhance our products with larger and faster memory, faster interconnection, etc., and enable larger scale cluster capability with better reliability and manageability. For the evolution of our intelligent computing hardware, specifically, we plan to develop and upgrade our existing GPGPU chips and next-generation GPGPU chips, such as BR20X and BR30X, as well as develop GPGPU-based hardware powered by our existing and next-generation GPGPU chips. We also focus on further enhancing the general-purpose flexibility, compatibility and ease-of-use of our software platform, which will help accelerate the rump-up of our solutions among customers. For development and upgrade of our software platform, specifically, we plan to expand the array of training and inference models supported by our intelligent hardware and BIRENSUPA software stack, enhance each part of our software platform, and build our own software development infrastructure, encompassing software testing and release, which could further improve our customers' growing demands.

Enhance Our Open Ecosystem

We will continue to build a vibrant ecosystem by partnering with all stakeholders, namely customers, suppliers, hardware and software partners, developers and developer communities, and research institutes and universities, etc. In particular, we will (i) optimize the performance of our products based on feedback from software developers and application partners, (ii) participate in curriculum development, and contribute to talent cultivation for the AI industry, (iii) foster developer communities to share resources, gather feedback, and drive continuous ecosystem improvement, and (iv) collaborate with upstream and downstream industry players to form alliances that enable full-stack integration across chip, model, and platform layers. Close collaboration with these partners will help increase our brand awareness and accelerate the adoption and commercialization of our solutions. Moreover, by collecting and adopting feedbacks from our customers and partners, we will iterate on and productionize our solutions faster, maintain a forward-looking perspective on customer needs and stay ahead of industry trends and AI advancement.

Enhance Our Commercialization Capabilities

We are committed to the commercialization of our solutions. On the one hand, we will continue to create value for customers with our solutions to enhance our competitive edge. We aim to further enhance the performance, general-purpose flexibility, compatibility and stability of our solutions with lower TCO. On the other hand, we will continuously acquire valuable experience and industry know-how from serving existing customers. We have strategically expanded our footprints into selected verticals such as AI data centers, telecommunications, AI

solutions, energy and utilities, financial technology, and Internet. As we continue to serve vertical leaders, our solutions continue to iterate and optimize based on customers' feedback. By partnering with industry leaders, we have built proprietary know-how and formed an in-depth understanding of each selected vertical. This empowers us to provide high-quality solutions catering to the specific business needs of customers in those verticals, thereby accelerating the commercialization of our solutions and enhancing customer loyalty.

Specifically, (i) we focus on core application scenarios such as large-scale model training and inference scenarios, where our chips with high computing power have already been deployed in demonstration projects and recognized by leading industry players, (ii) we are building a comprehensive product matrix tailored to diverse customer needs, (iii) we continue to enhance our chip and cluster performance through innovations in architecture and system design, (iv) we are developing a closed-loop model of "algorithm–chip–application," using real application feedback to train algorithms, guiding chip design, and enabling large-scale deployment, thus forming a self-reinforcing commercialization cycle, (v) we actively promote our products through industry exhibitions, academic conferences and social media, and (vi) we maintain close cooperation with upstream and downstream partners to ensure stable supply, expand software ecosystem coverage, and facilitate application-side adoption, thereby creating a favorable environment for commercialization.

Attract and Retain Talent

We intend to expand our talent pool of scientists and engineers to augment our capabilities in hardware design, software development and system solution on a continuous basis, including (i) approximately 65 engineers specialized in GPGPU architecture, SoC design, SoC verification and SoC front-end integration; (ii) approximately 20 engineers specialized in PCIe design, post silicon high-speed IO system and ATE (automated test equipment) test development; and (iii) approximately 50 engineers specialized in distributed training, intelligent inference platform engine, software repository optimization and heterogeneous computing. We believe that qualified and experienced R&D employees are crucial to sustain our capabilities in the core technologies and the ongoing optimization of our solutions. We also plan to retain our existing talent pool by offering competitive compensation and cultivate talent internally by providing regular trainings.

OUR INTELLIGENT COMPUTING SOLUTIONS

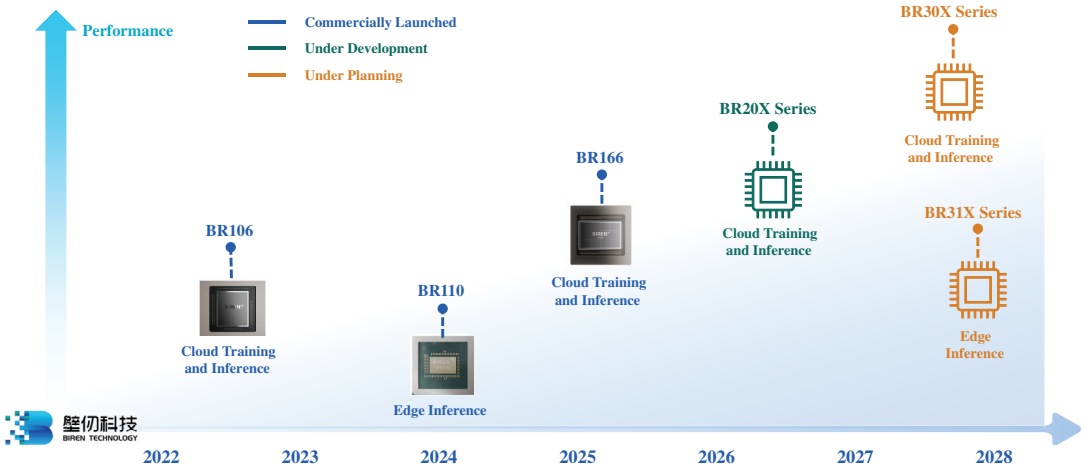
We have self-developed GPGPU-based integrated intelligent computing solutions. Our integrated intelligent computing solution comprises of two components, namely, (i) GPGPU-based hardware systems and (ii) BIRENSUPA, a computing software platform. To better meet our customers' demands for large-scale intelligent computing power, we offer intelligent computing cluster as a total solution by integrating our hardware systems and software platform with other hardware infrastructure such as servers, storage, and networking equipment provided by partners. During the Track Record Period, we did not separately sell the

GPGPU-based hardware systems without our BIRENSUPA software platform. We confirm that all our intelligent computing solutions fall under the acceptable sector of "semiconductors" pursuant to paragraph A.2 of Chapter 2.5 of the Guide, as we primarily engage in the design of GPU chips.

Self-developed GPGPU-based Hardware Systems

Since 2019, we have developed our first-generation GPGPU architecture, upon which we have successfully developed two chips, namely BR106 and BR110, and developed a family of GPGPU-based hardware. We achieved mass production of BR106 in January 2023, and mass production of BR110 in October 2024. We utilize chiplet technologies and advanced chip-to-chip interconnect to launch BR166 chip products with higher performance by co-packaging two BR106 chip dies. Our GPGPU chips are compatible with mainstream third-party software platforms. The key components of GPGPU-based hardware, are our GPGPU chips which are integrated into industry standard hardware form factors such as PCIe cards and OAM. Based on customer requirements, we market and sell PCIe cards, OAMs, GPGPU servers or server clusters with different configuration. We refer to this entire portfolio as our GPGPU-based hardware systems.

Our product roadmap is illustrated in the following diagram.



BR106 Chip – for Training and Inference

BR106 is a GPGPU chip designed for large-scale computing. BR106 is dedicated to addressing the computing demands for AI training and inference, with augmented goals of increasing productivity and reducing total cost of ownership. BR106 supports up to 4 independent secure virtual instances, 32-channel encoder and 256-channel decoder for 1080p and 30fps videos under H.264/H.265 standards and is equipped with a state-certified hardware security engine. BR106 offers flexible, efficient, secure and diverse computing solutions for AI training and inference applications.



BR106 GPGPU Chip

BR106 is shipped in OAM and PCIe card form-factor. Based on the needs of customers, BR106 is primarily offered in four models, namely (i) BILI 106M in air-cooled OAM, which is suitable for large scale AI training and inference applications; (ii) BILI 106L in liquid-cooled OAM, which is suitable for super large scale AI training and inference applications; (iii) BILI 106B in 2-slot FHFL PCIe card, which is suitable for AI training and inference applications; and (iv) BILI 106C in PCIe card, which mainly targets inference applications.

BR166 Chip – for Training and Inference

We have utilized chiplet technology to integrate two BR106 dies and four DRAM into a single package, and launched our high-performing BR166 chip. BR166 doubles the performance of BR106 in terms of peak computing power, memory, video encoding and decoding, and interconnects. In addition, the maximum D2D (die-to-die) bidirectional bandwidth between two BR106 dies can reach up to 896GB/s, ensuring high-speed internal data interaction between two dies.



BR166 GPGPU Chip

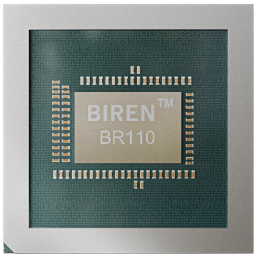
BR166 is shipped in OAM and PCIe card form-factor. Based on the needs of customers, BR166 is primarily offered in three models, namely (i) BILI 166M in air-cooled OAM, which is suitable for large scale AI training and inference applications; (ii) BILI 166L in liquid-cooled OAM, which is suitable for super large scale AI training and inference applications; and (iii) BILI 166C in 2-slot FHFL PCIe card, which targets at AI inference applications. Our BILI 166L and BILI 166M entered mass production in August 2025, and our BILI 166C entered mass production in December 2025.

Built upon BR106 and BR166 chips, we have developed a comprehensive portfolio of GPGPU hardware systems such as PCIe Card, OAM, servers and multi-server clusters, with major product models summarized in the following table:

	GPGPU-based Hardware	Form Factor	Encoder/ Decoder	Bi-directional Interconnection Bandwidth	Thermal Design Power ("TDP")	Major Target Market	Current Status
BR106	BILI 106L	 OAM (liquid cooled)	32-channel/ 256-channel	256GB/s	400W	Cloud Training and Inference, especially for large-scale models	Commercially launched
	BILI 106M	 OAM (air cooled)					
	BILI 106B	PCIe card		192GB/s	300W	Cloud Training and Inference	Commercially launched
	BILI 106C	 PCIe card		128GB/s	150W	Cloud Inference	Commercially launched
BR166	BILI 166L	 OAM (liquid cooled)	64-channel/ 512-channel	576GB/s	600W	Cloud Training and Inference, especially for large-scale models	Commercially launched
	BILI 166M	 OAM (air cooled)		576GB/s	550W		
	BILI 166C	 PCIe card		512GB/s	450W	Cloud Inference	Commercially launched

BR110 Chip – for Inference

BR110 is our first generation edge and cloud inference chip. It is a cost-effective, energy-efficient solution mainly designed for inference workload at the edge. Powered by the same architecture as BR106, BR110 offers multi-precision performance and runs on the ready-for-use BIRENSUPA software platform. BR110 supports up to 4 independent secure virtual instances, 16-channel encoder and 160-channel decoder for 1080p and 30fps videos under H.264/H.265 standards and is equipped with a state-certified hardware security engine. BR110 offers flexible, efficient, secure and diverse computing solutions for cloud and edge inference applications.



BR110 GPGPU Chip

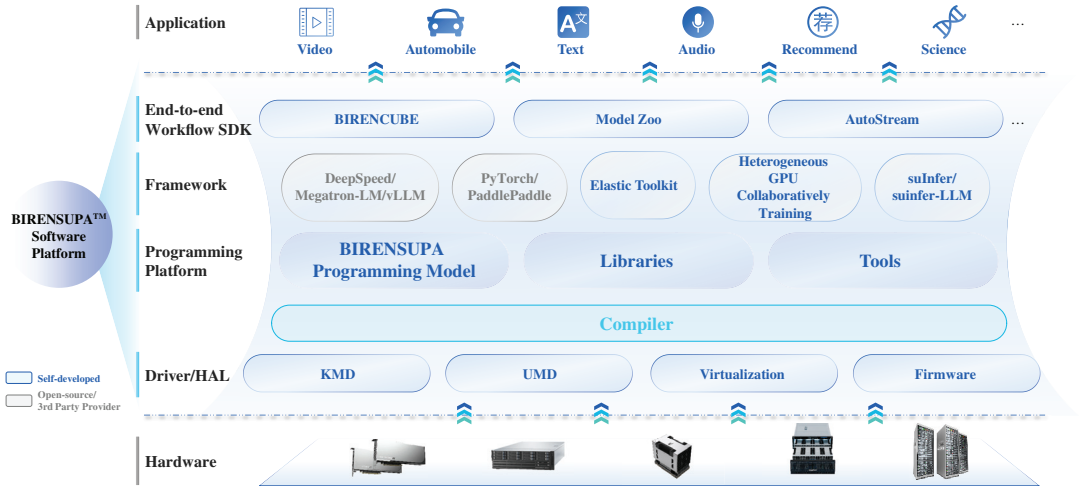
BR110 can be applied in embedded edge computing scenarios, such as industrial control systems, robots and other embedded devices.

Future Generation Chips

In addition to our existing product portfolio, we are planning to launch our next generation flagship data center chip, BR20X series for cloud training and inference, which is developed based on our second generation architecture. We expect BR20X to deliver enhanced computational power per card with our mature chiplet design in the first generation product while adding native support to a broader range of data formats such as FP8, FP4, etc.. BR20X is equipped with larger and faster memory, higher interconnect bandwidth, and a super-node system design as compared to our current products. These enhancements aim to significantly boost the performance for large model training and inference, thereby increasing business value and reducing the TCO for our users. We have completed the architecture design for BR20X and are currently in the process of physical design and verification for tape-out. BR20X is expected to be commercially launched in 2026. Furthermore, as part of our continuous innovation efforts, we are concurrently planning the future-generation BR30X products for cloud training and inference, and BR31X for edge inference, which are expected to be commercially launched in 2028. We are in the process of conducting feasibility analysis and preliminary R&D on BR30X and BR31X products. We expect BR30X and BR31X to deliver increased computational power, large memory capacity, enhanced ecosystem adaptability, improved scalability and reduced TCO. With the launch of future-generation products, we also expect to continue to offer our existing products based on customer demands.

BIRENSUPA – Software Platform

Our GPGPU-based hardware is operated using our self-developed software platform, BIRENSUPA. It is a software stack built on top of our GPGPUs for developing AI applications. Our BIRENSUPA software platform consists of multiple layers (driver, library, programming platform, machine learning framework, solution), which are designed to optimize performance, enhance development efficiency, and support a wide range of AI applications.



- Base Software/Driver: The base layer bridges hardware and software, enabling the operating system to recognize and manage GPGPU hardware. It includes kernel-mode and user-mode drivers, virtualization, and multi-GPU support. Our drivers facilitate efficient data transmission and multitasking across various computing and storage architectures while ensuring compatibility with different GPGPU models and operating systems. Our virtualization software allows physical devices to be partitioned into multiple virtual machines or containers, ensuring security, isolation, and service quality for AI applications.

- The programming platform includes the BIRENSUPA programming model, compiler, libraries, and developer tools.

  - The BIRENSUPA programming model, compatible with industry prevailing GPGPU programming model as well as featured with Biren GPGPU architecture unique programming abstraction, enables developers to efficiently create acceleration libraries and AI applications using C/C++ programming language.

  - Our self-developed GPGPU compiler optimizes resource utilization and enhances development efficiency by translating high-level code into Biren proprietary instruction set.

  - We provide a range of self-developed libraries, including suDNN library for deep neural networks, suBLAS library for high-performance mathematical operations, SCCL (SUPA Collective Communications Library) for efficient multi-GPU communication, and more for other acceleration domains.

  - To further support developers, we offer performance profilers, debuggers, and sanitizers to optimize application performance and diagnose errors effectively.

- Frameworks: BIRENSUPA supports most mainstream open-source deep learning frameworks, including PyTorch, TensorFlow, and PaddlePaddle. Our self-developed suInfer and suInfer-LLM offer high-performance inference engines and services. We also support open-source large language model (LLM) frameworks such as DeepSpeed, Megatron-DeepSpeed, Megatron-LM and vLLM. To enhance large-scale training reliability, fault tolerance capability and efficiency, we provide the Elastic Toolkit that monitors large-cluster training jobs, detects software or hardware failures, and recovers jobs within minutes, which is very critical for large-scale deployments involving thousands of GPUs. Additionally, our Heterogeneous GPU Collaborative Training (HGCT) module allows seamless integration between GPGPU clusters offered by us and other vendors to create a bigger heterogeneous cluster, enabling massive-scale model training.

- Solutions: We provide ready-to-use AI solutions tailored to customer applications. Our BirenCUBE cloud management platform integrates development, demo, and management tools for multi-user environments, supporting task and resource scheduling across thousands of GPGPU devices. Additionally, Model Zoo hosts AI models natively optimized for BIRENSUPA, allowing customers to deploy pre-trained models or develop their own based on reference implementations.

Intelligent Computing Clusters

Complex AI models and massive datasets require thousands of GPUs or more with exceptionally fast interconnections and a highly optimized software stack. In deep learning, particularly large language models, operators such as extensive matrix operations, convolutions and pooling requires significant computational resources. A single GPU often falls short of meeting the demands of training deep learning algorithms on large-scale data; therefore, a GPU cluster/supernode is employed to fulfill the need for a more efficient computation. A GPU cluster/supernode consists of multiple GPU servers and/or chips that accelerate the training of deep learning algorithms through parallel computing, resulting in enhanced availability, reliability, and scalability. We integrate GPU hardware with high-speed interconnects, networking, and fully optimized AI software stacks to deliver high application-level performance, allowing customers to deploy hardware solutions securely and optimally.

To meet the rapidly growing global demand for computing power, we are committed to providing comprehensive intelligent computing cluster solutions to meet our clients' urgent needs for high-performance computing and intelligent applications. These intelligent computing cluster/supernodes center around our self-developed high-performance GPGPU chips and incorporate essential hardware infrastructure – including servers, storage devices, and networking equipment – provided by our partners, alongside our optimized software stack. This forms large-scale computing clusters ranging from hundreds to thousands and tens of thousands of chips. This end-to-end solution includes chip design, hardware integration, software optimization, and system deployment. Our comprehensive intelligent computing cluster solutions not only reduce integration complexity for customers but also significantly shorten the timeline from hardware procurement to application, facilitating a swift transformation towards intelligent operations.

Our intelligent computing cluster solutions undergo systematic optimization, demonstrating powerful performance in practical operations. They ensure stability during prolonged high-load operations and support uninterrupted training tasks, with rapid recovery capabilities in the event of failures. Key performance and technological highlights include:

- *Reliability and performance:*
  - o One thousand chip cluster is able to be used for training for over 30 days without interruption, and over five days without failures;
  - o Industry-first three-level asynchronous checkpoint, enhancing reliability while minimizing overhead;
  - o One thousand chip cluster can recover a hundred-billion-parameter model to the last checkpoint within five minutes, boasting industry-leading speed;
  - o Multiple continuous training sessions achieving zero deviation in loss, and loss continues to decline after training for a month;
  - o Supports mainstream large models with industry-leading performance, achieving a linear acceleration ratio of 95% for one thousand chip cluster;
  - o Automatic parallel optimization of large models, featuring an industry-first asynchronous offload to overcome memory bottlenecks;
- *General-purpose Flexibility and compatibility:*
  - o Comprehensive model coverage, collaborating with upstream and downstream partners to build a large model ecosystem supporting over 50 types of language models, text-to-image, image-to-text and video generation models;

- Open ecosystem, compatible with three types of heterogeneous acceleration platforms;

- Supports supernode with high scalability and flexible topology through various interconnection approach, including optics direct connection and optical circuit switch etc. to run large models more efficiently.

Through our comprehensive intelligent computing cluster solutions, we not only provide clients with high-performance computing resources but also assist them in achieving intelligent transformation, promoting the widespread application of AI technology across various industries.

Commercialization

Our Specialist Technology Products can be applied in a wide range of business scenarios and are mainly used by customers in the construction of their intelligent computing infrastructure and the development and application of AI models, including mainstream AI models and the emerging large-scale AI models such as LLMs. We provide support with underlying computing power and corresponding software platform to meet customers' growing demand for computing power, to help to improve their capability in AI development and utilization, and ultimately to enhance their innovation capabilities, operating efficiency and competitive edge. Our strategy revolves around forming ecosystem partnerships and scalable, replicable infrastructure solutions for leading companies in selected key industries with high demands for computing power, such as AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet. We collaborates with strong ecosystem partners to penetrate key markets and serve industry-leading customers. As of the Latest Practicable Date, we have provided solutions to nine Fortune China 500 companies, among which five are also listed in the Fortune Global 500. We have also attracted multiple repeat purchases from key customers.

We are committed to further strengthen our commercialization capabilities. In 2024, we had 14 customers for our Specialist Technology Products, contributing a revenue amounted to RMB336.8 million. As of the Latest Practicable Date, we had 24 unfulfilled binding orders for our Specialist Technology Product with a total value of approximately RMB821.8 million. In addition, as of the Latest Practicable Date, we have entered into five framework sales agreements and 24 sales contracts for our Specialist Technology Product with a total value of approximately RMB1,240.7 million, which will contribute to our future revenue when realized.

Our GPGPU hardware systems and BIRENSUPA software platform are offered in a bundle as an integrated intelligent computing solution. We started to generate revenue from our intelligent computing solutions in 2023, and our revenue are recorded on a transaction-basis. Customers select the types of hardware form factors based on their needs. The pricing of our solutions is determined based on various factors such as product models, competitive landscape, customer's strategic value and order volume, and costs of procurement and production.

The following table sets forth key metrics of our Specialist Technology Products for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Number of customers[1]	**–**	**12**	**14**	**4**	**12**
Number of new customers[2]	–	12	13	3	6
Number of transactions	–	14	36	9	33
Average transaction value *(RMB in million)*	–	4.4	9.4	4.4	1.8

Note:

(1) Refer to customers from whom we generated revenue in the given period.

(2) Refer to customers from whom we generated revenue in the given period but who were not our customers historically. In each period during the Track Record Period, the number of new customers accounted for 50% or above of the number of total customers primarily because (i) we are at a relatively early stage of commercialization and is rapidly expanding to secure new customers, and (ii) existing customers purchase additional intelligent computing solutions from us based on their business needs, which will not necessarily result in repeat purchases in each period during the Track Record Period.

In 2023, as we just started to generate revenue from our intelligent computing solutions, customers mainly purchased our intelligent computing solutions primarily for trial. In 2024, we mainly collaborate with leading players in the selected industries with strong demands for computing power, which resulted in a significant increase in our average transaction value from RMB4.4 million in 2023 to RMB9.4 million in 2024. Our average transaction value decreased from RMB4.4 million in the six months ended June 30, 2024 to RMB1.8 million in the six months ended June 30, 2025, primarily because revenue in the six months ended June 30, 2024 was mainly contributed by a single large customer with fewer transactions but higher transaction value, whereas in the six months ended June 30, 2025, revenue was contributed by several large customers as our commercialization further progressed, who placed orders in multiple batches based on specific needs, thereby lowering the average transaction value.

During the Track Record Period, we have not recorded sales of our BR166 chip yet. The following table sets forth the sales volume of our BR106 and BR110 chips for the periods indicated:

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
BR106	–	590	9,344	600	2,216
BR110	–	–	298	–	22

In the first half of 2025, we recorded an increase in the sales volume of both BR106 and BR110 chips as compared to the same period in 2024 as a result of our commercialization efforts. As a result of the timing of sales contracts and order fulfillment, we recorded higher sales volume in the second half of 2024 as compared to the first half of 2024, and we expect to experience a similar pattern in 2025. Moreover, as a result of the strong demand for our products, we expect continued year-on-year growth in sales volume of BR106 for the full year of 2025 as compared to 2024, and the commercialization of the new BR166 will also drive the growth in sales volume of our chips in 2025.

Case Studies

Collaboration with A Leading Ecosystem Partner in the IT Industry

We established close partnership with a leading system integrator in IT industry ("IT Company A"). In September 2023, we entered into a strategic cooperation agreement with IT Company A pursuant to which we will co-develop and provide intelligent computing solutions to build AI infrastructure and support the AI applications in sectors such as telecommunications, AIDCs and enterprises etc. IT Company A's leadership in 5G infrastructure and AI-driven telecom services, combined with our GPGPU technology, allows us to develop turnkey solutions and infrastructure, and access to its telecom operator and enterprise clients. The partnership enables joint go-to-market initiatives, where both parties co-identify sales opportunities, share technical resources, and develop integrated solutions to address industry-specific challenges.

In November 2023, we entered into a sales framework agreement with IT Company A for our Specialist Technology Products with a total value of approximately RMB368 million. In the same month, we received the first binding sales order under the sales framework agreement for our Specialist Technology Product with a total value of approximately RMB35 million. IT Company A purchased our GPGPU products for (i) integration into AI servers, and (ii) the delivery of 1,000-GPU intelligent computing cluster projects. To capture the enormous market opportunities in computing power and satisfied with the performance and quality of our products delivered under the first order, IT Company A placed the second binding sales order in April 2024 under the sales framework agreement for our Specialist Technology Product with a total value of approximately RMB137 million, and placed the third binding sales order in April 2024 under the sales framework agreement for our Specialist Technology Product with a total value of approximately RMB31.4 million.

Industry-focused, Customer-centric Sales Approach

We employ an industry-focused, customer-centric approach to secure large enterprise customers with telecommunications as a core vertical. We have established partnerships with China's three largest telecom operators addressing diverse procurement needs. By embedding our solutions across the customer's value chain – from R&D initiatives to large-scale AI data center (AIDC) projects – we drive sustained engagement and cross-selling opportunities.

In September 2024, we collaborated with our IT partner to deliver a 1024-GPU intelligent computing cluster in Nanjing, Jiangsu Province ("Nanjing 1024-GPU Cluster") for a telecommunication client, with a total contract value of RMB180 million. The cluster deploys 1,024 BILI 106M across 128 servers, optimized for large-model training. Our IT partner provided storage, networking, and integration services, overseeing end-to-end cluster deployment.

The solution leverages asynchronous offloading and automated large-model optimization to reduce memory overhead while achieving 95% linear scalability, delivering end-to-end performance. This project underscores our capability to design and deploy mission-critical intelligent computing infrastructure at scale, positioning us competitively for future ultra-large-scale AIDC projects involving tens to hundreds of thousands of GPUs.

Building on the success of the Nanjing 1024-GPU Cluster project, we have secured multiple strategic contracts with telecommunication operators, including GPGPU server procurement agreements and the deployment of 5G New Calling – a next-generation service powered by 5G networks to deliver AI-enabled features such as real-time speech-to-text conversion and multilingual translation. We are also developing other large-scale intelligent computing cluster projects for telecommunication operators. These multi-dimensional collaborations across diverse projects and use cases underscore our proven capabilities in driving sustained commercialization and scaling mission-critical solutions within telecommunication ecosystems.

CORE TECHNOLOGIES APPLIED IN OUR SPECIALIST TECHNOLOGY PRODUCT

As a result of our continuous investment in research and development, we have a large number of core technologies that empower our Specialist Technology Product. The development of GPGPU hardware system and related software platform require strong research and development capacities. Our core technologies primarily cover the following aspects: GPGPU architecture, SoC design, hardware system design, and software technologies. As of the Latest Practicable Date, we had 613 patents, 40 copyrights and 16 layout-design of integrated circuits in the PRC and overseas. See "Business – Intellectual Property" for details.

Architecture Design

Biren unified GPGPU architecture for training and inference has achieved strong performance, high power-efficiency, and high general-purpose flexibility to reduce TCO for customers. Leveraging our GPGPU architecture, we are able to develop products at different scale to serve a wide array of use cases and markets built on a unified platform.

The following diagram illustrates the design of our GPGPU architecture:

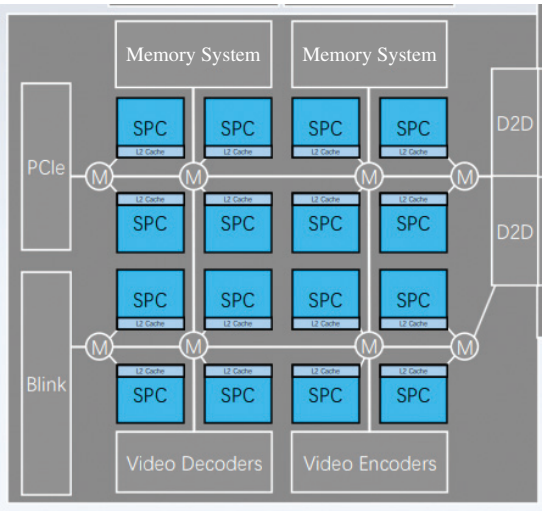


Figure: Full chip block diagram

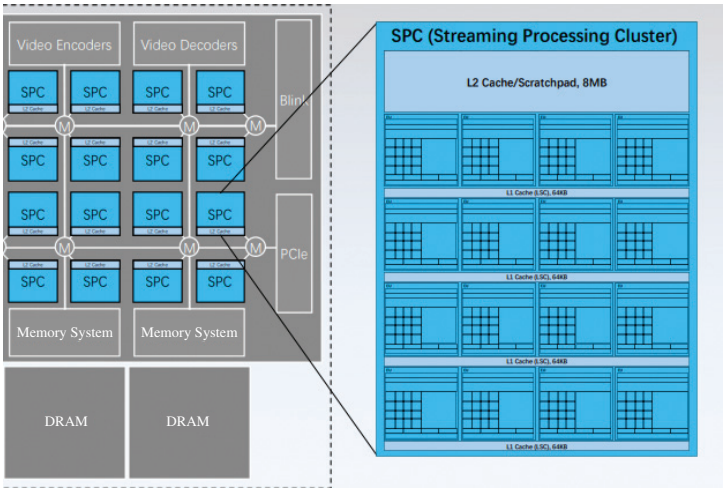


Figure: Streaming Processing Cluster block diagram

In order to achieve these unique features, we have incorporated a lot of innovations in our architecture:

- **Excel at both general-purpose flexibility and AI acceleration** – We use the single instruction multi-thread ("SIMT") architecture which is a classic GPGPU architecture. SIMT architecture is a cornerstone of modern GPU design, enabling them to handle complex, parallel computations efficiently. It is ideal and flexible for a wide range of applications, especially in AI/ML algorithms.

- **Advanced Tensor Core Architecture** – Our specialized tensor engine, T-core, adopts a special design which significantly reduces the frequency of repeated data retrieval from DRAM during matrix operations, supporting data recycle and decreasing the bandwidth requirements for AI matrix computing, thereby greatly enhancing energy efficiency and computational effectiveness.

- **Asynchronous Data Transfer with Multicasting** – We offer data multicast technology for matrix computing in AI. Large matrix computing typically involves significant data reuse, and multicast technology allows data to be read from DRAM once and simultaneously supplied to different computational cores. This approach significantly enhances computational speed while reducing energy consumption.

- **Near memory computing** – Our chips incorporate storage technologies such as NUMA, UMA, and L2 Reduction, enabling data to be automatically stored close to the computing cores and facilitating reduction calculations through L2. This technology reduces the need for data to be fetched from distant DRAM, thereby improving data retrieval efficiency.

SoC Design

In terms of SoC design, we have continuously accumulated technologies throughout the process, covering SoC architecture, memory system, multi-GPU interconnections, SoC testing, SoC design flow, and chip package design.

- **SoC architecture:** Based on the AI application scenarios and the targeted market segments of chips, we flexibly assemble different numbers of SPC cores with various types of heterogeneous computing modules, and define the memory system and interconnection structure accordingly. In addition, our SoC is designed to support computing on cloud and edge and enables the virtualization of cloud computing resources.

- **Memory System:** Our design technologies are capable of integrating various types of dynamic random-access memory protocols. With features such as multi-channel access, data pack scheduling and sorting, and cache prefetching, our SoC design significantly improves the effective bandwidth access for AI applications and reduces latency for memory access.

- **Multi-GPU Interconnections:** We integrated high-speed Serializer/Deserializer (SerDes) that enables high-speed communications while minimizing the number of input/output pins and interconnections. We also developed our proprietary BLink system that improves the scalability of intelligent computing clusters. Traditional GPU cards can only connect with server hosts, but our BLink technology enables connections between GPU cards, with a maximum bidirectional data transfer rate up to 64GB/s per link and 4-8 links in total. In addition, we are the first GPGPU company in China to achieve point-to-point full mesh topology for eight GPU cards in a single server, according to CIC. Moreover, we are also collaborating with industry-leading business partners in China and took the lead in the commercial launch of GPU optical interconnection technology in China, promoting the future of all-optical networks and co-packaged optics technology to further enhance interconnection performance and efficiency.

- **SoC Testing:** We utilize design-for-testability technology and perform features scanning, built-in self-test, yield analysis and diagnosis throughout the product development process. Based on testing results, our firmware can harvest non-full functioning chips and create down-bin products. These are essentials to tests undertaken as part of the manufacturing process to ensure the functionality of our GPGPUs, laying a foundation for successful mass production. We also creatively bring functional tests to wafer probing stage, which will greatly increase down-stream testing yields.

- **SoC Design Flow:** Our multi-level partitioning technology and module multiplexing technology in terms of placement and routing effectively simplifies the physical design for complex modules, enhances the scale of chip design. Our algorithms are able to reduce latency and enhance frequency for chips. In addition, during the physical design process, our fast-timing closure technology ensures temporal consistency, reduces the number of temporal iterations, which result in expedited physical design process. In terms of optimizations, our energy efficiency optimization technologies enable tailored optimizations for chips applied in different scenarios, and our yield optimization technologies analyze and optimize power network for chips, thereby extending useful lives for our GPGPU products. All above techniques intertwine together to guarantee our first-time right tape-out and higher manufacturing yield.

- **Chip Package Design:** In order to develop more efficient and scalable solutions for increasingly complex systems, we adopt chiplet technology in our chip design methodology. The chiplet approach is a critical strategy for addressing the limitations of traditional monolithic IC fabrication. This flexible, scalable and cost-effective technology can lead to a quicker time-to-market of our complex GPGPU chip. Our chiplet design also leveraged advanced chip packaging technologies, which significantly increases the integration of chips and memory bandwidth. Such technologies involve stacking and connecting multiple dies (such as GPU SoCs, memory, etc.) into a single package, leading to better overall performance. It is particularly useful in AI training workload, cloud computing, and applications requiring high-speed data processing and minimal latency.

Hardware System Design

We have developed comprehensive hardware system design capabilities that can support various hardware form factors containing our self-developed GPGPUs, such as PCIe, OAM, UBB, servers and server clusters. We followed Open Compute Project Standard. Our product line covered 75W edge computing to 450W PCIE/600W OAM form factor. Our next generation design will move up to 700W air-cooling and 1000W liquid cooling. Our UBB can connect up to eight OAM cards with multiple topologies using our in house P2P interface. Next generation, we will design more flexible and powerful SerDes connection to scale up our system. Our comprehensive design and simulations technologies for serial data communications at system-level enables the reliable and stable communication between cards and systems. With our know-hows in signal integrity simulation, our system reached high frequency and high density. Moreover, our solid system-level power distribution design, backed by our signal integrity and power integrity simulation know-hows, provides stable power supply under different working modes of AI applications.

Software Technologies

In addition to hardware-level innovations, we have developed a suite of software technologies that empower developers to fully utilize the computational and communication capabilities of our GPGPUs.

- Advanced Compiler Optimizations for AI Workloads: Our compiler technology integrates advanced code generation and optimization techniques to translate AI applications written in high-level programming languages (C/C++) into highly optimized machine code for the Biren GPGPU instruction set. This includes sophisticated loop transformation, instruction scheduling, register allocation strategies designed specifically to maximize parallel execution efficiency. Our industry-unique warp management and register allocation algorithms enable the collaborative warp mechanism in the Biren GPGPU architecture, ensuring optimal resource utilization for workloads with varying computational intensity.

- An Easy-to-Use GPGPU Programming Model: BIRENSUPA programming model is designed to be fully compatible with industry-standard GPGPU models, ensuring seamless portability while offering unique extensions tailored to our architecture. These extensions, abstracted as a set of easy-to-use APIs, such as Mega-Kernel, Tensor Core intrinsic, and kernel co-routine, provide direct access to hardware features, including the large-scale tensor core, near-memory computation, and a high-bandwidth on-chip memory buffer, all essential for accelerating deep learning workloads.

- High-Performance Computation and Communication Acceleration Libraries: We provide optimized libraries accelerating core AI and mathematical operations for machine learning training and inference. Utilizing advanced techniques like graph analysis, operation fusion, and Just-in-Time compilation, these libraries maximize Biren GPU compute resources. Our communication library leverages Biren GPU computation cores and dedicated direct memory access engines to accelerate data transfer across diverse network topologies, including our BLink intra-node/super-node channels and large scale GPU clusters. These libraries can also integrate with Biren ML frameworks to enable computation-communication overlap, optimizing overall performance.

- Graph-Level Optimizations for Deep Learning Frameworks: We have integrated advanced graph-level optimization and operator fusion techniques into deep learning frameworks to further enhance training and inference performance. These techniques improve memory efficiency by increasing data reuse across computational sequences, thereby reducing memory bandwidth requirements. Additionally, they improve computation and communication concurrency by overlapping data movement with computation, minimizing idle time and reducing CPU-side control overhead.

- Efficient Memory Management for Large-Scale AI Training: As AI models continue to grow in scale, memory efficiency becomes a critical bottleneck. We have developed asynchronous offloading and a GPU-based Chunk Optimizer to significantly reduce device memory usage during training. Asynchronous offloading strategically moves intermediate activations and gradients between GPU memory and host memory in a latency-hiding manner, minimizing memory footprint while maintaining training efficiency. The GPU-based Chunk Optimizer further partitions and schedules memory-intensive operations to avoid fragmentation and ensure optimal utilization of available memory resources. These techniques enable our GPGPUs to train hundred-billion-parameter models efficiently even on small-scale clusters, without compromising model accuracy.

- Unified AI Development Environment across Cloud and Edge: Our software ecosystem provides a unified development environment that spans cloud and edge deployments, allowing developers to build, optimize, and deploy AI applications seamlessly across diverse hardware configurations. This environment integrates software tooling for model development, profiling, debugging, and deployment, ensuring that applications can transition smoothly from research environments to large-scale production systems and especially applicable for models like DeepSeek-v3 but without the extra memory overhead in DeepSeek's dualpipe method.

By offering a scalable software platform, we enable enterprises to accelerate AI adoption and maximize the performance of their AI models across various deployment scenarios.

RESEARCH AND DEVELOPMENT

Overview

R&D is at the heart of our business and allows us to continue to enhance and expand our solution offerings. Our strong R&D capabilities has enabled us to develop our Specialist Technology Product with advanced technologies in the fields of semiconductors and will continue to support our future growth. We will continue to invest in research and development to enhance the computing power, general applicability and efficiency of our solutions.

Research and Development Capabilities

Our R&D is led by a strong team with 657 experienced R&D professionals as of June 30, 2025, representing approximately 83% of our total staff. Key management and core members of our R&D team include Mr. Zhou HONG, our Chief Technology Officer, and Mr. Linglan ZHANG, our Chief Operating Officer. Mr. Hong is responsible for overseeing and formulating the direction of the technology development of our products. He is also the chief architect of our GPGPU chip and is responsible for the definition and design of GPGPU architecture. Mr. Hong has nearly 30 years of experience in design and engineering of GPU and has led R&D teams at multiple leading semiconductor companies in China and overseas. Mr. Linglan ZHANG is responsible for our project management and production and quality control of our products. He has over 23 years of experience in the semiconductor industry. See also "Directors and Senior Management."

We retain key management and core R&D staff by offering competitive remuneration packages and comprehensive welfare benefits. To mitigate any potential negative impact of departures by such personnel, we recruit candidates with relevant knowledge and skills through online platforms, internal referrals, and employment agencies, among others. The key terms of agreements with our management and technical staff are outlined below.

- *No conflict*. During the employment, the employee shall not engage in any other job without our prior written consent.

- *IP rights*. We own all rights, titles and interests (including patent rights, copyrights, trade secret rights and all other intellectual property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), designs, know-how, ideas and information made, conceived or reduced to practice, in whole or in part, by the employee during the term of the employment contract and for one year following the termination of employment to the fullest extent allowed by applicable laws, and the employee shall promptly disclose all inventions to us.

- *Confidentiality*. During the employment, the employee shall, during the course of employment and thereafter, keep in confidence all technical, operational information or trade secrets belonging to us or other third parties to whom we owe confidentiality obligations. The employee shall not leak, disclose, publish, announce, issue, teach, transfer or otherwise make available to any third party (including employees who are not privy to such trade secrets) any such trade secrets in any manner and shall not utilize such trade secret beyond his or her scope of work.

- *Non-competition*. We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, the employee shall not engage in any competitive behavior.

- *Non-solicitation*. During the employment and for two years thereafter, the employee shall not, directly or indirectly, either on their own behalf or on behalf of any other companies, solicit or attempt to solicit our employees to leave their employment, nor shall they, directly or indirectly, either on their own behalf or on behalf of any other companies, employ our employees.

Moreover, we have attracted and retained a highly qualified R&D team. A substantial portion of our R&D staff is equipped with extensive know-how and expertise over multiple years' industry experience accumulated while serving other leading semiconductor and information technology companies before joining us. We have over 210 R&D staff with more than 10 years industry experience, consisting of over 33% of our total R&D staff as of June 30, 2025. We will continue to proactively recruit R&D talent to further innovate and improve on our technologies and solutions. We have proven world-class R&D efficiency as demonstrated by our success to bring BR106 from design to commercialization in approximately three years, while incorporating advanced technologies and demonstrating leading performance. We have also accumulated strong know-how and engineering capability.

We have established a research institute, Biren Research Institute, to support our development strategies, enhance our ecosystem establishment and enable our continuous innovation. Biren Research Institute is founded to explore next-generation technologies and address challenges faced in the development of GPU. Specifically, it focuses on (i) the research and development in critical and breakthrough algorithms to maximize the performance of our products, (ii) the research and development in cross-boundary optimization of our algorithms, hardware and software, (iii) proactively participating in open-source ecosystems to develop prototyping tool and framework for domain algorithms and compilation optimization technologies to support the design of our hardware and software products.

Since our inception in 2019, we have been investing significantly in strengthening our R&D capacities to develop innovative and nimble solutions to remain at the forefront of changing customer demands. In 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, we incurred total R&D expenses amounted to RMB1,017.9 million, RMB885.6 million, RMB827.0 million, RMB397.1 million and RMB571.6 million, respectively, accounting for 79.8%, 76.4%, 73.7%, 71.5% and 79.1% of our total operating expenses for the same periods. All of our R&D expenses recorded during the Track Record Period were attributed to the development of our Specialist Technology Product. See "Financial Information – Description of Key Consolidated Statements of Comprehensive Loss Items – Research and Development Expenses" for a breakdown of our R&D expenses during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, there was no legal claim or proceeding that may have an influence on the R&D of our Specialist Technology Products.

During the Track Record Period, we have completed in following key R&D projects:

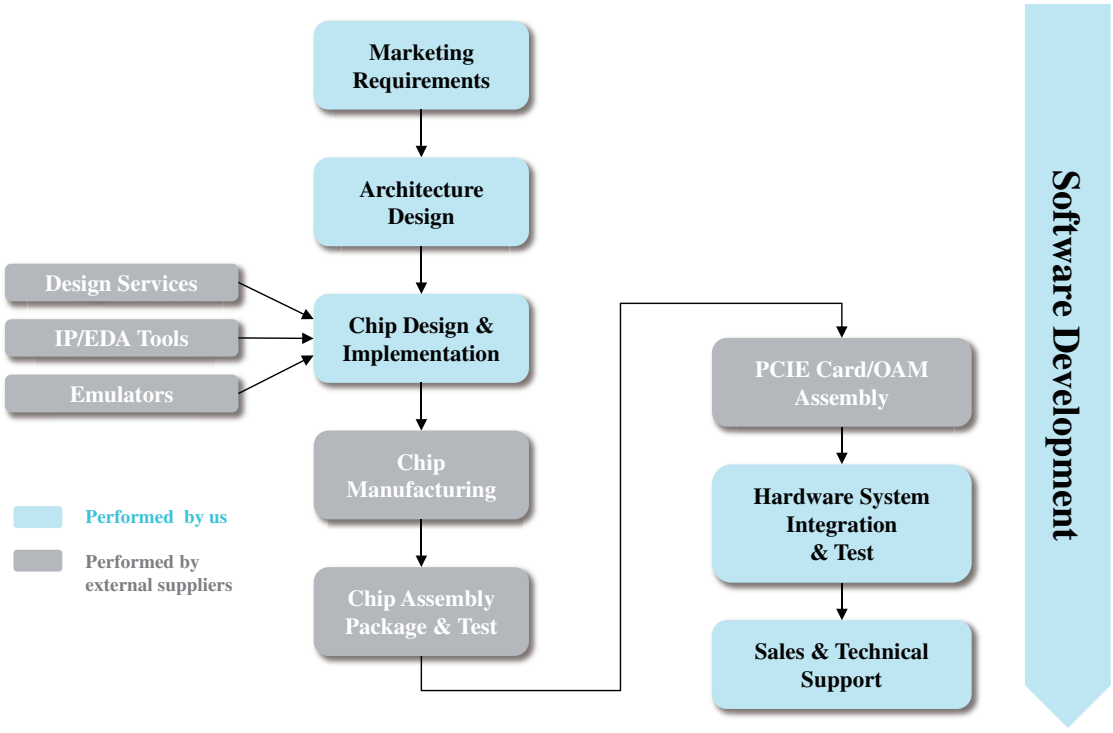
2021	Completed tape-out for our first chip, BR106
2022	Post-silicon validation for our first chip, BR106
2022	Completed tape-out of BR110
2023	Post-silicon validation of BR110
2023	Completed the new product introduction (NPI) and mass production of BILI 106B, BILI 106C and BILI 106M
2024	Completed the NPI and mass production of BILI 106L and BILI 110E
2024	Completed product definition and started chip manufacturing of BR166
2024	Completed the architecture design of BR20X
2025	Completed post-silicon validation and started mass production of BR166
2025	Completed the NPI of BILI 166M and BILI 166L
2025	Completed the pre-silicon design of BR20X

In addition, we are currently in the process of architecture design on BR30X products.

During the Track Record Period, we also outsourced certain non-core R&D process, such as certain backend (physical) design projects, to third-parties. In outsourced R&D process, we provide our requirements and conduct regular inspections on the progress and results to ensure project quality and timeline. This arrangement enables us to focus on our core technologies and optimize our R&D efficiency. When selecting qualified outsourcing firms, we consider their industry reputation, track record of conducting similar projects, the qualifications of their R&D personnel, among others. Key terms of outsourced R&D projects typically include: (i) intellectual properties: we are entitled to the intellectual properties arising from the outsourced R&D arrangement, and the outsourcing firms shall not use or re-develop relevant IPs without our authorization; (ii) pricing and payment: pricing is calculated based on allocated human resources as agreed by both parties in the contracts; (iii) confidentiality: the outsourcing firms shall keep strict confidentiality of all the information provided us, and would be responsible for any breach of confidentiality; and (iv) termination: the contracts may be terminated by mutual agreement, or by other means as set forth in the agreements.

Solution Development Process

The development of our solution requires careful planning and coordination across various stages, which is illustrated in the following diagram:



We are primarily engaged in,

(i) marketing requirements analysis focusing on end-customer requirements, marketing trend, and product positioning segment;

(ii) architecture design focusing on Biren self-developed unified architecture;

(iii) the chip design process, which is one of the most critical stages in the chip development process as it directly determines the performance and functionalities of the chip and the core competency of IC design companies;

(iv) hardware system integration and testing, which refers to the process that after we receive finished products of PCIe cards and OAMs from original equipment manufacturers, we conduct software integration, server and cluster integration and testing in-house before sampling with customers;

(v) in-house development of our software stack, BIRENSUPA; and

(vi) product sales and technical support, which directly interact with the customers.

To facilitate the chip design process, we utilize various items, tools and support services provided from third-party suppliers, such as certain IPs, EDA tools and emulators, and may choose to outsource certain backend and physical design to design services vendors. IPs procured from third-party suppliers refer to ancillary IP cores used in chip design as a functional block to the SoC. We do not engage in the development of relevant IP cores procured from third-party suppliers. We integrate these IPs into our SoC design and perform verification and optimization. Such IP cores are generally available from several vendors. According to CIC, it is in line with the industry norm for intelligent computing chip companies to procure ancillary IP cores from external suppliers. We provide chip design layouts to third-party IC foundries for manufacturing. Then the dies, which are unpackaged chips manufactured on silicon wafer by foundries, are sent to IC packaging and testing suppliers for packaging, and then board manufacturers for assembly and testing. GPGPU chips are then integrated into different form factors (such as PCIe cards and OAMs) by original equipment manufacturers. After receiving the PCIe cards and OAMs, we conduct hardware system (i.e. server) integration, software integration and testing in-house before shipping to customers.

Academic Collaborations

As of the Latest Practicable Date, we have carried out more than 30 joint research projects with multiple renowned universities including Tsinghua University, Fudan University, Shanghai Jiao Tong University, and Zhejiang University. Our collaborating parties are leading universities in China with strong research capabilities and experience in the semiconductor sector. By collaborating with leading universities, we aim to bridge the gap between academic and engineering and connect talent with industries. As of the Latest Practicable Date, none of such IPs are material to our Specialist Technology Product, operations and business. Salient terms of our collaborations with such universities typically include: (i) both parties will establish a joint laboratory to conduct joint research in intelligent computing managed by the universities; (ii) both party will provide resources in technology, products and talent to support the R&D activities of the joint laboratory. Typically we provide funding for the joint laboratory in an amount as prescribed in the agreements, and the universities provide space and equipment for the joint laboratory; (iii) intellectual properties for R&D projects completed by both parties will either be owned by us, or jointly owned by both parties according to the applicable terms as prescribed in the relevant agreements. As of the Latest Practicable Date, none of such IPs are material to our Specialist Technology Product, operations and business; (iv) we will provide internship programs for certain students at the collaborating universities; (v) either party shall not disclose information regarding the collaborating R&D projects and shall be liable for any leakage; (vi) the terms of the agreements are typically one to three years, and may be renewable upon negotiation; and (vii) the agreements may be terminated upon consent by both parties. Our collaboration focuses on (i) cultivating talent on chips and AI by granting scholarship funds, establishing internship programs, and giving courses and lectures at renowned universities, and (ii) jointly conducting academic research in AI, computer science and electronic engineering. We believe that such collaborations have enabled us to further strengthen our R&D team.

SALES AND MARKETING

Our strategy targets industry leaders sectors with robust and increasing demand for powerful computing solutions. Our sales cycle typically spans one to three months, which is consistent with industry norm, according to CIC. Through direct engagement with industry leaders, we identify and prioritize core requirements of target customers in such industries. To pique customer interests, we provide product sampling and test results to showcase the values and benefits of our solutions, such as the performance and TCOs of our solutions when processing representative workloads. Upon initial validation from customers, we enter into strategic collaboration agreements with industry leaders to conduct grey-box tests in terms of performance and accuracy in training and inference across multiple models, the ease-of-use and generalization ability of our software stack, and system stability and reliability of our solutions, among others. Salient terms of strategic collaboration agreements typically include: (i) both parties will establish a strategic collaboration relationships in the application of intelligent computing solutions provided by us in relevant scenarios; (ii) the customers will place binding sales orders with us from time to time; (iii) the terms of the agreements are typically two to three years; and (iv) the agreements may be terminated upon prior notice by either party. We continue to refine and optimize our solutions based on customers' feedback during testing, in particular their experience in developing and optimizing operators using BIRENSUPA, and the results from stress testing over long time periods and in real-world business scenarios. Upon completion of grey-box tests, customers proceed with binding sales orders with us, and we will ensure stable and timely deployment of solutions and provide high-quality customer support. By serving industry leaders and forming partnership with large customers, we aim to accelerate market adoption of our solutions and further expand our presence across additional segments in such industries.

We have established a professional in-house sales and marketing team in China consisting of 32 personnel as of June 30, 2025. Mr. Zhang, our founder, Chairman and CEO, and Mr. Bing XIAO, our Executive Director and General Manager oversee our sales and marketing activities. See also "Directors and Senior Management." Our employees have deep knowledge of the industries and customers that they are responsible for. Our in-house sales team works closely with our R&D team to ensure that they can propose the best solutions to address the pain points faced by market participants in the relevant industry verticals. To encourage and incentivize our in-house sales team, we have designed a compensation structure that includes a fixed component as well as a performance-based component. We set specific performance targets for each team member. We evaluate such employee's performance every year and pay out performance-based compensation accordingly.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We have experienced strong revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our Specialist Technology Products. Our revenue increased from RMB0.5 million in 2022 to RMB62.0 million in 2023, further to RMB336.8 million in 2024. Despite our rapid growth, we were loss-making during the Track Record Period. In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, we incurred losses for the year of RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million, RMB888.3 million and RMB1,600.5 million, respectively, and adjusted net loss (non-IFRS measure) of RMB1,038.3 million, RMB1,051.4 million, RMB767.3 million, RMB438.2 million and RMB551.6 million, respectively, by adding back changes in the carrying value of redemption liabilities associated with the redemption rights for certain pre-[**REDACTED**] shareholders and other non-cash and non-recurring items. For details, see "Financial Information – Description of Key Consolidated Statements of Comprehensive Loss Items – Non-IFRS Measures." We incurred net losses and adjusted net losses (non-IFRS measure) during the Track Record Period primarily because: (i) we incurred significant amount of operating expenses, especially research and development expenses, during the Track Record Period, and (ii) we were at a relatively early stage of commercialization, and therefore our revenue during the Track Record Period have yet to cover such significant amount of investments. In particular, our losses during the Track Record Period were primarily attributable to:

- *Substantial upfront investment required*. The intelligent computing chip market is highly competitive and complex, which requires substantial upfront investment into, among other things, technology advancement, talent acquisition, customer engagement and regulatory compliance. Considerable resources are necessary to fund the extensive research and development efforts aimed at enhancing our core technologies, including GPGPU architecture, SoC design, hardware system and software platform in order to obtain customers. Furthermore, to maintain a leading edge in technology advancement, we need to recruit top-tier talent. Competitive benefits packages and incentives are necessary to attract and retain skilled professionals who can drive our technology innovation and evolution. In 2022, 2023 and 2024 and for the six months ended June 30,2024 and 2025, our R&D expenses amounted to RMB1,017.9 million, RMB885.6 million, RMB827.0 million RMB397.1 million and RMB571.6 million, respectively. Such substantial upfront investment in R&D results in our loss positions during the Track Record Period.

- *Still at an early stage of commercialization*. We are currently at an early stage of commercialization and are growing rapidly. Our Intelligent computing solution requires extended development cycles spanning multiple years as we complete chip design, customer validation, and market penetration before achieving commercialization. As our business expands, we except to benefit from economies of scale and our operating expenses as a percentage of total revenues is expected to decrease. While economies of scale can offer significant efficiency advantages, realizing such benefit is a gradual process, particularly for us who incur substantial upfront investment and still at an early stage of commercialization.

- *Changes in the carrying value of redemption liabilities*. We recorded RMB348.0 million, RMB603.6 million, RMB674.3 million, RMB383.1 million and RMB1,010.9 million in changes in the carrying value of redemption liabilities for the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. Changes in the carrying value of redemption liabilities are non-cash in nature, and the redemption liabilities will be automatically converted into the equity of our Company upon the completion of the [**REDACTED**].

Similarly, we have been loss making prior to the Track Record Period, which resulted in our total deficit attributable to owners of our Company of RMB2,920.3 million as of January 1, 2022. Our gross profit margin decreased from 76.4% in 2023 to 53.2% in 2024, and decreased from 71.0% for the six months ended June 30, 2024 to 31.9% for the six months ended June 30, 2025. This change is primarily due to the change in the mix of products sold driven by customers' specific needs.

Moreover, we incurred operating cash outflows during the Track Record Period primarily due to (i) our net loss position during the Track Record Period, and (ii) the increase in our trade, other receivables and prepayments from 2023 to 2024 primarily driven by our business growth. For details, see "Financial Information – Liquidity and Capital Resources – Cash Flow Analysis – Net Cash Used in Operating Activities." We plan to improve our net operating cash outflow position by (i) improving our profitability through the measures outlined below, and (ii) further enhance our management of trade receivables. Specifically, to expedite the collection of trade receivables, we have increased product competitiveness through product iterations and have gradually increased the proportion of advance payments. Further, we have established a dedicated collection team to implement a weekly follow-up mechanism to further optimize the collection process.

In addition, we incurred net current liabilities of RMB9,548.0 million as of June 30, 2025, primarily because our redemption liabilities were reclassified to current liabilities based on the redemption date specified in the investment contracts, amounting to RMB12,145.4 million as of June 30, 2025. We expect to achieve net current assets upon the completion of the [**REDACTED**] when such redemption liabilities will be automatically converted into the equity of our Company.

In the future, we aim to maintain sustainability and achieve profitability primarily through: (i) optimizing our solutions to create value for customers; (ii) expanding customer base; and (iii) enhancing operational efficiency and economies of scale.

Optimizing Our Solutions to Create Value for Customers

We are dedicated to providing high-quality intelligent computing solutions, including our GPGPU-based hardware systems and BIRRENSUPA, a computing software platform, to address customers' fast-growing computing demand across various industries to drive productivity, innovation and transformation. For details of our solutions, please see "– Our Intelligent Computing Solutions." We plan to continue to create value for customers and address their business needs by accelerating product iteration, optimizing our solutions, innovating our technologies, providing satisfying customer services, among others. As a result, we are able to scale up our revenues and to achieve profitability. Our success is driven by our capabilities to continuously improve our core technologies underlying our solutions. As such, we will continue to invest in our research and development capabilities, particularly further enhancing self-sufficiency and self-control of our core technologies. We intend to expand our talent pool of scientists and engineers to augment our R&D capabilities on a continuous basis. Moreover, leveraging our capabilities in technology, we will continue to upgrade our solutions comprehensively in terms of architecture, SoC, hardware systems and software platform, to address customers' evolving business needs and create value for them, which we believe will help accelerate the rump-up of our solutions among customers. For example, to better address our customers' urgent demands for high-performance computing and intelligent applications, we have optimized our solutions to deliver our Specialist Technology Product as large-scale intelligent computing clusters, which consist of a large number of interconnected GPGPU units and that work together to perform parallel processing tasks and controlled by our BIRENSUPA software platform. Such efforts enable us to seize commercialization opportunities in the evolving intelligent computing chip market.

We will continue to build a vibrant ecosystem by partnering with all stakeholders, namely customers, suppliers, hardware and software partners, developers and developer communities, and research institutes and universities, etc. Close collaboration with these partners will help increase our brand awareness and accelerate the adoption and commercialization of our solutions.

Moreover, as we continue to advance our GPGPU and solution performance and expand production capacity to address customers' critical business needs, we are able to capture additional monetization opportunities through recurring purchase after the initial sale. For example, we established close partnership with a leading system integrator in IT industry. To capture the enormous market opportunities in computing power and satisfied with the performance and quality of our products delivered under the first order, the customer has placed multiple binding orders for our Specialist Technology Products from November 2023 to June 2025 with a total value of approximately RMB252.4 million. For details, see "– Our Intelligent Computing Solutions – Commercialization – Case Studies – Collaboration with A Leading Ecosystem Partner in the IT Industry."

Expanding Customer Base

We employ an industry-focused, customer-centric approach to secure large enterprise customers in core verticals. Our strategy is to strategically partner with large customers in key industries with high demands for computing power. As compared to global competitors, our localized expertise in China and on-the-ground customer support enabled us to form strategic partnerships with large customers in key industries, such as AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet, to understand and address their unique needs. Specifically, we engage in deep, multi-level, and multi-dimensional collaborations to foster strong strategic partnerships. Key initiatives include, among others, (i) engaging in deep communications with customers across all levels, from AI Infrastructure departments to C-suite executives, to facilitate a comprehensive understanding of our technology and product offerings; (ii) helping customers develop strategic plans for computing power, and collaborating with them in national-level projects focused on computing power innovation and self-sufficiency; (iii) pre-adapting our products and solutions to meet customers AI infrastructure; and (iv) providing solutions tailored to specific application scenarios. These collaborations demonstrate our strategic approach to establishing long-term, mutually beneficial relationships. By constantly offering high-quality solutions that can effectively address customers' needs, we are able to become a trusted business partner of our customers and are well-poised to secure more orders when our customers have additional computing power needs. For example, we have established partnerships with China's three largest telecom operators address diverse procurement needs. By embedding our solutions across the customer's value chain – from R&D initiatives to large-scale AI data center (AIDC) projects – we drive sustained engagement and cross-selling opportunities. We successfully delivered a 1024-GPU intelligent computing cluster in Nanjing for a telecommunication client in September 2024. Building on the success of the Nanjing 1024-GPU Cluster project, we have secured multiple strategic contracts with telecommunication operators, allowing us to further penetrate the telecommunication sector. For details, see "– Our Intelligent Computing Solutions – Commercialization – Case Studies – Industry-focused, Customer-centric Sales Approach."

We are committed to deepening collaborations with such customers by offering additional products and solutions across the customers' business process, and participating in more collaborative projects with them. As of the Latest Practicable Date, we have provided solutions to nine Fortune China 500 companies, among which five are also listed in the Fortune Global 500. These companies include leading players in China's telecommunication, energy & utilities, AI solutions and financial technology sectors. As we continue to serve vertical leaders, our solutions continue to iterate and optimize based on customers' feedback. By partnering with industry leaders, we have built proprietary know-how and formed an in-depth understanding of each selected vertical. This empowers us to provide high-quality solutions catering to the specific business needs of customers in those verticals, thereby accelerating the commercialization of our solutions and enhancing customer loyalty. As our existing large customers benefit from our solutions, we will be able to establish industry standards and attract more new customers both in existing verticals and new verticals. We are able to leverage our experience and success in existing industry and scenario to expand into new industries with similar scenario.

To further commercialize our intelligent computing solution, we plan to expand our sales and marketing team, carry out marketing and promotion activities such as setting up display centers or showrooms, and build a dedicated team to provide technical support to our customers. Through these efforts, we expect to establish our sales network, strengthen our customer relationship and create our brand impact.

We believe that our commercialization efforts will benefit from the tremendous market opportunities for intelligent computing chips. The market size of China's intelligent computing chips is expected to grow from US$30.1 billion in 2024 to US$201.2 billion in 2029, with a CAGR of 46.3%, according to CIC. China's intelligent computing chips is characterized by a high concentration of top players, while the remainder of the market is relatively fragmented. In addition, according to CIC, domestic players expected to take up an increasing market share from approximately 20% in 2024 to approximately 60% in 2029, driven by improved technology capabilities of domestic players and continued policy support. In addition, as the demand for intelligent computing chips continues to grow, there is an increasing need for a broader supplier base beyond the current top players. We are well-positioned to capture such significant market opportunities by leveraging our competitive advantages, including our advanced technologies, comprehensive software ecosystem, cost-efficient solutions, stable supply chain, localized delivery and support capabilities, among others. Benefiting from our deep understanding in needs and pain points of Chinese customers, we aim to focus on key sectors and provide cost-effective solutions with stable deliveries, further enhance our technological advantages, and build an ecosystem that closely aligns with local needs. Our competitiveness is evidenced by our historical commercialization achievements, which include strong relationships with leading customers in key industries and significant revenue growth during the Track Record Period.

Enhancing Operational Efficiency and Economies of Scale

During the Track Record Period, we incurred significant research and development expenses and administrative expenses to develop and commercialize our intelligent computing solutions and manage our business. Moving forward, while scaling our sales, we will intensify efforts across R&D, sales, and administrative operations to enhance operational efficiency and support sustainable long-term growth.

During the Track Record Period, we allocated significant resources on research and development to establish and maintain our capabilities in general intelligent computing with advanced technology and solution. Our research and development expenses were RMB1,017.9 million, RMB885.6 million, RMB827.0 million, RMB397.1 million and RMB571.6 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. We believe we have significantly benefited from our investments in research and development. Our product development strategy is platform-based, integrating both hardware and software. Our GPGPU architecture is our platform strategy and lays a solid foundation for fast iteration and development of next generation computing platform. For example, we have built a unified algorithm library that can be used for future R&D projects. As a result, our significant upfront investments in R&D can support our future product pipeline and sustain our technological

advantage at lower additional costs. Further, we have made other efforts to enhance our R&D efficiency. In particular, we plan to adopt an asset-light approach by leasing, rather than purchasing, certain R&D equipment, outsourcing certain non-core R&D projects (such as certain backend and physical design), utilizing AI tools, and focusing on R&D projects with high projected returns. In addition, we have witnessed improved economies of scale as our solutions are commercialized have accumulated experience over the years of research and development which enables us to conduct research and development more efficiently. As a result of the foregoing, our research and development expenses as a percentage of total revenue decreased from 203,980.0% in 2022 to 1,427.8% in 2023, and further to 245.5% in 2024, and decreased from 1,010.4% in the six months ended June 30, 2024 to 970.4% in the six months ended June 30, 2025.

Our general and administrative expenses amounted to RMB199.6 million, RMB218.0 million, RMB244.2 million, RMB130.9 million and RMB123.8 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. Our general and administrative expenses as a percentage of total revenue decreased from 40,006.6% in 2022 to 351.5% in 2023, and further to 72.5% in 2024, and decreased from 333.1% in the six months ended June 30, 2024 to 210.2% in the six months ended June 30, 2025. Such decrease was primarily due to the revenue increase and economies of scale driven by our business expansion. We will continue to actively monitor our administrative expenses and promote operational efficiency. We plan to utilize digital and automation systems to further increase our administration efficiency. We expect our administrative expenses as a percentage of revenue to keep decreasing as our business continue to scale.

Our selling and marketing expenses amounted to RMB58.1 million, RMB56.0 million, RMB51.5 million, RMB27.6 million and RMB27.3 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. Our selling and marketing expenses as a percentage of total revenue decreased from 11,652.1% in 2022 to 90.3% in 2023, and further to 15.3% in 2024, and decreased from 70.3% in the six months ended June 30, 2024 to 46.4% in the six months ended June 30, 2025. Such decrease was primarily due to the significant revenue increase, economies of scale, and our effective strategy. As a result of our strategy to partner with large customers in key industries with high demands for computing power, after we succeed with the industry leaders, we leverage our understanding of the key industries to further enhance our influence, enabling us to further penetrate and provide solutions to other players without incurring significant sales and marketing effort. We expect our selling and marketing expenses as a percentage of revenue to keep decreasing as our business continue to scale. We expect to benefit from more efficient customer acquisition through word-of-mouth referrals and enhanced brand awareness. With our established brand reputation and large customer bases, we expect to continuously generate significant word-of-mouth referrals and organic customer growth. We are also optimizing our commercialization channels, such as exploring collaborations with server suppliers to reach customers, as well as the structure and compensation of our sales and marketing staff to further enhance our sales and marketing efficiency.

Based on the financial resources available to us, including our cash and cash equivalents on hand as at 30 June 2025, our future operating cash flows in the respective periods, the additional [**REDACTED**] obtained from pre-[**REDACTED**] investors in 2025, bank deposits and structured deposits and the estimated net [**REDACTED**] from the [**REDACTED**], and also taking into account of our historical cash burn rate, our Directors are of the view that we will have sufficient working capital for the next 12 months from the date of this document. For details, see "Financial Information — Working Capital Sufficiency."

Based on the foregoing, our Directors are of the view that our Group has a sustainable business. The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For related risks, see "Forward-looking Statements" section in this document.

After due consideration of the foregoing factors, and independent due diligence steps conducted by the Joint Sponsors, including but not limited to (i) the review of the profit forecast memorandum and the working capital forecast memorandum prepared by the Directors, (ii) the discussions with the management of the Company and the Reporting Accountant about, among other things, working capital sufficiency and the assumptions and basis in the profit forecast and working capital forecast memorandum, (iii) the review of the Group's historical financial information as well as relevant financing agreements and the facility agreements, (iv) the review of the Accountant's Report to understand the Company's cash and cash equivalents on hand as at 30 June 2025, (v) the relevant financial due diligence works with the management of the Company, the Joint Sponsors have no reason to believe that the Directors' foregoing views are unreasonable.

CUSTOMERS AND SUPPLIERS

Customers

We were still at an early commercialization stage for our Specialist Technology Products during the Track Record Period. We started to generate revenue from our Specialist Technology Products in 2023. During the Track Record Period, the aggregate revenue generated from our top five customers in each year/period since 2023 amounted to RMB60.9 million, RMB304.0 million and RMB57.7 million, which accounted for 98.1%, 90.3% and 97.9% of our total revenue, respectively. During the Track Record Period, revenue generated from our largest customer since 2023 amounted to RMB53.2 million, RMB183.4 million and RMB19.6 million, which accounted for 85.7%, 54.5% and 33.3% of our total revenue, respectively. Our five largest customers in each of 2023, 2024 and the six months ended June 30, 2025 are customers to our intelligent computing solutions. They are companies based in China in the IT, data centers and AI solutions sectors. For the year ended December 31, 2022, we had a total of three customers and generated a total revenue of RMB0.5 million as agent fees. For details, see "Financial Information – Description of Key Consolidated Statements of Comprehensive Loss Items – Revenue." Our revenue from the largest customer in 2022 was RMB0.4 million, accounted for 77.8% of our total revenue in 2022.

The following tables set out details of our five largest customers during the Track Record Period.

For the year ended December 31, 2022

Rank	Customer	Major type of Products Purchased	Background	Year in which Business Relationship Commenced	Revenue *(RMB'000)*	% of Total revenue	Credit Term
1	Customer A	Computer hardware and software services	A company that primarily engages in intelligent technology	2022	388	77.8%	30 days
2	Customer B	Computer hardware	A company that primarily engages in technology services	2021	104	20.8%	30 days
3	Customer C	Computer hardware and software services	A company that primarily engages in software development	2022	7	1.4%	Payment prior to delivery

For the year ended December 31, 2023

Rank	Customer	Major type of Products Purchased	Background	Year in which Business Relationship Commenced	Revenue *(RMB'000)*	% of Total revenue	Credit Term
1	Customer D	Intelligent computing solutions	A company that primarily engages in technology development services	2023	53,190	85.7%	30 days
2	Customer E	Intelligent computing solutions	A company that primarily engages in technology services	2023	3,105	5.0%	120 days
3	Customer F	Intelligent computing solutions	A company that primarily engages in technology services	2023	2,479	4.0%	90 days
4	Customer G	Intelligent computing solutions	A company that primarily engages in sale of servers and IT equipment	2023	1,518	2.4%	90 days
5	Customer H	Intelligent computing solutions	A company that primarily engages in the development of intelligent technologies	2023	582	0.9%	90 days

For the year ended December 31, 2024

Rank	Customer	Major type of Products Purchased	Background	Year in which Business Relationship Commenced	Revenue *(RMB'000)*	% of Total revenue	Credit Term
1	Customer I	Intelligent computing solutions	A company that primarily engages in information technology products and services	2024	183,393	54.5%	30-180 days
2	Customer J	Intelligent computing solutions	A company that primarily engages in technology services	2024	41,856	12.4%	60-90 days
3	Customer K	Intelligent computing solutions	A company that primarily engages in information technology products and services	2024	35,003	10.4%	90 days
4	Customer L	Intelligent computing solutions	A company that primarily engages in computer hardware and software, and mobile communication services	2024	26,053	7.7%	Payment prior to delivery
5	Customer M	Intelligent computing solutions	A company that primarily engages in AI technologies	2024	17,671	5.2%	Payment in stages, with proportions payable upon delivery, acceptance, and stable operation of the products

For the six months ended June 30, 2025

Rank	Customer	Major type of Products Purchased	Background	Year in which Business Relationship Commenced	Revenue *(RMB'000)*	% of Total revenue	Credit Term
1	Customer I	Intelligent computing solutions	A company that primarily engages in information technology products and services	2024	19,629	33.3%	30-180 days
2	Customer N	Intelligent computing solutions	A company that primarily engages in technology services	2025	17,357	29.5%	Payment in stages, with major portion payable shortly after invoicing and the balance upon delivery and acceptance
3	Customer O	Intelligent computing solutions	A company that primarily engages in technology services	2025	12,429	21.1%	Payment in stages, with partial prepayment upon signing and balance payable prior to delivery
4	Customer D	Intelligent computing solutions	A company that primarily engages in technology development services	2023	6,804	11.6%	Payment prior to delivery
5	Customer E	Intelligent computing solutions	A company that primarily engages in technology services	2023	1,439	2.4%	120 days

During the Track Record Period, we have generated revenues from a small group of customers primarily because we were still at a relatively early stage of commercialization and had limited number of customers. Our historical customer base and profile may not be indicative of our future customer base and profile. As we continue to commercialize our intelligent computing solutions through executing our strategy to partner with large customers in key industries with high demands for computing power, our customer base and profile are expected to constantly change, and we expect to further reduce our customer concentration. We primarily acquire customers through word-of-mouth referrals, proactive outreach by our sales personnel, participation in trade shows and industry conferences, and collaboration with ecosystem partners.

As of the Latest Practicable Date, none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owns more than 5% of our share capital had any interest in any of our top five customers. None of our five largest customers, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

The salient terms and conditions of our sales agreements with customers of our Specialist Technology Products are set out as below.

Term	Typically one to three years with automatic renewal options if no objections.
Sales order	Customers shall place sales orders with us, which specifies the requested products, quantities, delivery time, price, payment and credit terms. Our credit terms with customers typically range from 30 to 180 days.
After-sales	We provide after-sales services within the period set forth in the sales order, which is typically three years. Our after-sales services primarily include repairment, maintenance and replacement of defected products other than damages caused by customers.
IP rights	We retain all intellectual property rights for our products, software or other technical information offered to the customers. Customers are not allowed to decrypt our products or software to access the underlying source codes, technologies or algorithms, etc.
Product returns	Other than defective products, we do not accept returns. Once our products are sold to consumers, we accept product exchange and return for defective products within 2-4 weeks following product delivery based on the contract.

Termination	The agreement terminates upon both parties fulfilling their obligations. Either party may terminate the agreement if force majeure prevents achieving contract objectives. In addition, either party is entitled to terminate the agreements if the other party breached applicable provisions in the agreements.

Suppliers

Our suppliers primarily include suppliers for raw materials and contract manufacturers in China, among others. During the Track Record Period and up to the Latest Practicable Date, other than the adjustments of our supply chain after the BIS Listing, we have not experienced any material disruption to raw material supply or breaches of agreements with suppliers. For details of the BIS Listing, see " — Applicable U.S. Laws and Regulations." We usually enter into agreements with our raw material suppliers on an annual basis. Key terms of our agreements with raw material suppliers are set out as below.

Term	Typically one year with renewal options.
Payment and credit terms	We are typically required to settle our payment in installments with the first to be settled within 30 days of the agreement being signed.
Termination	The agreement terminates upon both parties fulfilling their obligations. Both parties may terminate the agreement if force majeure prevents achieving contract objectives. In addition, we are entitled to terminate the agreement by providing written notice to the supplier 30 days in advance.
Warranty period	We are entitled to after-sales services within the warranty period set forth in the purchase agreements, which is typically three years. After-sales services provided by our suppliers primarily include online and offline services and technical support, regular inspections, upgrades, debug, product maintenance, and replacements.

IP rights	Suppliers retain all intellectual property rights for products, software or other technical information offered to us.
Product returns	We are entitled to return any products that failed applicable standards as prescribed in the agreements. In addition, we are entitled to product exchange and returns during the warranty period due to product quality issues.

We do not conduct the manufacturing of our GPGPU products, and we engage third-party contract manufacturers. Our suppliers are responsible for the manufacturing of our GPGPU products and procurement of raw materials used in the manufacturing process, and we focus our resources on chip design. We work closely with manufacturers during the process to ensure product quality.

Our purchases from contract manufacturers are made on a payment-on-delivery basis, together with a fixed advance payment, and we are typically granted a credit term of 30 days after delivery of goods. Our contract manufacturers must meet our specified quality requirements and are responsible for liabilities resulting from product defects. Major contract terms with our chip manufacturing and packaging suppliers include: (i) Service scope: the suppliers manufacture chips for us based on our chip design files, provide chip testing based on the testing standards provided by us, and provide packaging services based on our requirement; (ii) Pricing and payment: pricing is calculated based on the unit price as agreed by both parties in the contracts, and payment is settled in accordance with effective orders or monthly; (iii) Quality control: the suppliers shall satisfy the technical parameter and specifications for packaging services, the suppliers shall use their reasonable efforts to ensure service quality. The suppliers shall compensate us for failure to meet the yield rate as prescribed in the contracts; (iv) Export control: both parties generally undertake to comply with applicable export control laws and regulations; and (v) Terms and termination: The terms of the contracts are typically three years. The contracts may be unilaterally terminated by either party under certain conditions, such as breach of contract.

During the Track Record Period, the aggregate purchases from our top five suppliers in each year/period amounted to RMB361.0 million, RMB286.3 million, RMB298.8 million and RMB566.2 million, which accounted for 56.1%, 56.4%, 58.9% and 64.1% of our total purchases, respectively. During the Track Record Period, purchases from our largest supplier in each year/period amounted to RMB129.0 million, RMB99.4 million, RMB162.5 million and RMB308.1 million, which accounted for 20.0%, 19.6%, 32.0% and 34.9% of our total purchases, respectively.

The following tables set out details of our five largest suppliers during the Track Record Period.

For the year ended December 31, 2022

Rank	Supplier	Major Type of Products/ Services Provided	Background	Year in which Business Relationship Commenced	Purchase Amount *(RMB'000)*	% of Total Purchase
1	Supplier A	Raw material and design services	An ASIC design company specializing in high performance computing (HPC) devices	2020	128,961	20.0%
2	Supplier B	Employee housing	A company that engages in the development, construction, operation and management of public rental housing	2021	99,918	15.5%
3	Supplier C	IP cores	A company that engages in integrated circuit chip design and services	2022	49,761	7.7%
4	Supplier D	Raw material	A company that engages in the supply of electronic accessories	2022	44,869	7.0%
5	Supplier E	EDA tool and IP cores	A company that engages in computer technology development	2020	37,520	5.8%

For the year ended December 31, 2023

Rank	Supplier	Major Type of Products/ Services Provided	Background	Year in which Business Relationship Commenced	Purchase Amount *(RMB'000)*	% of Total Purchase
1	Supplier A	Raw material and design services	An ASIC design company specializing in high performance computing (HPC) devices	2020	99,434	19.6%
2	Supplier F	Office space	A company that engages in tourism development project planning and consulting	2023	93,309	18.4%
3	Supplier D	Raw material	A company that engages in the supply of electronic accessories	2022	41,695	8.2%
4	Supplier G	Raw material and processing services	A company that engages in engineering and manufacturing digital product solutions	2021	26,220	5.2%
5	Supplier H	Equipment, servers and equipment-related services	A company that engages in computer technology development	2022	25,640	5.1%

For the year ended December 31, 2024

Rank	Supplier	Major Type of Products/ Services Provided	Background	Year in which Business Relationship Commenced	Purchase Amount *(RMB'000)*	% of Total Purchase
1	Supplier I	Contract manufacturing and services	A company that engages in providing technical services	2024	162,534	32.0%
2	Supplier J	Design and development services	A company that engages in providing software and information technology services	2024	44,860	8.8%
3	Supplier H	Equipment, servers and equipment-related services	A company that engages in computer technology development	2022	33,132	6.5%
4	Supplier B	Office space	A company that engages in the development, construction, operation and management of public rental housing	2021	30,130	5.9%
5	Supplier K	Raw material	A company that engages in computer technology development	2024	28,148	5.5%

For the six months ended June 30, 2025

Rank	Supplier	Major Type of Products/ Services Provided	Background	Year in which Business Relationship Commenced	Purchase Amount *(RMB'000)*	% of Total Purchase
1	Supplier K	Raw material	A company that engages in computer technology development	2024	308,086	34.9%
2	Supplier I	Contract manufacturing and services	A company that engages in providing technical services	2024	132,386	15.0%
3	Supplier L	Raw material	A company that engages in providing hardware, software and information technology services	2025	48,170	5.5%
4	Supplier J	Design and development services	A company that engages in providing software and information technology services	2024	39,031	4.4%
5	Supplier M	Raw material, design and development services	A company that engages in software development and providing technical services	2024	38,535	4.4%

As of the Latest Practicable Date, none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owns more than 5% of our share capital had any interest in any of our five largest suppliers. None of our five largest suppliers, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

Supplier/Customer Overlap

During the Track Record Period, Supplier J and Supplier K were also our customers. We mainly provide intelligent computing solution to Supplier J and Supplier K, and we procured design and development services from Supplier J and raw materials from Supplier K. In 2022, 2023 and 2024 and the six months ended June 30, 2025, (i) our purchases from Supplier J amounted to nil, nil, RMB44.9 million and RMB39.0 million, which accounted for nil, nil, 8.8% and 4.4% of our total purchases during the same periods, respectively, and (ii) our purchases from Supplier K amounted to nil, nil, RMB28.1 million and RMB308.1 million, which accounted for nil, nil, 5.5% and 34.9% of our total purchases during the same periods, respectively. Revenue generated from Supplier J was nil, RMB2.5 million, nil and nil, respectively, which accounted for nil, 4.0%, nil and nil of our total revenues during the same periods, respectively. Revenue generated Supplier K accounted for nil, nil, no more than 0.5% and nil of our total revenue in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively. The gross profit margin of our sales to Supplier J in 2023 was 55%, which was relatively lower than our overall gross profit margin in 2023. We recorded high overall gross profit margin in 2023 primarily due to certain transactions involving software components with higher margin due to the customer's specific needs. The gross profit margin of our sales to Supplier K in 2024 was 45%, which was relatively lower than our overall gross profit margin in 2024 primarily because the relevant transactions primarily include hardware components with relatively lower gross profit margin due to the customer's specific needs.

Our sales to and purchases from the above supplier-customers are not inter-conditional upon each other, and are conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

DATA SECURITY

During the course of our business, we may collect, process and store various types of data concerning our enterprise customers and enterprise suppliers. We process such personal information only to the extent necessary for providing the relevant services to the customers and/or purchasing the relevant materials and services from the suppliers, such as the personal information of the contact person/authorized employees of our enterprise customers and enterprise suppliers. We only collect limited personal information of the contact persons from our enterprise customers and suppliers, and we have obtained necessary consent for collecting personal information from the contact persons/employees of our customers and suppliers. Specifically, we have requested our customers and suppliers to ensure the acquisition of such

consent with explicit disclosure of such data collection and use in our privacy policy, and such personal information of contact persons/employees is provided voluntarily on an informed basis by customers and suppliers (or the contact persons/employees themselves), which should constitute valid consent. The reason for collecting such personal information is to maintain business communication with customers and suppliers for contracting, product delivery, after-sale service, and other ordinary business engagement. Such data is stored within China and does not involve cross-border transfer. In addition, during the ordinary course of business, we only provide the business contact information of designated employees (as contact persons) to our customers, suppliers, and partners for the purposes of customer relationship management and business communication. Such data provision is limited to the minimum scope as necessary. Aside from the aforesaid, we do not share any personal information with third parties. We collect, store, and use our employees' personal information (such as name, ID, mobile number, address, bank account, etc.) solely for the purposes of human resources management. We will provide employees with a privacy notice specifying relevant processing activities and acquire employees' consent. During the Track Record Period and up to the Latest Practicable Date, all data (including personal information and operational data) of the Company is stored within China, and no cross-border transfers are involved except the Company's employees in its Hong Kong office are allowed to access to such data for internal collaboration and work purpose and HR management purpose on a minimum necessary basis.

Data security and protection are among our highest priorities. In this regard, we have designed strict data protection and information security policies to ensure strict compliance with applicable laws, regulations and prevalent industry practice. Such internal policies primarily include: (i) network security management policies, which set forth guidelines for daily management and safety maintenance of our network system to be executed by our IT department network administrators and security administrators, (ii) terminal information security policies, which set forth guidelines for information security protection regarding information resources and digital assets of the Company, to be executed by our employees as well as relevant third parties, (iii) information transmission management policies, which set forth guidelines for information transmission via our email domains, to be executed by our employees and relevant third parties who have access to our email domains, (iv) data center and equipment safety management policies, which set forth the security guidelines for our data centers and relevant equipment, to prevent any unauthorized access to our data centers and private equipment and any information leakage in our daily operations, and (v) security management policies for our equipment and storage media, which set forth guidelines that standardizes the usage and maintenance of equipment and storage media, to ensure the normal operations and property safety of our digital assets as well as to prevent any disruption of business activities.

Specifically, for data storage and transmission, sensitive business data is encrypted and protected by strict role-based access controls. The most critical business data is stored in dedicated systems that are entirely isolated from external networks. We maintain regular backups for business data and implement remote disaster recovery backups for the most critical data. All transfers of critical business data are encrypted to ensure security. In addition, we have implemented appropriate network and information-security measures for data protection, including a cloud-based web application firewall, a security information and event management system, anti-malware/endpoint protection, regular cybersecurity exercises and penetration testing, and continuous vulnerability scanning and remediation.

We have established an information security committee, members of which include the responsible persons in various departments such as information technology and human resources. The committee is responsible for formulating data and information security strategies, and decision-making in material data and information incidents. We also regularly distribute our data protection and information security policies to all employees and organize refreshment training sessions from time to time, to ensure the strict compliance of such policies within our company.

During the Track Record Period and up to the Latest Practicable Date, (i) we did not experience any material information leakage or loss of data and were in compliance in all material aspects with regulatory requirements in respect of data security; (ii) we had not been subject to material fines or administrative penalties imposed by any government authorities in relation to infringement of data security laws and regulations. Going forward, we will closely monitor the legislative and regulatory developments in connection with cybersecurity and data protection and adjust and enhance our data protection policies and measures as appropriate For risk relating to data security, see "Risk Factors – Risks Related to Our Business and Industry – Product, system security, and data protection breaches, as well as cyber-attacks, could disrupt our operations, reduce our expected revenue and increase our expenses, which could adversely affect our results of operations and damage our reputation" for details. As advised by our PRC Legal Advisor, we complied with the applicable laws and regulations in all material aspects in relation to data privacy and security, cybersecurity and personal data protection during the Track Record Period and up to the Latest Practicable Date.

Given that (i) we have established a comprehensive cybersecurity and data protection framework encompassing both organizational management measures and technical security measures. Specifically, we have established Information Security Committee to oversee all cybersecurity matters, and we have adopted internal policies governing information security, (ii) we have deployed necessary technical protection, including cloud-based web application firewalls and anti-virus systems, to safeguard its data, and (iii) during the Track Record Period and up to the Latest Practicable Date, we have not experienced any data security incidents, and having considered the measures currently in place, our Directors are of the view that our existing data protection and cybersecurity arrangements are adequate to ensure data privacy and security.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We engage third-party logistics service providers to deliver our hardware products to the venue specified by our customers. Our transportation arrangements with third-party logistics service providers enable us to maintain a low level of capital investment in developing and maintaining an in-house logistics system.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruption in the delivery of our hardware products or suffered any loss due to late delivery or mishandling of hardware products by our logistics service providers.

Inventory Management

Our inventories mainly include raw materials, work in progress and finished goods. As we started to generate revenue from our Specialist Technology Products in 2023, our inventories amounted to RMB39.3 million, RMB173.5 million, RMB152.9 million and RMB599.8 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our supply chain management team reviews and manages our inventories regularly, and takes necessary actions to minimize risks of obsolescence when required.

QUALITY CONTROL

We are committed to maintaining the highest level of quality in our solutions. We place strong emphasis on quality by implementing a comprehensive quality control system. We also have a designated quality control team to manage and monitors the quality of our solutions. As of June 30, 2025, we had more than ten members in our quality control team.

We have comprehensive policies and detailed procedures in place to ensure the quality of the components and raw materials we purchase from suppliers. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their qualifications, reputations, credentials, experience, service or availability, and pricing. We conduct inspections and relevant testing of the supplies we purchase to ensure that they are in satisfactory condition and are fully functional before acceptance.

Although we do not conduct the manufacturing of our GPGPU products, we seek to ensure quality control by carefully selecting the suppliers, actively reviewing the production process and testing the products produced by our manufacturers. We have adopted strict quality control measures over our production process including post-production inspection, on-site ad hoc inspection, and final quality control to ensure quality. We require our manufacturers to strictly follow any applicable laws, regulations and industry standards.

Our customer service team are responsible for communications with customers regarding quality issues. Other than defective products, we do not accept returns. Once our products are sold to consumers, we accept product exchange and return for defective products within 2-4 weeks following product delivery based on the contract. We have not experienced any material complaints or product recalls, returns, failure or defects during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

China's intelligent computing chips market is highly concentrated for top players. In 2024, the top two players combined account for a market share of 94.4%. The rest of the market is relatively fragmented with no major player capturing a market share of over 1.0%, which presents opportunities for any single player to scale and excel in future competition. The table below sets forth the ranking of China's intelligent computing chips market in terms of revenue generated in 2024, according to CIC.

Rank	Company	Main type of intelligent computing chips	Market share, in terms of revenue, %, 2024
1	Company A	GPGPU	76.2%
2	Company B	ASIC	18.2%

Source: annual reports of public companies, CIC

Notes:

a. Company A is a GPU company headquartered in the United States and founded in 1993. It is a listed company on NASDAQ.

b. Company B is a semiconductor and device design company headquartered in China and founded in 2004. It is a subsidiary of an ICT infrastructure and smart devices company. It is an unlisted company.

We commercially launched our Specialist Technology Product in August 2022 and expect to compete with other major intelligent computing chips providers. With our powerful and cost-effective computing solutions, we believe that we are well- positioned to capture the massive market opportunities. China's intelligent computing chips market is expected to reach US$50.4 billion in 2025, according to CIC, we expect to capture a market share of approximately 0.2% in 2025. For details, see "Industry Overview – Competitive Landscape of China's Intelligent Computing Chips Industry."

AWARDS AND ACHIEVEMENTS

As a result of the Company's continuous investments in its research and development capacities, it has earned industry-wide recognition from multiple PRC governmental authorities.

See below the Company's major awards and achievements during the Track Record Period/as of the Latest Practicable Date.

Award/Recognition	Award year	Awarding Institution/Authority
SAIL Award, World Artificial Intelligence Conference (世界人工智能大會SAIL獎)	2022	World Artificial Intelligence Conference (世界人工智能大會)
Pilot Enterprise for Patent Work of Shanghai (上海市企事業專利工作試點單位)	2023	Shanghai Intellectual Property Administration (上海市知識產權局)
Asia's Best Workplace™ 2023 (2023年亞洲最佳職場™)	2023	Great Place to Work (卓越職場)
National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	2023	China National Intellectual Property Administration
National-level Specialized, Excellent, Featured and Innovative "Little Giant" Company (國家級專精特新"小巨人"企業)	2023	Ministry of Industry and Information Technology (工業和信息化部)
National-level Specialized, Excellent, Featured and Innovative Key "Little Giant" Company (國家級專精特新重點"小巨人"企業)	2024	Ministry of Industry and Information Technology (工業和信息化部)
Annual Best Solution Award, Semiconductor Investment Conference and IC Rankings (半導體投資年會暨IC風雲榜年度最佳解決方案獎)	2024	China Semiconductor Investment Alliance (中國半導體投資聯盟)
Demonstration Case of "Artificial Intelligence" in New Quality Productive Forces Industrial Practices (新質生產力產業實踐"人工智能"示範案例)	2025	Global Times (環球時報)

Award/Recognition	Award year	Awarding Institution/Authority
Outstanding Model Case of Iconic Product in Future Industry Innovation – "Domestic GPU Intelligent Computing Cluster Solution Featuring Integrated Software-Hardware Heterogeneous Collaboration" (未來產業創新發展"標誌性產品"優秀典型案例—"軟硬一體異構協同的國產GPU智算集群解決方案")	2025	Ministry of Industry and Information Technology (工業和信息化部)
Golden Bull Sci-Tech Innovation Enterprise Award (金牛科創企業獎)	2025	China Securities Journal (中國證券報)
SAIL Award, World Artificial Intelligence Conference (世界人工智能大會SAIL獎)	2025	World Artificial Intelligence Conference (世界人工智能大會)
World Future Industries Competition: Super Power Award (全球未來產業之星大賽超能獎)	2025	Science and Innovation Conference (科創大會)

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business operations and future commercial success. In this regard, we rely primarily on a combination of patents, copyrights, layout-design of integrated circuits, trademarks, domain names, trade secrets and other proprietary rights protection law in the PRC and other jurisdictions where we operate as well as contractual provisions to protect our intellectual property rights.

As of the Latest Practicable Date, we had 613 patents, 40 copyrights and 16 layout-design of integrated circuits in the PRC and overseas, and are applying for 972 patents in the PRC and overseas, mainly for our next-generation technologies and products, such as BR20X. In addition, as of the same date, we had registered 144 trademarks, and eight domain names which we consider to be or may be material to our business. If we are unable to obtain and maintain patent and other intellectual property protection with respect to our technologies, our business, financial condition, results of operations and prospects could be materially harmed. For details, see "Risk Factors — Risks Related to Our Intellectual Properties — If we are unable to obtain and maintain patent and other intellectual property protection for our technologies or products, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any product or technology may be adversely affected."

See below our material intellectual property rights granted and applied for in China in relation to the Specialist Technology Product as of the Latest Practicable Date, all of which are owned by us:

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
1	Vector Computing Device（向量運算裝置）	ZL202011132750.6	Granted	October 21, 2040	Self-developed	GPGPU architecture – Advanced computing architecture
2	Multiplication Circuit Module and Multiplication Method（乘法電路模塊與乘法運算方法）	ZL202410251295.3	Granted	March 6, 2044	Self-developed	GPGPU architecture – Advanced computing architecture
3	Single Instruction Multi-thread Processing Device and Method（單指令多線程的處理裝置及方法）	ZL202410257036.1	Granted	March 7, 2044	Self-developed	GPGPU architecture – Advanced computing architecture
4	AI Chip, Special Function Computation Method and Computer-readable Storage Medium（人工智能芯片、特殊函數計算方法和計算機可讀存儲介質）	ZL202410101171.7	Granted	January 25, 2044	Self-developed	GPGPU architecture – Advanced computing architecture
5	Processing Device for Data Processing（用於處理數據的處理裝置）	ZL202011577665.0	Granted	December 28, 2040	Self-developed	GPGPU architecture – Advanced computing architecture
6	Data Processing Method for Processing Units, Electronic Device and Computer-readable Storage Medium（用於處理單元的數據處理方法、電子設備和計算機可讀存儲介質）	ZL202110258250.5	Granted	March 9, 2041	Self-developed	GPGPU architecture – Advanced computing architecture

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
7	Convolution Device and Method, Matrix Aggregation/Decomposition Device and Method（卷積設備、卷積方法、矩陣拆聚裝置及矩陣拆聚方法）	ZL202111195064.8	Granted	October 14, 2041	Self-developed	GPGPU architecture – Advanced computing architecture
8	Computing Device, Computing Equipment and Programmable Scheduling Method（計算裝置、計算設備以及可編程調度方法）	ZL202011283070.4	Granted	November 17, 2040	Self-developed	GPGPU architecture – Advanced computing architecture
9	Method for Convolution Computation, Computing Device and Computer-readable Storage Medium（用於卷積計算的方法、計算設備和計算機可讀存儲介質）	ZL202011484326.8	Granted	December 16, 2040	Self-developed	GPGPU architecture – Advanced computing architecture
10	Computing System（計算系統）	ZL202011327689.0	Granted	November 24, 2040	Self-developed	GPGPU architecture – Advanced computing architecture
11	Computing Device and Method for Loading or Updating Data（計算裝置以及用於加載或更新數據的方法）	ZL202011260055.8	Granted	November 12, 2040	Self-developed	GPGPU architecture – Advanced computing architecture
12	Computing Device and Method for Loading or Updating Data（計算裝置以及用於加載或更新數據的方法）	ZL202011260174.3	Granted	November 12, 2040	Self-developed	GPGPU architecture – Advanced computing architecture

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
13	Method for Computing, Computing Device and Computer-readable Storage Medium（用於計算的方法、計算設備和計算機可讀存儲介質）	ZL202110267725.7	Granted	March 12, 2041	Self-developed	GPGPU architecture – Advanced computing architecture
14	Dot Product Computing Device（點積計算裝置）	ZL202110456687.X	Granted	April 27, 2041	Self-developed	GPGPU architecture – Advanced computing architecture
15	Method for Computing, Computing Device and Computer-readable Storage Medium（用於計算的方法、計算設備和計算機可讀存儲介質）	ZL202110267756.2	Granted	March 12, 2041	Self-developed	GPGPU architecture – Advanced computing architecture
16	Computing Device and Method for Floating-point Calculation（計算裝置以及用於浮點數計算的方法）	ZL202110214311.8	Granted	February 25, 2041	Self-developed	GPGPU architecture – Advanced computing architecture
17	Memory Allocation Method and Device Based on Memory Region, and Access Method and Device（基於內存區域的內存分配方法和設備以及訪問方法和設備）	ZL202110059908.X	Granted	January 18, 2041	Self-developed	GPGPU architecture – Advanced data flow architecture
18	Computing System, Computing Processor and Data Processing Method（計算系統、計算處理器和數據處理方法）	ZL202110514602.9	Granted	May 12, 2041	Self-developed	GPGPU architecture – Advanced data flow architecture

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
19	Multicast Routing Method, Interconnection Device, Mesh Network System and Configuration Method (多播路由方法、互連設備、網狀網絡系統及其配置方法)	ZL202110811612.9	Granted	July 19, 2041	Self-developed	GPGPU architecture – Advanced data flow architecture
20	Information Processing Method, Interconnection Device and Computer-readable Storage Medium (信息處理方法、互連設備和計算機可讀存儲介質)	ZL202011275787.4	Granted	November 16, 2040	Self-developed	GPGPU architecture – Advanced data flow architecture
21	Method and Computing System for Processing Data Using Computing Array (利用計算陣列來處理數據的方法和計算系統)	ZL202110537558.3	Granted	May 18, 2041	Self-developed	GPGPU architecture – Advanced data flow architecture
22	Packaging Structure (封裝結構)	ZL202222017863.2	Granted	August 2, 2032	Self-developed	SoC design – SoC architecture
23	Semiconductor Packaging Structure and Packaging Method (半導體封裝結構及封裝方法)	ZL202110796716.7	Granted	July 14, 2041	Self-developed	SoC design – SoC architecture
24	Chipset and Manufacturing Method Thereof (芯片組及其製造方法)	ZL202110662127.X	Granted	June 15, 2041	Self-developed	SoC design – memory system
25	Packaging Structure (封裝結構)	ZL202420895671.8	Granted	April 28, 2034	Self-developed	SoC design – multi-GPU interconnection

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
26	SerDes Driver and System, Optimization Method and Apparatus, Device, Medium and Product (SerDes驅動器及系統、優化方法及裝置、設備、介質和產品)	ZL202410684024.7	Granted	May 30, 2044	Self-developed	SoC design – multi-GPU interconnection
27	Test Circuit and Method for Package Routing Performance (封裝走線性能測試電路和方法)	ZL202410698079.3	Granted	May 31, 2044	Self-developed	SoC design – SoC Testing
28	Method and Apparatus for Fixing Antenna Effect Violations (天線效應違例修複方法和裝置)	ZL202410491457.0	Granted	April 23, 2044	Self-developed	SoC design – SoC Design Flow
29	Power Network Planning Method for Chip, Device, Electronic Equipment and Storage Medium (芯片電源網絡規劃方法、裝置、電子設備和存儲介質)	ZL202410453028.4	Granted	April 15, 2044	Self-developed	SoC design – SoC Design Flow
30	Design Method for Integrated Circuit Chip and Integrated Circuit Chip (集成電路芯片的設計方法和集成電路芯片)	ZL202110280844.6	Granted	March 16, 2041	Self-developed	SoC design – SoC Design Flow
31	Packaging Structure (封裝結構)	ZL202421945509.9	Granted	August 13, 2034	Self-developed	SoC design – Chip Package Design
32	Packaging Structure and Manufacturing Method Thereof (封裝結構及其製造方法)	ZL202411545386.4	Granted	November 1, 2044	Self-developed	SoC design – Chip Package Design
33	Packaging Structure (封裝結構)	ZL202422654761.0	Granted	November 1, 2034	Self-developed	SoC design – Chip Package Design

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
34	Server Board and Monitoring System Thereof, Server and Monitoring System Thereof (服務器板卡及其監測系統、服務器及其監測系統)	ZL202420643732.1	Granted	March 29, 2034	Self-developed	Hardware system design – PCIe board
35	Board (板卡)	ZL202123151456.2	Granted	December 15, 2031	Self-developed	Hardware system design – PCIe board
36	Board (板卡)	ZL202430116996.7	Granted	March 8, 2039	Self-developed	Hardware system design – PCIe board
37	Heat Sink and Packaging Method Thereof (散熱器及其封裝方法)	ZL202110690141.0	Granted	June 22, 2041	Self-developed	Hardware system design – OAM
38	Connector-Assisted Separation Structure and OAM Module (一種連接器輔助分離結構及OAM模組)	ZL202520243417.4	Granted	February 17, 2035	Self-developed	Hardware system design – OAM
39	Board Structure, Snap-Fit Fastening Structure and Electronic Device (一種板卡結構、扣卡固定結構及電子設備)	ZL202520334460.1	Granted	February 28, 2035	Self-developed	Hardware system design – OAM
40	Air-Cooled Board (風冷板卡)	ZL202430144992.X	Granted	March 20, 2039	Self-developed	Hardware system design – OAM
41	Supernode Device and Computing Acceleration Device for Accelerator Cluster (一種加速器集群超節點裝置和計算加速裝置)	ZL202520415078.3	Granted	March 11, 2035	Self-developed	Hardware system design – UBB, Server, Server Cluster
42	Server Cluster System (服務器集群系統)	ZL202420919632.7	Granted	April 28, 2034	Self-developed	Hardware system design – UBB, Server, Server Cluster

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
43	Computing System, Computing Processor and Data Processing Method (計算系統、計算處理器和數據處理方法)	ZL202110514602.9	Granted	May 12, 2041	Self-developed	Hardware system design – UBB, Server, Server Cluster
44	Compilation Method, Electronic Device and Storage Medium (編譯方法、電子設備以及存儲介質)	ZL202411112302.8	Granted	August 13, 2044	Self-developed	Software Technologies – Advanced Compiler Optimizations for AI Workloads
45	Optimization Method for Artificial Intelligence Model, Compiler, Electronic Device and Storage Medium (人工智能模型的優化方法、編譯器、電子設備與存儲介質)	ZL202411562252.3	Granted	November 4, 2044	Self-developed	Software Technologies – Advanced Compiler Optimizations for AI Workloads
46	Operator Fusion Method, Electronic Device and Storage Medium (算子融合方法、電子設備與存儲介質)	ZL202411067103.X	Granted	August 5, 2044	Self-developed	Software Technologies – Advanced Compiler Optimizations for AI Workloads
47	Compiler Optimization Method, Electronic Device and Storage Medium (編譯器的優化方法、電子設備與存儲介質)	ZL202411067048.4	Granted	August 5, 2044	Self-developed	Software Technologies – Advanced Compiler Optimizations for AI Workloads

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
48	Resource Management Method, Computing Device and Computer-Readable Storage Medium (用於管理資源的方法、計算設備和計算機可讀存儲介質)	ZL202011347122.X	Granted	November 25, 2040	Self-developed	Software Technologies – A High-Performance GPGPU Programming Model
49	Middleware and Method for Adapting Hardware Devices to Deep Learning Frameworks (用於深度學習框架適配硬件設備的中間件和方法)	ZL202411104719.X	Granted	August 12, 2044	Self-developed	Software Technologies – High-Performance Machine Learning Libraries
50	Method, Computing Device, Medium and Program Product for Software-Hardware Adaptation (用於軟硬件適配的方法、計算裝置、介質和程序產品)	ZL202410444215.6	Granted	April 11, 2044	Self-developed	Software Technologies – High-Performance Machine Learning Libraries
51	Data Processing Method, Apparatus, Electronic Device and Storage Medium (一種數據處理方法、裝置、電子設備及存儲介質)	ZL202411166287.5	Granted	August 22, 2044	Self-developed	Software Technologies – High-Performance Machine Learning Libraries
52	Memory Architecture Mapping Method, Device, Storage Medium and Program Product (一種內存架構映射方法、設備、存儲介質及程序產品)	ZL202410481963.1	Granted	April 21, 2044	Self-developed	Software Technologies – Efficient Memory Management for Large-Scale AI Training

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
53	Tensor Memory Transfer Method, Device, Storage Medium and Program Product (一種張量內存搬運方法、設備、存儲介質及程序產品)	ZL202411037672.X	Granted	July 29, 2044	Self-developed	Software Technologies – Efficient Memory Management for Large-Scale AI Training
54	Memory Allocation Method and Apparatus, Memory Addressing Method and Apparatus (一種內存分配的方法及裝置、內存尋址的方法及裝置)	ZL202011163342.7	Granted	October 26, 2040	Self-developed	Software Technologies – Efficient Memory Management for Large-Scale AI Training
55	Distributed Computing System and Model Training Optimization Method for Deep Learning Models (分布式運算系統以及深度學習模型的模型訓練優化方法)	ZL202410132747.6	Granted	January 29, 2044	Self-developed	Software Technologies – Virtual Layer and Dynamic Pipeline Orchestration for Distributed Training
56	Interleaved Pipeline Parallel Training Method, Apparatus, Device, Storage Medium and Program Product (交錯式流水線並行訓練方法、裝置、設備、存儲介質和程序產品)	ZL202411968005.3	Granted	December 29, 2044	Self-developed	Software Technologies – Virtual Layer and Dynamic Pipeline Orchestration for Distributed Training

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
57	Data Transfer Method, Distributed Training System, Electronic Device and Storage Medium (數據搬運方法、分布式訓練系統、電子設備和存儲介質)	ZL202410495934.0	Granted	April 23, 2044	Self-developed	Software Technologies – Virtual Layer and Dynamic Pipeline Orchestration for Distributed Training
58	Device Communication Method, Device and Medium (設備通信方法、設備及介質)	ZL202411732925.5	Granted	November 28, 2044	Self-developed	Software Technologies – Virtual Layer and Dynamic Pipeline Orchestration for Distributed Training
59	Cloud Service System and Operation Method Thereof (雲端服務系統及其操作方法)	ZL202110874293.6	Granted	July 29, 2041	Self-developed	Software Technologies – Unified AI Development Environment across Cloud and Edge
60	Active Testing Method, Apparatus, Device, Medium and Product for AI Computing Clusters (AI算力集群的主動測試方法、裝置、設備、介質和產品)	ZL202510012604.6	Granted	January 5, 2045	Self-developed	Software Technologies – Unified AI Development Environment across Cloud and Edge
61	Biren SUPA Programming Framework Software (壁仞SUPA編程框架軟件)	2020SR1579133	Registered	June 30, 2070	Self-developed	Software Technologies – Programming Model

No.	Patents/ Software Copyrights	Registration No.	Status	Tenure	Self-developed or In-Licensed	Key Technology Involved
62	Biren Computing Graph Intelligent Scheduling and Optimization Software V1.0 (壁仞計算圖智能調度與優化軟件 V1.0)	2022SR1446355	Registered	April 11, 2072	Self-developed	Software Technologies – Graph-level Optimization
63	Biren ML Compiler Operator Optimization Graph Structure Expression System V1.0 (壁仞ML編譯器算子優化圖結構表達系統 V1.0)	2020SR1579135	Registered	September 23, 2070	Self-developed	Software Technologies – Graph-level Optimization
64	Biren Vector Engine High-performance Assembly Code Generation Software V1.0 (壁仞向量引擎高性能匯編代碼生成軟件 V1.0)	2022SR1145950	Registered	January 31, 2071	Self-developed	Software Technologies – ML Libraries
65	Biren TCore High-performance Assembly Code Generation Software V1.0 (壁仞TCore高性能匯編代碼生成軟件 V1.0)	2022SR1145940	Registered	January 31, 2071	Self-developed	Software Technologies – ML Libraries

The term of an individual patent may vary based on the jurisdictions in which it is granted. In China and most other jurisdictions in which we file patent applications, the term of an issued patent for invention is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable jurisdiction. The actual protection afforded by a patent varies on a claim-by-claim and jurisdiction-by-jurisdiction basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular jurisdiction and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our solutions.

We have established a comprehensive and rigorous intellectual property and trade secret protection system to fully safeguard our core technologies and solutions. IP applications are a key method of technological protection. We have implemented a patent review mechanism to promptly secure intellectual property. This strategy creates technological barriers, effectively blocking competitors from copying or imitating our innovations.

In addition, confidentiality is crucial in protecting our trade secrets and technological confidential information. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, advisors and contractors. We have entered into agreements with confidentiality and non-competition clauses with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we use to employ our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work. Additionally, we conduct regular confidentiality training to reinforce employees' awareness and capabilities in safeguarding proprietary information.

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. We have implemented and maintains additional confidentiality measures, such as establishing tiered access control systems, physical and network segregation, applying document watermarking and operation log tracking, and restricting the dissemination of sensitive information.

We also own a number of registered trademarks and pending trademark applications. As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and other jurisdictions and are seeking trademark protection for our Company and our corporate logo in other jurisdictions where available and appropriate.

For detailed information about our material intellectual property, see "Appendix V – Statutory and General Information – Further Information about our Business – Intellectual Property Rights."

Our BIRENSUPA supports open-source deep learning frameworks and we use open-source software in some of our solutions, and we expect to continue to use open-source software in our business operation in the future. We utilize open-source software merely as a development tool or to enhance research and development efficiency and quality. The use of open-source components are subject to strict review by the internal open-source committee. Additionally, we conduct open-source compliance scanning and management regularly. As a result, the use of open-source software does not compromise our ownership rights over our self-developed intellectual properties.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had no instance of infringement of third parties' intellectual property rights.

EMPLOYEES

As of June 30, 2025, we had a total of 792 employees. Substantially all of our employees are based in the PRC. The following table sets forth a breakdown of our employees categorized by function as of June 30, 2025.

Function	Number	% of total
Research and development	657	83.0
Sales and marketing	32	4.3
General and administration	103	13.0
Total	**792**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of the core strengths of our company. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal referral and recruitment through executive search, to satisfy our demands for different types of talent. We believe we offer our employees competitive compensation, comprehensive professional trainings, exceptional working environment and employee care, and promotion opportunities, as a result, we believe we have been able to attract and retain qualified employees, key management and technical staff to maintain a thriving team.

In addition, we place strong emphasis on providing trainings to our employees to enhance their professional skills. We offer onboarding trainings for all new hires and provide targeted trainings for employees at various positions from different departments. Our employees can also improve their skills through mutual learning among colleagues.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by applicable local municipal and provincial governments, including pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

During the Track Record Period and up to the Latest Practicable Date, social insurance contributions for some of our foreign employees and employees with Hong Kong and Taiwan residency have not been made in accordance with the relevant PRC laws and regulations. As of December 31, 2022, 2023, 2024 and June 30, 2025, we recorded provision for such shortfalls RMB2.7 million, RMB5.2 million, RMB6.2 million and RMB5.0 million, respectively. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand the employers failing to perform the aforesaid obligations to pay the outstanding social insurance contributions within a stipulated deadline and such employers may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If employers fail to make such payments, they may be liable to a fine of one to three times the amount of the outstanding contributions. We undertake to make full payment or settle any shortfall within a prescribed time period if and when requested by the relevant authorities. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, nor had we received any order to settle the deficit amount. Moreover, as of the Latest Practicable Date, we were not aware of any complaint filed by those employees regarding our social insurance practice.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition with our key management and technical staff. These contracts typically include a noncompetition provision effective during and up to two years after their employment with us and a confidentiality provision effective during and after their employment with us.

We believe that we maintain good working relationship with our employees and we have not experienced any material labor disputes or any difficulty in recruiting qualified staff for our operations during the Track Record Period and as of the Latest Practicable Date. None of our employees are currently represented by any labor unions.

INSURANCE

We consider our insurance coverage to be adequate for our business operations in China in accordance with the commercial practices in the industries in which we operate. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and health insurance. We also purchased patent liability insurance, trademark right insurance, and property insurance for certain of our decoration and furniture as well as machinery and equipment. In line with general market practice and as of the Latest Practicable Date, we did not maintain key-man insurance, which are not mandatory under PRC laws. We believe our insurance policy complies in the material aspects with the relevant rules and regulation in the PRC. See "Risks Factors – Risks Related to Our Business and Industry – Our limited insurance coverage could expose us to significant costs and business disruption" for details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to promoting corporate social responsibility and sustainable development and integrating it into the major aspects of our business operations. Corporate social responsibility is integral of our culture "R.E.C.I.P.E.", which stands for Responsibility, Excellence, Collaboration, Innovation, Pragmatism, Empowering.

As a responsible corporate citizen, we see sustainable development as a strategic priority, actively fulfill our social responsibility, continuously improve corporate responsibility structure, manage our supply chains sustainably and protect stakeholder interests. We have obtained the environmental management system certification (ISO14001), quality management system certification (ISO9001) and occupational health and safety management system certification (ISO45001).

ESG Governance

We place strong emphasis on the effective implementation of ESG measures by continuous improving the ESG governance structure and actively promoting the integration of ESG concepts into the Company's operation. The Board, as the highest supervisory body for ESG issues, is responsible for supervision and management over risks and opportunities related to ESG, supervision over the formulation of strategies and systems related to ESG, consideration of major issues related to ESG on a regular basis, and due consideration of impacts of major ESG-related risks or opportunities for decision-making or strategies in major transactions, so as to ensure full attention to ESG issues and effective progress of ESG measures. To ensure effective implementation of ESG measures, we have established the ESG working group, which is responsible for the implementation of specific ESG measures and overall planning and coordination for collection, consolidation, analysis and control of ESG performance data across various departments, thereby continuously tracking developments and frontline directions of ESG issues for the enhancement in effectiveness of the ESG measures.

The Board has been regarding the development of culture of compliance as an integral part of sustainable development of our Company. The Board has integrated the concepts of compliance into our development strategies and governance structure. Based on core duties provided by the Articles of Association and the Rules of Meeting, and by exercising the power of approval under the system and the power of supervision over various issues, the Board has promoted the implementation of various compliance measures including ESG compliance, thereby effectively minimizing the risks arising from the daily operation.

We also place strong emphasis on routine implementation of compliance trainings. We provide compliance training to all employees at least once a year, thereby enhancing awareness and professionalism of compliance among the employees and promoting the development of the culture of compliance.

We have formulated the Policy on ESG responsibilities (《環境、社會及治理責任政策》), which includes our specific commitments and requirements in connection to various major topics on ESG, and provides specific guideline for performing ESG management in our daily operation.

We actively put concepts of sustainable development in practice by integrating ESG management in daily operation of the Company with reference to the Code of Conduct — Responsible Business Alliance, thereby driving quality and sustainable development of the Company, and safeguarding interests of investors, customers and employees as stakeholders.

BOARD DIVERSITY

We consider diversity at the Board level a key element that supports the Company's strategic objectives and sustainable development, and adopts the policy of Board diversity. We have considered various factors in deciding the composition of Board members, including but not limited to gender, age, culture and education background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to benefits of diversity on the Board. Currently, our Board consists of 1 female director and 8 male directors.

ESG strategies and risk management

We have a deep understanding of the key role of ESG in its business development, financial performance and operation. By comprehensively considering major concerns of internal and external stakeholders, and by integrating our business characteristics, we accurately identified and conducted in-depth analysis of ESG risks that may have material impacts on the Company, and taking into account of these risks in our strategic planning, financial initiatives and operation.

We have identified and assessed the following major ESG risks that may have impacts on our business, strategic or financial performance, and have formulated relevant counter measures:

Key topics	Potential risks/opportunities	Counter measures
Climate change	Climate change could have adverse effects on our business and that of our customers, partners and suppliers. Increasing extreme weather events could have impacts on the steadiness of our operations, while regulations such as carbon taxes, fuel or energy taxes and pollution limits could result in higher direct costs.	We have started auditing of data for greenhouse gas emission, and clearly identified the carbon footprint during the Company's operation. We committed to continuously reduce greenhouse gas emission, thereby facilitating the transformation of the Company towards one with low carbon and green operational model.
Product liabilities.	Lagging far behind iteration of technologies or peers in terms of R&D and innovation could have adverse effect on our competitiveness in markets; any health or safety incident or quality concern related to our products could lead to compliance risks, loss of business and damage to business reputation.	We continued to expand spending on innovation for further development of our independent, original and high-performance GPU hardware and software systems, with all products strictly in compliance with national safety standards, and developed the quality control system that covers the whole life cycle of the products.
Supply chain management	Responsible and sustainable supply chain is vital to safety, reliability and sustainability of the products. Any failure to screen and assess the suppliers seriously could expose us to risks arising from, among others, violation of laws and regulations or unethical behaviors, which includes the risk of conflict minerals that cannot be ignored.	We established a well-developed and strict supplier management system, and impose ESG requirements on suppliers in the areas of labour, health and safety, environmental protection, business ethics and CSR management system to minimize supply chain risks.

Key topics	Potential risks/opportunities	Counter measures
Labor rights	Risks relating to labor rights could cause negative effects on reputation and operational stability of the Company.	We have identified vulnerable groups (including employees, females, children, contractor's employees and local community groups) in the areas of potential risks of labor rights and labor rights issues that may arise from the Company's operation and value chain, and analysed and assessed impacts of major risks. The Company has developed its management system, established diversified channels of communication, entered into relevant agreements on the protection of rights and interests, and organized trainings that cover various topics, while ensuring effective implementation of these measures through risk tracking.
Business ethics	Any business practice in violation of regulations could constitute violation of laws and regulations, expose us to penalties and cause damage to reputation of the Company.	We have been adhering to the principle of Integrity Management, and established comprehensive systems to regulate activities of related parties including employees and suppliers We also established complete whistleblowing procedures and systems to protect the whistleblowers. We have zero-tolerance for any act of corruption, with a good business environment and order for development maintained by our employees at all levels of the Company.

We continued to optimize procedures of risk management and internal control, effectively identified, assessed, prioritize and monitor major ESG-related risks through systematic procedures, and gradually integrated these risks into the Company's overall risk management and internal control framework. The Board as the highest decision-making body is responsible for conducting careful studies and discussion on materiality and priorities of major ESG risks and making final decisions.

In respect of the identified ESG risks, we have developed targeted counter-measures to ensure implementation of risk control measures across different stages of operating procedures within the Company. We will adopt appropriate measures to hedge these risks when necessary, thereby comprehensively enhancing the Company's capacity to manage risks. During the Track Record Period and up to the Latest Practicable Date, the Company did not have any non-compliance in violation of ESG-related laws and regulations.

Environmental protection

Given the nature of our business, we do not operate any production facilities or otherwise impose material threats to the environment or the climate. Nonetheless, we have actively engaged in environmental protection and improvement and sustainability. We actively fulfill our social responsibility by adopting practicable measures to minimize impacts on the environment. We have obtained the environmental management system certification (ISO14001), and encouraged all suppliers to rely on it as the benchmark in promoting environmental management.

To regulate classification, collection, storage and disposal of business waste and improve the utilization rate for recycling, we formulated and implemented the Regulations on Disposal of Commerce Waste (《辦公廢棄物處置規範》) in accordance with the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and other relevant laws and regulations. In respect of management on wastes, we performed centralized collection and management of waste batteries, which will be handled by professional firms to prevent electrolytic pollution. In respect of general waste, the Company has established the "recyclables collection bin", by which our employees are required to put wastes including paper, plastics and metals in the bin, thereby realizing recycling of resources. Other wastes will be centrally cleared and handled by professional firms.

We have been adhering to the concepts of environmental protection and striving to achieve resources conservation during the whole course of daily operation and to develop our business in a sustainable way. We plan to reduce electricity consumption intensity by 8% compared to 2024 by 2030 and reduce water consumption intensity by 5% compared to 2024 by 2030. We pay close attention to the implementation of these targets and adjust and improve our targets in a timely manner as our business develops. We plan to achieve this through the following measures: actively encourage digital operations of businesses by utilizing cloud-based services to reduce consumption of paper in the businesses, thereby improving workplace efficiency and reducing resources consumption. We require our employees to develop good practice of water and power saving during the daily operation, thereby minimizing negative

effects on the environment at all fronts. In addition, we disseminate the regulations on disposal of waste and knowledge for environmental protection through various means on a quarterly basis, thereby enhancing awareness of environmental protection among the employees and creating a green workplace.

In 2022, 2023, 2024 and the first half of 2025, the data relating to utilization of resources by the Company are as follows:

Indicator	Unit	2022	2023	2024	2025H1
Electricity consumption	kWh	3,526,969.11	4,647,836.43	5,376,955.04	3,047,162.60
Water consumption	Ton	2,061.38	3,756.00	3,831.00	2,285.00

Climate changes

We have in-depth understanding of the profound impacts of climate changes on human society and natural environment, and have initiated the accounting of greenhouse gas emissions data. We are paying attention to Scope 3 GHGs emissions and have already accounted for the data related to employee business travel and plan to gradually expand to other categories within Scope 3. We will continuously improve our data collection and accounting systems to comprehensively review the carbon footprint across our operations. To continuously promote emissions reduction, we have implemented multiple initiatives including but not limited to: promoting teleconferences and online meetings to minimize non-essential business travel; adhering to national air conditioning temperature standards while promptly turning off lights in unoccupied areas and other non-essential electronic equipment overnight; ongoing oversight greenhouse gas emissions across suppliers and the entire supply chain to identify opportunities of emission reduction potential. These efforts ensure that we effectively control and progressively reduce GHGs emissions while our business grows, fully driving advancing the company's transition to a low-carbon, green operational model and contributing to global climate change mitigation efforts.

In 2022, 2023, 2024 and the first half of 2025, the data of greenhouse gas emissions by the Company are as follow:

Indicator	Unit	2022	2023	2024	2025H1
GHG emissions (Scope 1 and Scope 2)	tCO2e	1,892.57	2,511.25	2,900.32	1,645.80
Scope 1	tCO2e	/[1]	17.22	15.04	10.69
Scope 2	tCO2e	1,892.57	2,494.03	2,885.27	1,635.11
Scope 3 – employee business travel[2]	tCO2e	176.40	434.52	646.67	283.40

1 Relevant data for the year is not available.

2 Scope 3 employee business travel data covers only air travel.

We have identified some of the climate-related risks that could have an impact on the Company's operation. We rely heavily on the reliability in energy supply when we are conducting our business. Extreme climate events such as rainstorm and flooding could affect energy supply or operation of equipment, resulting in disruption of data processing and storage. A weather with high temperatures could result in risks of greater power consumption and equipment breakdown, which could affect computational effectiveness and data security. In addition, as concern for carbon emissions across the globe has been increasing, the introduction of laws and regulations such as carbon taxes, fuel or energy taxes and pollution limits could result in greater direct costs, which could have an impact on our business and results of operation. We adopt GPUs products with energy efficient design and operation, conduct inspection and maintenance of our operating facilities on a regular basis, carry out control on auditing of carbon emissions, and provide trainings that enhance awareness of environmental protection among employees to continuously enhance our capacity to address climate risks.

Employee management

Adhering to the philosophy of "putting people first", we have committed to fully respect and exercise strict measures over protection of various labor rights. We are dedicated to create a workplace with diversity, equality, openness, inclusiveness, innovation and efficiency, thereby working together to create value and grow with stakeholders.

We have made building the best workplace one of the key elements of sustainable development of the Company. Through persistence, we have established a favourable internal atmosphere and management system. Given our excellent workplace culture and employee satisfaction, we have won Best Workplaces in Greater China 2022 and Best Workplaces in Asia 2023 from Great Place to Work™.

To ensure safety of the employees in our daily work, we have formulated policies on safety management such as the Physical Safety Management Measures (《物理安全管理制度》) and the Regulations on Fire Safety Management (《消防安全管理規範》), and established the Emergency Response Team (ERT). We adopt a series of measures to address emergencies, and hold health and safety trainings and fire drills on a regular basis. The Company is equipped with comprehensive fire fighting facilities and has placed clear signs of first aiding at all operating points. The Company has obtained the occupational health and safety management system certification (ISO45001).

We provide employees with full trainings and support with career development framework. By developing effective plans of talent cultivation and development, the Company explores, develops and cultivates the talent pool that supports the strategies of the Company in a rational manner, supports requests of employees for resettlement to new positions and facilitates internal talent transfer. The Company has developed different training systems for recruitment at campus and open recruitment. We also established a clear performance appraisal system that is applicable to all employees, with procedures of reporting and handling issues relating to performance appraisal, ensuring fairness, impartiality and transparency of outcome of the performance appraisal system. In 2022, 2023, 2024 and the first half of 2025, the data relating to the training of employees of the Company are as follow:

Indicator	Unit	2022	2023	2024	2025H1
Percentage of employees covered by the trainings	%	75%	82%	90%	92%
Number of trainings to employees	Times	26	33	35	16
Total length of trainings to employees[2]	hours	2,280	2,519	2,881	1,970

2 The length of trainings to employees include online and offline trainings

In addition to our efforts in protecting our employees' interests, we also attend to the growth and wellness of our employees' family. We organize family gatherings for our employees, and we set up a fund to grant special benefits for our employees' children to award academic excellence or to subsidize educational expenses. We also organized various sports clubs for employees with similar interests.

We continued to launch trainings on the diversity policy to facilitate the development of the culture of diversity with openness, inclusiveness and innovation. We built a mother and baby room to support maternity needs of our female employees. We also launched thematic events for women, with female CEO invited to share their career developments and experience in management, thereby demonstrating our respect to and care of female employees. We also attract people with disabilities to our team by providing suitable positions and comprehensive support and assistance, thereby promoting the development of barrier-free workplace through concrete actions.

We have established diversified communication and feedback channels such as CEO mailbox, official WeChat CEO hotline and mail box for compliance and whistleblowing, by which the employees may provide feedback to various issues. Meanwhile, we hold non-scheduled staff meetings that cover all employees, at which the management will hear the feedback from the employees, give response and put it in practice. We encourage the employees to provide feedback and suggestions relating to the identified issues to heads of relevant departments or their supervisors.

Product liabilities

We have extensive experience in developing in-house, original and high-performance GPU hardware and software systems. We are dedicated to develop national intelligent computing industry ecology, and provide customers with safe, reliable, green and energy-saving products and solutions. As of June 30, 2025, we submitted 1,158 self-developed invention patent applications and 67 other related patent applications (including utility model patents and design patents) globally. Among which 388 invention patents and 58 other related patents have been granted. In addition, we have obtained 45 copyrights and 19 integrated circuit layout designs.

In respect of product safety, we have obtained RoHs, SVHC Environmental Protection Certificate, EMC (Electromagnetic Compatibility) Certificate, MTBF Reliability Certificate and Safety Testing Certificate for all our products at the market, in strict compliance with national standards, ensuring that no hazard would be caused to human healthy and safety when using the products in a normal and rational manner. During the Track Record Period and up to the Latest Practicable Date, the Company did not experience any product recall due to health or safety concern.

In respect of product quality, we established a quality control system that cover the whole life cycles of the products, and obtained quality management system certification (ISO9001). Each of the segments are designed with strict nodes of quality control under supervision of professional quality control team. All products at the market have undergone quality examination by large serve manufacturers at the downstream.

In respect of energy-saving function of our products, our GPGPU products support enhancement dynamic regulation that regulates frequencies of chips based on movements in loading, thereby minimizing power consumption of the products. The products including BILI 106L and BILI 166L in liquid-cooled OAM and servers support cold plate liquid cooling, enabling PUE≤1.15 in the server system and reducing power consumption of the serve system. We have built complete liquid cooling heat sink solution and reduced power consumption of data centers by regulating flows of liquid cooling in a dynamic and intelligent manner through the enclosure management system.

Demand of customers is always the starting point and the ending point of our product R&D. All of our product designs have undergone thorough investigations during the stages of proposals and plannings, fully met the demands of the customers before entering into the stage of R&D. We have also established dedicated teams for pre-sales and after-sales services, with the support by supporting teams that consists of professional server manufacturers, to ensure quick response to needs of the customers. We also perform maintenance and delivery in a timely manner through server manufacturers, thereby developing a quick-response system and round-the-clock maintenance after-sale supporting system. In 2022, 2023 and 2024 and the first half of 2025, the data relating to product liabilities are as follow:

Indicator	Unit	2022	2023	2024	2025H1
Products subject to recall for safety and health concerns as a percentage of the total number of products sold or delivered	%	0	0	0	0
Number of complaint regarding our products/services	times	0	0	0	0

Supply chain management

We are dedicated to develop a responsible and sustainable supply chain. We formulated the Measures of Management on Suppliers in Purchase, which covers regulations of management on the whole cycle of admission, assessment and withdrawal of suppliers. Based on RBA (Responsible Business Alliance) Code of Conduct, we impose ESG requirements on suppliers in the areas of labour (ensuring free choice of employment, working hours, salary and benefits, anti-discrimination and freedom of association), health and safety, environmental protection (suppliers are encouraged to implement environmental management system based on ISO14001 standards), business ethics and corporate social responsibility management system. We require our suppliers to sign a written statement, undertaking to abide by anti-bribery laws, regulations and applicable policies in daily business activities. In particular, in respect of responsible purchase, when it concerns the purchase of minerals, we require our suppliers to undertake and take reasonable actions to conduct due diligence investigation on sources of these minerals and the competent regulators for the production and sales, to prevent exploration and trading of metals such as tantalum, tin, tungsten, gold and cobalt contained in these products from supporting illegal armed conflicts, directly or indirectly, or supporting activities relating to infringement upon human rights, threat to environment or other actions that may have health and safety concern.

We conduct assessment on suppliers based on specific requirements on a regular basis. If we identify any non-compliance occurrence, we may request the relevant suppliers to take rectification measures or terminate business relationship with any suppliers that fail to take rectification measures or rectify non-compliance occurrence.

We also established procedures of reporting and rectification, by which the suppliers may communicate, report and make complaint for any non-compliance incident on anonymous or non-anonymous basis through various channels including mail box or whistleblowing hotline. We will protect all whistleblowers with strict measures.

Contributions to Community

We actively perform corporate social responsibility. We are dedicated to promote equal access to education and technological development, thereby contributing our efforts to sustainable development of the community. We recognize the importance of education as a cornerstone of Rural Revitalization, and spare no efforts to support science education in rural elementary school, thereby contributing our efforts to the long-term development in rural area in China. Through the strategic cooperation with Fujian Institute of Education, we launched the "Science and Technology Public Welfare" ("科技公益行") and paired up with about dozens of rural elementary schools. To date, we have donated books, sports equipment, learning facilities and other supplies to 11 schools, including approximately 650 documents, books and popular science publications. Meanwhile, we also organized tutorial classes with a total of 45 schools participating, mobilising interest in science among the children through various means. We have hosted "Biren Open Course" in four consecutive years at over ten leading universities in China with a total of 26 classes, which attracted many students and mobilized their interest in science, laying a sound foundation for the cultivation of scientific talents in the future, We also cultivate scientific and technological talent through donation, projection collaboration and other means in order to promote the development of integrated circuit industry. We conducted various joint collaborative research projects with Tsinghua University, Fudan University, Shanghai Jiao Tong University and other renowned universities in China. In particular, we set up a special scholarship for Chinese Institute of Electronics that awards outstanding talent and innovations in the integrated circuit industry, thereby contributing our efforts to well-being and advancement of the community through playing active roles in the areas of education and technology.

In 2022, 2023, 2024 and the first half of 2025, the data relating to contributions to the community by the Company are as follow::

Indicator	Unit	2022	2023	2024	2025H1
Number of persons engaged in contribution to community	Person	216	271	163	85
Hours of contribution to community	hours	306.5	366	326	175

Business ethics and anti-corruption

We have been adhering to the principle of Integrity Management, strictly abiding by the relevant laws and regulations, and have "zero-intolerance" for any act of corruption. We have established and strictly implemented internal management system such as the Measurement of Management on Anti-corruption Issue (《反舞弊管理制度》) and the Reporting of Gifts or Monetary Gift Received by the Employees (《員工禮金禮品上交管理辦法》), so as to regulate business behaviours of all employees of the Company. We prohibit any form of bribery and completely eradicate any act that causes damage to the interest of the Company. We have established the Anti-corruption and serious non-compliance reporting center to ensure timely investigation and verification of non-compliance incidents. We also established complete whistleblowing procedures and systems to protect the interest of the whistleblowers. For any verified case of non-compliance incidence, the Company will take resolute enforcement action to handle the cases in line with the law.

Anti-corruption trainings to the employees are the core of the development of integrity culture of the Company. We require new employees to attend trainings on anti-corruption, anti-bribery and confidential information and sign on the compliance certificates. We also launch relevant trainings for all employees on a regular basis and provide detailed requirements for risks of corruption and implementation rules for personnel on key positions. We communicate with all employees with integrity culture on a regular basis, so as to remind the employees to maintain awareness of integrity and self-discipline, and abide by ethical requirements, thereby maintaining a good workplace and order for development at all levels of the Company.

In 2022 2023, 2024 and the first half of 2025, the data relating to business ethics and anti-corruption are as follows:

Indicator	Unit	2022	2023	2024	2025H1
Number of litigation cases concluded relating to bribery and against the Company and the employees	case	–	–	–	–

Based on the documents reviewed, public information searches conducted, and credit reports obtained by us from the competent authorities, to the best of their knowledge after making due enquiries and as confirmed by us, nothing has come to our PRC Legal Advisor's attention that would indicate any non-compliance by us with the applicable anti-bribery and anti-corruption laws of the PRC, or any pending or threatened litigation, arbitration or administrative proceedings against them in relation to any breach of such PRC laws during the Track Record Period and up to the Latest Practicable Date, which could have a material adverse effect on our financial condition and results of operations.

PROPERTIES

Our current principal executive offices are located in Shanghai, China. As of the Latest Practicable Date, we leased nine properties for business operation in China, with an aggregate floor area of approximately 23,203 sq.m.. These properties currently accommodate our management headquarters, our research and development, sales and marketing and general and administrative activities, as well as the post-sale product maintenance. The relevant rental agreements provide lease expiration date ranging from May, 2027 to April, 2028.

As of September 30, 2025, we owned 35 properties in China, with a total gross floor space of approximately 16,312 sq.m.. These properties are used for our office space, employee rental housing, and a gross floor area of approximately 5,751 sq.m. was leased out.

As of the Latest Practicable Date, with respect to one of our leased properties, the relevant lessor had not provided us with valid property ownership certificate evidencing its rights to lease the properties to us. The absence of the property ownership certificate limited our ability to determine whether the lessor has the right to lease the properties to us, and if the lessor is not the legal owner, the relevant lease agreement may be deemed invalid. In addition, certain of self-owned properties' current actual usages are not in conformity with the permitted usages prescribed in the relevant title certificates. Nonconformity with the property's planned usage may lead to the reclamation of land and fines. Furthermore, as of the Latest Practicable Date, the lease agreement of one of our leased properties and 25 of our self-owned properties which have been leased out by us had not been or had not been fully registered. Failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. See "Risk Factors – Risks Related to Our Business and Industry – Legal defects regarding some of our leased or self-owned properties may affect our interests in such properties. Challenges to our interests in the leased or self-owned properties may adversely affect our business, financial condition and results of operations" for details.

The Property Valuation Report from AVISTA, an independent property valuer, set out in Appendix III of this document, sets out details of our selective property interests as of September 30, 2025. AVISTA valued these property interests at an amount of RMB62.9 million as of September 30, 2025. Except for the property interests set forth in the Property Valuation Report from AVISTA, pursuant to Rule 5.01A of the Listing Rules, as of December 31, 2024, no single property interest (i) that formed part of our property activities had a carrying amount representing 1% or more of our total assets; or (ii) that formed part of our non-property activities had a carrying amount representing 15% or more of our total assets.

APPLICABLE U.S. LAWS AND REGULATIONS

Background of Entity List

Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, specifically Beijing Biren Technology Development Co., Ltd.; Guangzhou Biren Intelligent Technology Co., Ltd.; Hangzhou Biren Technology Development Co., Ltd.; Shanghai Biren Information Technology Co., Ltd.; Guangzhou Biren Semiconductor Technology Co., Ltd.; Shanghai Biren Technology Co., Ltd.; Shanghai Xinzhili Enterprise Development Co., Ltd.; and Zhuhai Biren Integrated Circuit Co., Ltd. (collectively, the "**Listed Entities**"). Shanghai Xinzhili Enterprise Development Co., Ltd. was formerly known and referred to as Suzhou Xinyan Holdings Co., Ltd. On April 11, 2024, BIS revised the Entity List entries to include "Shanghai Biren Technology," in addition to existing aliases "Biren" and "Biren Technology." For each of the Listed Entities, BIS imposed a license requirement for all items subject to the EAR to be reviewed under a policy of "presumption of denial." The Listed Entities were also given a "footnote 4 designation," which means that "items subject to the EAR," for the purpose of the license requirements, include certain foreign-produced items that are the direct product of U.S. origin technology or software.

The BIS Listing prohibits the Listed Entities from purchasing, acquiring, or otherwise accessing any items subject to the EAR without a license from BIS. Specifically, absent a license from BIS, it is prohibited to export, reexport, or transfer any items subject to the EAR when any Listed Entity is a party to the transaction, including as purchaser, intermediate consignee, ultimate consignee, or end-user. That is, even if the Listed Entity is not the intended end user of the item(s) involved, the restrictions would still apply to the extent the Listed Entity is the purchaser or otherwise involved in a given transaction. The Entity List restrictions applicable to the Listed Entities apply to items subject to the EAR only where such items would be imported, procured, or obtained by the Listed Entities after the BIS Listing. For example, if the Listed Entities obtained an item subject to the EAR prior to October 17, 2023, the Listed Entities may continue accessing and using such item after the BIS Listing. However, the Listed Entities would be prohibited from obtaining additional quantities of, or updated versions of, such item as of October 17, 2023.

As concluded by JBK, our legal adviser as to compliance with U.S. sanctions and export control laws, once the suspension of the Affiliates Rule is lifted, the Entity List restrictions can also potentially apply to Non-Listed Entities in our Group, even if they are legally distinct from the Listed Entities. That is, if a Non-Listed Entity in our group is owned 50% or more, directly or indirectly, individually or in aggregate, by one or more entities on (1) the BIS Entity List; (2) the BIS MEU List, or (3) certain persons designated on OFAC's SDN List, the export restrictions that apply to the listed parent company would also apply to the Non-Listed Entity. If multiple listed entities – whether within the Group or external to it – own a Non-Listed Entity, that Non-Listed Entity would be subject to the most restrictive export restrictions applicable to any of its Listed owners. For further information, see "Regulatory Overview – U.S. Export Control Laws and Regulations."

Items Affected by the BIS Listing

In light of the BIS Listing and to better assess the impact of the BIS Listing on our business operations, (i) we required our suppliers to report whether the items to be procured by our Group are subject to the EAR (including whether such items incorporated or used U.S. items, software, or technology), and (ii) we also conducted our own review based on our self-awareness of the country of origin from which items were sourced, or the country in which the source entity was organized. We believe we have sufficient knowledge of the origin and export control status of the items before procurement, and the suppliers also have visibility into and awareness of the country of origin of the items supplied. In addition, if we cannot confirm whether items are subject to the EAR *i.e.*, if the suppliers or vendors were not clear whether the items supplied to our Group were subject to the EAR, the Listed Entities would not be permitted to procure or obtain access to such items. We have also made changes to our policies to apply these procurement rules to Covered Non-Listed Entities and will keep these policy changes in place despite the announced suspension of the Affiliates Rule. JBK is of the view that the aforementioned approach is reasonable and appropriate to determine whether the items procured by our Group are subject to the EAR.

Based on such due diligence efforts, we identified the following items procured by the Listed Entities that it believes may be subject to the EAR: (i) items that are not material to the business operations of the Listed Entities ("**Immaterial Affected Items**"), which include general office, security, and operations software (e.g., Microsoft Office, Adobe, VPN services, anti-virus software, etc.) ("**Office Software**"), and (ii) items that are material to the business operations of the Listed Entities ("**Material Affected Items**", and together with the Immaterial Affected Items, the "**Affected Items**"), which include (a) certain ancillary intellectual properties ("**IPs**")[1], (b) electronic design automation tools ("**EDA Tools**"); (c) devices for product simulation ("**Emulators**"); (d) certain design services ("**Design Services**"); (e) chips manufacturing above certain process levels and packaging ("**Chips Manufacturing and Packaging**"), (f) other manufacturing materials, including substrates and high bandwidth memory chips ("**Other Manufacturing Materials**"); and (g) certain servers ("**Servers**"). We believe that the list of Affected Items is complete, and we ceased procurement from previous suppliers for the Affected Items after the BIS Listing. In 2022 and 2023, our procurement of items subject to EAR, based on our assessment, amounted to RMB323.8 million and RMB170.7 million, respectively. We have not purchased items subject to EAR since the BIS Listing. The Group, which includes both Listed Entities and Non-Listed Entities (the latter including Covered Non-Listed Entities), began sourcing the Affected Items exclusively from domestic alternative suppliers or otherwise in compliance with applicable laws and regulations in October 2023.

1 "IPs" refer to IP cores, e.g. PCIe, MMU, PLL, etc. used in chip design as a functional block to the SoC. It does not refer to patents or copyright.

The following table sets forth how the Affected Items were used in our business operations:

Item	Function	How such items were used in our business operations	Mitigation measures
IPs	Ancillary IPs for certain functional units or blocks used in building GPGPU chips	Chip design	Engaged four alternative domestic suppliers and developed in-house
EDA Tools	Assisting in the definition, planning, design, implementation, verification, sign-off check and subsequent manufacturing of semiconductor devices	Tools for chip design	Engaged five alternative domestic suppliers
Emulators	Using hardware emulator to simulate the functionality of register-transfer level design and to analyze the performance of chip design under different workloads and scenarios	Tools for chip design and verification	Engaged two alternative domestic suppliers
Design Services	Primarily include certain backend and physical design. Such tasks can be performed in-house or outsourced	Support chip design	Engaged six alternative domestic suppliers and conduct in-house based on project needs
Chips Manufacturing and Packaging	Manufacturing, testing and packaging of chips	Chip manufacturing; Assembly and packaging	Engaged five alternative domestic suppliers
Other Manufacturing Materials	Raw materials for IC manufacturing, and assembly and packaging, such as high bandwidth devices and substrates	Chip manufacturing; Assembly and packaging	Engaged three alternative domestic suppliers

Item	Function	How such items were used in our business operations	Mitigation measures
Servers	Hardware servers to be used for running EDA tools to assist chip design, verification, implementation and sign-off for tape-out. Also include servers to be used to develop all the software stack for the GPGPU chips.	Chip design; R&D	Engaged four alternative domestic suppliers
Office Software	Improving workplace efficiency, facilitating management, or reducing cost	Day-to-day operations (not directly involved in the product development or R&D process)	Engaged two alternative domestic suppliers

As of the Latest Practicable Date, we have identified and entered into agreements with domestic alternative suppliers for, or developed in-house, the items required for the development and production of our solutions and previously sourced by the Listed Entities and Non-Listed Entities that may come under the scope of the Affiliates Rule which are or may be subject to the EAR, including for the Material Affected Items. Specifically:

- **IPs** – we currently source ancillary IPs related to certain reusable units or blocks from domestic alternative suppliers. In addition, in 2022, we began developing in-house certain other IPs previously sourced from a U.S. company. Such in-house developed IPs includes Memory-Management Unit ("**MMU**") IP and Phase-Lock Loop ("**PLL**") IP. Our in-house developed MMU and PLL IPs have undergone in-depth customized development for specific application scenarios, and offer greater flexibility and scalability, enabling us to quickly adapt to changing project requirements and shorten product time-to-market. The cost impact of switching to self-developed IPs was minimal, as the cost of developing certain IPs in-house is similar to the cost of sourcing similar IPs from third parties. In the long-run, we do not need to pay recurring licensing and royalty fees as related to use of third-party IPs.

  - *Background of domestic alternative suppliers.* The domestic alternative suppliers are industrial software and design solution providers in China with registered capital ranging from over RMB5 million to over RMB1 billion, and approximately 100 to 600 employees.

- *Major contract terms:* (i) Licensed Technology/Service scope: the suppliers provide license of use rights of the IPs for a fixed term; (ii) Pricing and payment: we make upfront partial payment of the agreed price for the IP and remaining payments after we receive the deliverables, as applicable; (iii) Software maintenance and upgrade: during the license period, the supplier is responsible for technical support, maintenance and upgrade; (iv) Copyright: the suppliers undertake that the IPs are self-developed by the suppliers and they own copyrights to the IPs; and (v) Terms and termination: The contracts typically set a fixed term. The contracts may be unilaterally terminated by either party under certain conditions, such as breach of contract.

• **EDA Tools** – we currently source EDA Tools from domestic alternative suppliers.

  - *Background of alternative suppliers.* The domestic alternative suppliers are EDA and service providers in China with registered capital ranging from over RMB10 million to over RMB500 million, and over 100 to over 300 employees.

  - *Major contract terms:* (i) Service scope: the supplier provides license of use rights of the EDA Tools for a fixed term; (ii) Pricing and payment: payment for the EDA Tools shall either be settled within 30 days after our receipt of invoice, or we shall make upfront payment of the agreed price for the EDA Tools that covers the entire license period; (iii) Software maintenance and upgrade: during the license period, the supplier is responsible for technical support, maintenance and upgrade; (iv) Copyright: the suppliers undertake that the EDA Tools are self-developed by the supplier and it owns copyrights to the EDA Tools; and (v) Terms and termination: The terms of the contract typically range from one to three years. The contracts may be unilaterally terminated by either party under certain conditions, such as breach of contract.

• **Emulators** – we currently source emulators from a domestic alternative supplier.

  - *Background of alternative suppliers.* The domestic alternative supplier is a technology company based in China that has a registered capital of over RMB1 billion and approximately 600 employees.

  - *Major contract terms:* (i) Procurement Scope: we purchase certain emulators from the supplier, specifying the items, quantities, specifications, among others; (ii) Pricing and payment: pricing is calculated based on the price as agreed by both parties, and payment shall be settled within 30 days after our receipt of invoice; (iii) Quality control: the products offered by the suppliers shall comply with applicable national and industry standards, and shall meet our requirements as prescribed in the agreements; (iv) Warranty: the supplier is responsible for product repair and exchange during the warranty period. Warranty period for each type of product is prescribed in procurement agreement/order; (v) Export control: the suppliers undertake to comply with

applicable export control laws and regulations; and (vi) Terms and termination: The contracts will remain effective after duly execution unless otherwise terminated by either party under certain conditions, such as breach of contract.

- **Design Services** – we currently source relevant Design Services from domestic alternative suppliers. In addition, we may also conduct relevant work in-house, based on the project needs.

  - *Background of domestic alternative suppliers.* The domestic alternative suppliers are chip design service providers based in China, with the business scope covering chip specification definition, logic design, and physical design. Such suppliers have a registered capital ranging from over RMB10 million to approximately RMB500 million, and from over 200 to over 500 employees.

  - *Major contract terms:* (i) Service scope: the suppliers generally provide design, verification, synthesis, physical design and related support in the IC design flow based on our requirements; (ii) Pricing and payment: pricing is calculated based on allocated human resources as agreed by both parties in the contracts, and payment is settled in accordance with service phases or monthly; (iii) Quality control: for design services, the suppliers shall use their reasonable efforts to ensure service quality and deliver deliverables on time; and (iv) Terms and termination: The terms of the contracts are typically one year. The contracts may be unilaterally terminated by us upon prior notice to the suppliers.

- **Chips Manufacturing and Packaging** – we currently source Chips Manufacturing and Packaging services from domestic alternative suppliers.

  - *Background of domestic alternative suppliers.* The domestic alternative suppliers for IC manufacturing, packaging and testing are foundry and/or providers of chip packaging and independent chip testing services in China. Such suppliers have a registered capital ranging from over RMB100 million to over RMB5 billion, with over 500 to over 20,000 employees.

  - *Major contract terms:* (i) Service scope: the suppliers manufacture chips for us based on our chip design files, provide chip testing based on the testing standards provided by us, and provide packaging services based on the requirement of us; (ii) Pricing and payment: pricing is calculated based on the unit price as agreed by both parties in the contracts, and payment is settled in accordance with effective orders or monthly; (iii) Quality control: the suppliers shall satisfy the technical parameter and specifications for packaging services, the suppliers and shall use their reasonable efforts to ensure service quality. The suppliers shall compensate us for failure to meet the yield rate as prescribed in the contracts; (iv) Export control: both parties generally undertake to comply with applicable export control laws and regulations; and

(v) Terms and termination: The terms of the contracts are typically three years. The contracts may be unilaterally terminated by either party under certain conditions, such as breach of contract.

- **Other Manufacturing Materials** – we currently source Other Manufacturing Materials from domestic alternative suppliers.

  - *Background of domestic alternative suppliers.* The domestic alternative suppliers for Other Manufacturing Materials are semiconductor memory companies in China and manufacturers in China for IC substrates, high-bandwidth memory, and other printed circuit board materials and components. Such suppliers have a registered capital ranging from approximately RMB1 billion to over RMB2 billion, with over 3,000 to over 5,000 employees.

  - *Major contract terms:* (i) Procurement orders: during the term of the contract, we may place procurement orders specifying the items, quantities, specifications, among others; (ii) Pricing and payment: for each order, pricing is calculated based on the unit price as agreed by both parties, and payment shall be settled within 30 days after our receipt of invoice or we make upfront partial payment of the agreed price in the orders; (iii) Quality control: the products offered by the suppliers shall comply with applicable national and industry standards, and shall meet requirements as prescribed in the agreements; (iv) Warranty: the suppliers are responsible for product repair and exchange during the warranty period. Warranty period for each type of product is prescribed in procurement orders; (v) Export control: both parties and/or the suppliers undertake to comply with applicable export control laws and regulations; and (vi) Terms and termination: The terms of the contracts are typically one to five years. The contracts may be unilaterally terminated by us upon 30 days' prior notice to the suppliers.

- **Servers** – we currently source Servers from domestic alternative suppliers.

  - *Background of domestic alternative suppliers.* The domestic alternative suppliers for Servers are companies in China that primarily engage in the development and/or sales of information and communication technology products manufactured by leading ICT companies.

  - *Major contract terms:* (i) Purchase Agreement/Procurement orders: we enter into purchase agreement with supplier to purchase certain servers. We may also enter into framework agreements with suppliers and during the term of such framework agreement, we place procurement orders specifying the items, quantities, specifications, among others; (ii) Pricing and payment: for each purchase agreement and subject to its provisions, we make upfront partial payment of the agreed price for the servers and remaining payments after we receive the deliverables, as applicable. For each order, pricing is calculated

based on the unit price as agreed by both parties, and payment shall be settled within 30 days after our receipt of invoice; (iii) Quality control: the products offered by the suppliers shall comply with applicable national and industry standards, and shall meet our requirements as prescribed in the agreements; (iv) Warranty: the suppliers are responsible for product repair and exchange during the warranty period. Warranty period for each type of product is prescribed in procurement orders; (v) Export control: the suppliers undertake to comply with applicable export control laws and regulations; and (vi) Terms and termination: The terms of the framework agreements are typically two years. The framework agreements may be unilaterally terminated by us upon 30 days' prior notice to the suppliers.

Further, we have received certified statements from each of the above-mentioned domestic alternative suppliers, confirming that their supply of items is not subject to EAR and is not affected by the BIS Listing. We currently only source items from non-U.S. origin, and we do not and will not procure any items unless the Company has first obtained a certification from the relevant supplier confirming that such items are not subject to the EAR. Going forward, our certified statements from domestic alternative suppliers will include an affirmation that their supply of items is not affected by the Affiliates Rule. As of the Latest Practicable Date, there has been no material adverse change in our relationship with the above-mentioned domestic alternative suppliers. We note that the technology and operating capability of the relevant domestic alternative suppliers of chips manufacturing and packaging services are considered to be behind that of the previous suppliers before the BIS Listing, according to CIC. As a result, the cost of chip manufacturing by domestic alternative suppliers is estimated to be approximately 10% higher as compared to previous suppliers. However, based on our internal assessments, the manufacturing technology capability of the domestic alternative suppliers is sufficient to meet our production requirements. For other Affected Items, we believe that the domestic alternative suppliers can offer items of comparable quality and performance to the items subject to the EAR. For details, see "– Impact of the BIS Listing on Our Business." As advised by JBK, based on the information that we have provided to them and the review they performed, we have complied with applicable sanctions and export control laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Moreover, JBK is of the view that the business operations of the Group are in compliance with applicable export controls laws and regulations, and such operations include the business transactions where the Group, as a fabless chip design company, engages and instructs fabrication facilities to manufacture its GPGPU chips. Having reviewed the analysis, and as advised by the Company's counsel, the Company concurs with the conclusions reached by JBK. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would cause them to disagree with the view above.

Internal Control Measures

In December 2023, following the BIS Listing, we revised our trade controls compliance program, and associated policies, to address and mitigate the risks related to U.S. export controls. In October 2025, we further revised our policies to address and mitigate the risks relating to the application of the Affiliates Rule and will maintain these changes despite the Rule's suspension. These policies were developed or revised with the help of external counsel in both China and the United States. In particular:

(i) ***Management Awareness and Commitment:*** Our management team has expressed its full support for our trade controls commitments, as evidenced by its involvement in the development of, and approval of, our extensive trade controls policy and procedures. They have also dedicated the resources needed to establish an export controls compliance committee. The export controls compliance committee consists of one Director and heads of departments from legal, procurement, sales and project management office, among whom the Director is the chairman. The export controls compliance committee is involved in high-level strategic decisions of our Group.

(ii) ***Risk Assessment:*** We have adopted a number of internal controls designed to address the trade controls risks presented, including by implementing measures to identify and classify items procured from suppliers that may be subject to U.S. trade controls. We use standard language in our contractual agreements with third parties to address those parties' compliance with trade controls as related to the items or services covered by the agreements. We have further screened each our existing business partners (including but not limited customers and suppliers) against sanctioned and restricted parties lists maintained by the United States and confirmed that none of our existing business partners are listed on such lists. To the extent applicable, it is our policy that for any items which are subject to the EAR or for which we cannot confirm that such items are subject to the EAR, we would implement appropriate measures to prevent the risk that such items would be procured by or provided to the Listed Entities or Covered Non-Listed Entities.

(iii) ***Export Authorization:*** We have adopted measures to monitor, and will annually review, all procured and exported items, to determine whether they are subject to the EAR and, if so, the relevant classification and licensing requirements. In particular, in accordance with our export control and sanctions compliance management system and other written trade controls compliance programs, we require all of our suppliers across various business units and through different procurement channels to provide and attest to information on whether items supplied to us are subject to the EAR.

(iv) ***Record Retention:*** Pursuant to our export control and sanctions compliance management system and other written trade controls compliance programs, we have adopted a strict policy regarding the requirements for recordkeeping, archiving, and other related tasks in relation to trade controls compliance. In particular, we require that all records as related to export controls and sanctions compliance be maintained for a minimum of five years.

(v) ***Training:*** Pursuant to our export control and sanctions compliance management system, our legal department must provide export controls and sanctions compliance training to all relevant employees, including senior management, at least once a year, and provide more targeted training to personnel in key positions.

(vi) ***Audits:*** Pursuant to our export control and sanctions compliance management system and the compliance audit process and guidelines, the legal department will conduct audits of our trade controls compliance programs at least once a year.

(vii) ***Export Violations and Corrective Actions:*** Pursuant to our export control and sanctions compliance management system, our legal department is responsible for conducting audits and assessments regarding the effectiveness of the export controls and sanctions compliance system, analyzing the results, identifying the root causes of compliance risks or violations, strengthening the process controls, and making continuous improvements and upgrades. The business unit heads are responsible for cooperating with the audit and assessment activities of the legal department regarding the effective of the export controls and sanctions compliance system, and "implement[ing] corrective actions based on the audit and assessment results."

(viii) ***Export Control Compliance Manual:*** As described above, we have adopted a set of written policies and procedures addressing compliance with export controls and sanctions, including a global system policy and additional policies tailored to the different departments and business segments within our Group.

As advised by JBK, our legal opinion counsel as to U.S. export control laws, based on the information that we have provided to them, the BIS Listing should not have a material and adverse impact on the business operations or R&D process of our Group considering that (i) as discussed above, we had identified alternative domestic suppliers of all the Affected Items previously sourced by the Listed and Non-listed Entities that may have been subject to U.S. export controls; (ii) as illustrated above, we do not believe that the shift to domestic suppliers had a material impact on us, and using items supplied by the domestic alternative suppliers does not materially affect the performance of our products; (iii) the development of BIRENSUPA software does not require items that are subject to EAR; (iv) the development of our future products is not expected to involve the use of Affected Items that are subject to the EAR, and the sales of our future products should not be affected by the BIS Listing; (v) as of the Latest Practicable Date, none of our investors have withdrawn their investment due to the Entity List designation of the Listed Entities, nor notified us in writing of their intention to do so; (vi) as of the Latest Practicable Date, none of our customers have cancelled or suspended

any agreement or order with us due to the Entity List designation, and we have been able to meet all customer demand since the BIS Listing; and (vii) as of the Latest Practicable Date, we are not aware of any litigation or arbitration proceedings or other legal actions arising from or in connection with the Entity List designation of the Listed Entities.

In addition, JBK is of the view that these trade controls compliance measures, which we have properly implemented and operate in accordance with, provide a reasonable and appropriate internal control framework for us to identify and mitigate any material risk relating to the Listed Entities' addition to the BIS Entity List and the application of the Affiliates Rule to the Covered Non-Listed Entities. As advised by JBK, based on the information that we have provided to them, these trade controls compliance measures demonstrate compliance with applicable sanctions and export control laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Further, JBK is of the view that, based on the trade controls compliance measures adopted by us, as described to JBK, our trade controls compliance program addresses each of the elements outlined in BIS's "Export Compliance Guidelines: The Elements of an Effective Export Compliance Program," which is a guidance document BIS has issued to inform the regulated industry how a company should approach tailoring its export compliance program based on its operations and risk profile. In particular, the guidance document states that companies should conduct at least once annually a comprehensive assessment of their export compliance programs and their implementation. According to BIS, "these larger annual audits should include both a review of the organization's export procedures as well as reviewing selected export transactions and how each business unit handled these in relation to the current compliance procedures." BIS's characterization of these reviews as "larger annual audits" indicates its recognition that such comprehensive assessments impose a significant regulatory burden and that performing them more frequently would not be practical or feasible for most companies. Moreover, we closely monitor applicable export control laws and regulations and will make necessary updates in our export compliance program accordingly to ensure compliance. As such, based on JBK's experience of market practice implementing these elements, an annual review of EAR's applicability on all procured and exported items of the Company is a timely, adequate, and sufficient internal control measure. In addition, JBK is of the view that, our trade controls compliance measures, as described to JBK, are adequately tailored to, and to the extent enforced will be effective to, address and mitigate the risk of violating U.S. export controls. Our establishment and implementation of this robust trade controls compliance program may also be beneficial to any future application by the Company to BIS for removal of the Listed Entities from the Entity List.

Impact of the BIS Listing on Our Business

Since the BIS Listing and as of the Latest Practicable Date, no customers have canceled or decreased their orders for BR106, BR166 or BR110 products, and the sales of relevant products should not be affected by the BIS Listing.

With respect to the development of our in-house developed software, BIRENSUPA, we are able to rely on only domestic-produced servers for code testing and verification, and the development of BIRENSUPA software does not require items that are subject to EAR.

With respect to the development of future generation GPGPU products, as we have engaged with domestic alternative suppliers for the Affected Items, the development of our future products is not expected to involve the use of Affected Items that are subject to the EAR, and the sales of our future products should not be affected by the BIS Listing.

Our hardware system integration and testing process is conducted in-house and does not require items that are subject to EAR. Product sales and technical support processes are also conducted in-house and do not require items that are subject to EAR.

Further, the use of items supplied by domestic alternative suppliers should not materially and adversely affect the performance of our solutions, commercialization of the product lines, or our R&D process.

In particular, we note that the technology and operating capability of the relevant domestic alternative suppliers of chips manufacturing and packaging services are considered to be behind that of the previous suppliers before the BIS Listing, according to CIC. As a result, the cost of chip manufacturing by domestic alternative suppliers is estimated to be approximately 10% higher as compared to previous suppliers, but we do not expect the overall costs associated with using the domestic alternative suppliers to have a material and adverse impact on our operations. Further, to improve the performance of chips fabricated by domestic alternative suppliers, we have adopted certain in-house developed measures, including the implementation of a more efficient self-developed compute core architecture, the adoption of chiplet design approach, and the refinement of harvesting strategies, among others. A more efficient compute core architecture, for example, can adopt less level-of-logic to achieve higher frequency. The new harvesting strategy can enable better output from a wafer. We believe that these measures enable us to develop solutions that can meet customers' requirements and compliance standards. For other Material Affected Items, we believe that the domestic alternative suppliers can offer items of comparable quality and performance to the items subject to the EAR. During the Track Record Period, we conducted certain R&D activities in the United States in compliance with applicable laws and regulations, which was later terminated after the BIS listing. Before the closure, we had approximately 30 personnel located in the United Sates. As of the Latest Practicable Date, we did not have any operations in the United States, and we have replaced with engineers in China performing the same roles and functions as those previously performed by personnel in the United Sates.

Based on the foregoing, our Directors are of the view that domestic alternative suppliers of the Affected Items can offer items of comparable quality and performance to the items subject to the EAR under the current industry and compliance standards. Moreover, the Non-Listed Entities' reliance on domestic alternative suppliers and not on items subject to the EAR means that the Affiliates Rule would not impact the operations of the Covered Non-Listed Entities or the Group as a whole even after the suspension of the Rule has terminated.

Impact of the BIS Listing on Our Financial Status

We incurred some costs associated with the shift to the domestic alternative suppliers for the Material Affected Items, which mainly represent the time and resources invested, or to be invested, to identify and evaluate domestic alternative suppliers, and minor costs associated with introducing and adopting the items provided by the domestic alternative suppliers. As a result of the BIS Listing, we recorded special losses amounting to RMB108.7 million on certain assets including inventories, intangible assets and property, plant and equipment purchased or prepayments made prior to the BIS Listing during the year ended December 31, 2023. For details, see "Financial Information – Description of Key Consolidated Statements of Comprehensive Loss Items — Special Losses on Certain Assets." However, we believe we have adopted appropriate solutions to mitigate the gap. In the long term, we believe we benefit from transitioning to in-house development and domestic alternatives in terms of cost savings, enhanced collaboration and management of supply chain, and better local support and assistance from domestic suppliers. As of the Latest Practicable Date, we have established a resilient supply chain primarily consisting of high-quality domestic suppliers.

As of the Latest Practicable Date, none of our investors or existing customers have withdrawn their investment or ceased doing business with us due to the BIS Listing or notified us in writing or otherwise of their intention to do so. After the BIS Listing, in 2024, we recorded a revenue of RMB336.8 million, representing a 443.2% increase from RMB62.0 million in 2023. In addition, we are not aware of any potential customer that chose not to do business with us due to the BIS Listing. We are also not aware of any litigation or arbitration proceedings or other legal actions arising from or in connection with the BIS Listing. Therefore, the BIS Listing has not had, and is not expected to have, a material and adverse impact on the development and commercialization of our solutions. The Affiliates Rule is also not expected to have a material and adverse impact on the Group's operations once the suspension has terminated, as Covered Non-Listed Entities already do not procure or have any plans to procure U.S.-origin items or other items subject to the EAR from their suppliers. As advised by JBK, the BIS Listing and the future application of the Affiliates Rule, in their current form, do not prohibit the Group from conducting its current business, operation or R&D activities.

Based on the due diligence performed by the Joint Sponsors, and taking into consideration the Company's and JBK's views mentioned above, nothing has come to the attention of the Joint Sponsors that would cause them to cast any doubt on the views of the Company, or on the views of JBK, including the impact of the BIS Listing and the Affiliates Rule on the Group.

Impact of the OIR Rule on Our Business

Despite the limits on investments in the Company due to its covered activities that fall within the scope of prohibited transactions, as advised by JBK, we do not expect these limits to have any material and adverse impact on the Company's business operations, financial performance, [**REDACTED**] or investment prospects due to certain exceptions in the OIR Rule.

In particular, as advised by JBK, certain transactions are exempt from the OIR prohibitions and notification requirements, including, certain investments: (a) in any publicly traded security that trades on a securities exchange or through the method of trading that is commonly referred to as "over-the-counter" in any jurisdiction; (b) in an investment company that is registered with the U.S. Securities and Exchange Commission, such as index funds, mutual funds, or exchange traded funds, or business development company; (c) made as a limited partner or equivalent in a venture capital fund, private equity fund, fund of funds, or other pooled investment fund where (1) the limited partner or equivalent's committed capital is not more than $2,000,000, or (2) the limited partner or equivalent has secured a binding contractual assurance that its capital in the fund will not be used to engage in a transaction that would be a prohibited transaction or notifiable transaction, as applicable, if engaged in by a U.S. person; or (d) in a derivative, so long as such derivative does not confer the right to acquire equity, any rights associated with equity, or any assets in or of the Covered Foreign Person. The aforementioned exceptions do not apply if the investment affords the U.S. person rights beyond standard minority shareholder protections with respect to the Covered Foreign Person. Furthermore, the exception with respect to investments in [**REDACTED**] securities does not apply if the U.S. person acquires the shares before the shares are [**REDACTED**]. For example, the Treasury Department has stated that it considers the acquisition of an equity interest in a Covered Foreign Person that is not yet [**REDACTED**] for the purpose of facilitating an [**REDACTED**], such as a purchase with the intent to create a market or to resell the security on a secondary market (e.g., as part of an [**REDACTED**] arrangement), to be a covered transaction. For this reason, Treasury may consider the acquisition of equity as part of a share subscription to be a prohibited transaction. After the shares are publicly traded, U.S. persons are not prohibited from acquiring the publicly traded shares, as long as the U.S. person does not obtain rights beyond standard minority shareholder protections with respect to the Company.

However, we understand U.S. persons would be prohibited from participating in the purchase of shares in the [**REDACTED**] if such shares are not already publicly available and purchased from a security exchange. The [**REDACTED**] may be [**REDACTED**] and sold only outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act. For details, see "Structure of the [**REDACTED**]."

Persons associated with the Company's [**REDACTED**], including the sponsors, [**REDACTED**], and legal advisers, should not be affected by the OIR Rule unless they themselves are U.S. persons engaging in Covered Transactions (e.g., by acquiring non-[**REDACTED**] equity of the Company), or "knowingly directing" non-U.S. persons to engage in covered transactions. A U.S. person "knowingly directs" a transaction when the U.S. person has authority, individually or as part of a group, to make or substantially participate in decisions on behalf of a non-U.S. person, and exercises that authority to direct, order, decide upon, or approve a transaction. As stated in the OIR Rule, "[s]uch authority exists when a U.S. person is an officer, director, or otherwise possesses executive responsibilities at a non-U.S. person." However, the OIR Rule do not prohibit facilitation of a covered transaction by a U.S. person where the U.S. person does not otherwise have the authority to approve or order a party's participation in the covered transaction.

For example, U.S. person sponsors or [**REDACTED**] would not be permitted to purchase or acquire Company equity prior to the Company's [**REDACTED**] on a public exchange. Such U.S. persons would also not be permitted to approve or order non-U.S. persons to purchase or acquire Company equity prior to the Company's [**REDACTED**] on a public exchange. However, U.S. person sponsors, [**REDACTED**], or legal advisers would not be prohibited from generally facilitating the Company's [**REDACTED**] or otherwise advising on such [**REDACTED**], so long as they are not purchasing such equity, or ordering the purchase of such equity by others, prior to the Company's [**REDACTED**].

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to, nor had we been aware of any pending or threatened legal, arbitration or administrative proceedings against us that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses and permits required for our operations, such as business licenses. The following table sets forth details of our material licenses and permits.

No.	Entity	Category	Issuing Authority	Issue date	Valid period
1.	Shanghai Biren Technology Co., Ltd.	Business license	Shanghai Administration for Market Regulation	August 14, 2025	/
2.	Beijing Biren Technology Development Co., Ltd.	Business license	Beijing Chaoyang District Administration for Market Regulation	November 19, 2025	/
3.	Zhuhai Biren Integrated Circuit Co., Ltd.	Business license	Guangdong-Macao In-Depth Cooperation Zone in Hengqin Commercial Service Bureau	May 10, 2024	/
4.	Shanghai Aoyan Technology Co., Ltd.	Business License	Minhang District Administration for Market Regulation	December 8, 2023	/
5.	Guangzhou Biren Semiconductor Technology Co., Ltd.	Business license	Huangpu District Administration for Market Regulation	November 5, 2025	/
6.	Shanghai Biren Information Technology Co., Ltd.	Business license	Xuhui District Administration for Market Regulation	July 26, 2024	/

No.	Entity	Category	Issuing Authority	Issue date	Valid period
7.	Hangzhou Biren Technology Development Co., Ltd.	Business license	Hangzhou Hi-Tech Zone (Binjiang) Administration for Market Regulation	February 24, 2025	/
8.	Shanghai Xinzhili Enterprise Development Co., Ltd.	Business license	Market Supervision and Administration Bureau of Lingang New Area of China (Shanghai) Pilot Free Trade Zone	May 13, 2024	/
9.	Guangzhou Biren Intelligent Technology Co., Ltd.	Business license	Guangzhou Huangpu District Administration for Market Regulation	October 27, 2025	/
10.	Shanghai Biren Semiconductor Technology Co., Ltd.	Business license	Minhang District Administration for Market Regulation	November 13, 2023	/
11.	Shanghai Biren Technology Co., Ltd.	Administrative License Decision	State Administration of Foreign Exchange Shanghai Branch	July 2, 2021	/
12.	Shanghai Biren Technology Co., Ltd.	Customs Receipt for Filing of Consignee/Consignor of Import and Export of Goods	Longwu Customs	October 9, 2023	December 31, 2099
13.	Shanghai Biren Technology Co., Ltd.	Filing Registration Form for Foreign Trade Operators	/	June 30, 2021	/
14.	Zhuhai Biren Integrated Circuit Co., Ltd.	Administrative License Decision	State Administration of Foreign Exchange Zhuhai Central Branch	July 30, 2021	/
15.	Zhuhai Biren Integrated Circuit Co., Ltd.	Customs Receipt for Filing of Consignee/Consignor of Import and Export of Goods	Xiangzhou Customs	July 23, 2021	/
16.	Zhuhai Biren Integrated Circuit Co., Ltd.	Filing Registration Form for Foreign Trade Operators	/	July 28, 2021	/

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, no material unexpected or adverse changes had occurred since the grant date of the relevant regulatory approval for our Specialist Technology Product.

As advised by CIC, there are currently no mandatory industry-specific standards, definitions, classifications or regulatory approvals applicable to our Specialist Technology Products. We will, however, continue to monitor relevant laws and obtain any required regulatory approvals for our Specialist Technology Products should they become necessary and required under applicable law.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as legal compliance and intellectual property rights, information technology, human resource, financial reporting, and internal control. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional departments.

Legal and Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter with our customers, suppliers and other business partners. Our in-house legal department is also responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines.

We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. We have an employee code of conducts in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee code of conducts.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. We obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

Intellectual Property Rights Risk Management

We implement strict internal rules and procedures to ensure our compliance with applicable rules and regulations relating to protection of our intellectual property rights and minimize risk of intellectual property infringement and related commercial and competition disputes. Specifically, we have in place internal processes to ensure that our in-house legal teams review, in some cases in consultation with outside legal counsel, our solution, for compliance with applicable laws and regulations before they are made available to our clients. As part of the review, we seek to minimize risk of infringement of third-party intellectual property rights and potential disputes by performing necessary intellectual property rights searches and analysis. We periodically monitor published trademarks and patents to identify potential risks of infringement. Our legal teams also ensures that all necessary applications or filings for trademark, copyright and patent registrations are timely made to the competent authorities and seeking to upgrade our solution feature to minimize the risks of potential intellectual property infringement arising from clients' acts.

Our in-house legal department is responsible for reviewing and updating the terms in the form of contracts we enter into with our customers, business partners and suppliers, including those relating to the protection of intellectual property rights. They also constantly monitor updates and changes in laws and regulations in the PRC or other jurisdictions relating to intellectual property to ensure our ongoing compliance with these laws and regulations.

Data Privacy and Information Security Risk Management

We pay close attention to risk management relating to our information technology, as protection of customers' data and other confidential information is critical to us. We have implemented relevant internal procedures and controls to ensure that our data is protected, and that leakage and loss of such data are avoided.

We have developed a set of internal protocols and policies on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We have established a Data and Information Security Committee, which is responsible for formulating data and information security strategies, and decision-making in material data and information incidents. We also engage external legal counsel to review and update our internal policies and ensure continuous compliance with all applicable laws and regulations.

We have established an all-round information system which applies multiple layers of safeguards, including both internal and external firewalls, to identity and protect us against security attacks. We also implement a robust internal authentication and authorization system to ensure that our confidential and important data can only be accessed for authorized use and by authorized personnel.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of our data. See "– Data Privacy and Information Security Risk Management" in this section for more information about our information security procedures and policies.

Human Resource Risk Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We require our employees to conform to high ethical standards. We have in place an employee handbook and a code of conduct which is distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence, anti-bribery, and anti-corruption. Our code of conduct explicitly requires that all employees comply with any applicable anti-corruption laws, regulations and policies, and they are prohibited from making illegal or improper payments to any government official, either on their own or via third parties. Additionally, our employees and their family members are not allowed to solicit or accept gifts, travel, hospitality or anything of value to the extent such favors or advantages may influence their professional judgments. Under our firm-wide whistle-blowing policy, we make our internal reporting channel open and available for our employees to report on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. Furthermore, we conduct periodic performance reviews for our employees, and their remuneration is performance-based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential non-compliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management, such as financial management, budget management and financial statement preparation. We also have procedures in place to carry out such accounting policies, and our finance department reviews our management accounts in accordance with such procedures. In addition, we provide ongoing training to our financial department staff to ensure that these policies are well-observed and effectively implemented.

BOARD OF DIRECTORS

Upon [**REDACTED**], our Board will comprise nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets out information in respect of the Directors upon [**REDACTED**].

Name	Age	Position/ Title	Time of Appointment as a Director	Time of Joining our Group	Role and Responsibility
Mr. Wen ZHANG	[54]	Chairman of the Board, executive Director and Chief Executive Officer	October 2019	November 2019	Responsible for overall management and business strategies
Mr. Zhou HONG	[59]	Executive Director and Chief Technology Officer	July 2020	January 2020	Responsible for leading the development of core technologies, including chip architecture
Mr. Linglan ZHANG	[52]	Executive Director and Chief Operating Officer	December 2019	January 2020	Responsible for R&D and engineering operation management
Mr. Bing XIAO (肖冰)	[58]	Executive Director and General Manager	May 2020	February 2020	Responsible for overseeing and managing sales and marketing
Mr. Luting PAN	[50]	Executive Director, secretary of the Board and responsible person of finance	November 2020	July 2020	Responsible for overseeing finance matters, risk management and strategic operations
Mr. Jingguo LIU (劉經國)	[46]	Non-executive Director	June 2025	June 2025	Responsible for providing advice on operation and development

Name	Age	Position/ Title	Time of Appointment as a Director	Time of Joining our Group	Role and Responsibility
Dr. Yuan WANG (王源)	[46]	Independent non-executive Director	June 2025	[**REDACTED**]	Responsible for providing independent opinion and judgement to the Board
Mr. Siu Wing LAM (林兆榮)	[65]	Independent non-executive Director	June 2025	[**REDACTED**]	Responsible for providing independent opinion and judgement to the Board
Ms. Jin LIU (劉瑾)	[59]	Independent non-executive Director	June 2025	[**REDACTED**]	Responsible for providing independent opinion and judgement to the Board

Note: As of the Latest Practicable Date, Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) were our non-executive Directors, each of whom has already tendered resignation from directorship, conditional and effective the day before the [**REDACTED**], and the appointment of Dr. Yuan WANG (王源), Mr. Siu Wing LAM (林兆榮) and Ms. Jin LIU (劉瑾) as independent non-executive Directors will become effective on the [**REDACTED**]. Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) are board representatives of our [**REDACTED**] Investors prior to [**REDACTED**] and have performed non-executive functions through providing advice on our overall development before [**REDACTED**]. Each of them has tendered resignation based on internal decision-making of the Pre-[**REDACTED**] Investor which he/she represents. Each of Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英) has confirmed to the Board that he/she has no disagreement with the Board and there are no other matters in relation to his/his resignation that need to be brought to the attention of the Shareholders. For details of the biographies of Mr. Zhifeng ZHOU (周志峰), Mr. Lin WANG (王林) and Ms. Shuying CHEN (陳淑英), see "– Resigned Non-executive Directors" in the section below.

Executive Directors

Mr. Wen ZHANG, aged [54], is the Chairman, an executive Director and the Chief Executive Officer of the Group. Mr. Zhang founded our Company in September 2019 and has been the Chairman and the Chief Executive Officer since October 2019 and November 2019, respectively. He was re-designated as an executive Director of our Company with effect from the [**REDACTED**].

Mr. Zhang has extensive experience in the integrated circuit, artificial intelligence and next-generation information technology industries, with demonstrated achievements in corporate strategy, management and capital markets operation. Prior to founding the Group, Mr. Zhang worked in SenseTime Group Inc. (商湯集團股份有限公司) (a company listed on the Stock Exchange, stock code: 0020) as the president from January 2018 to October 2019. Mr. Zhang served as the chairman and chief executive officer of Shanghai Dingyu Hengrui Equity Investment Fund Management Co., Ltd. (上海鼎域恒睿股權投資基金管理有限公司), an equity investment fund management company, from December 2013 to December 2017. He served as the president and chief executive officer of Enraytek Optoelectronics Co., Ltd. (映瑞光電科技(上海)有限公司), an LED chip company, from August 2010 to December 2013. From March 2007 to February 2009, he worked as an attorney at Kirkland & Ellis LLP.

Mr. Zhang was presented with the Shanghai "Magnolia Gold Award" in 2021; "Outstanding Entrepreneur in IT industry in Shanghai" in 2020; "2021 Annual Entrepreneur" awarded by Dark Horse Technology (創業黑馬); and "2022 Annual Entrepreneur" awarded by Cyzone (創業邦). Mr. Zhang is a visiting associate professor at the University of Hong Kong.

Mr. Zhang received an MBA degree from Columbia University in the United States in February 2007, and a Juris Doctor degree from Harvard University in the United States in June 2005. Mr. Zhang was admitted as a licensed attorney-at-law of the State of New York of the United States.

Mr. Zhou HONG, aged [59], is an executive Director and Chief Technology Officer of the Group. Mr. Hong joined our Company in January 2020 and was appointed as a Director in July 2020. He was appointed as our Chief Technology Officer in September 2020. He was re-designated as an executive Director with effect from the [**REDACTED**].

Mr. Hong has nearly 30 years of experience in design and engineering of GPU. Prior to joining the Group, from April 1995 to March 2003, Mr. Hong served as the engineering director at S3, Inc., a graphics chip pioneer in U.S. From March 2003 to September 2004, Mr. Hong worked as a principal architect at Nvidia Corporation (a company listed on the NASDAQ Global Market, stock code: NVDA), a leading global manufacturer of high-end GPUs. Mr. Hong worked at Futurewei Technologies, U.S. Research Center of Huawei, as the chief architect from June 2016 to January 2020. From January 2007 to April 2016, he worked at S3 Graphics Inc., a U.S. computer graphics company as a vice president of hardware architecture.

Mr. Hong received his bachelor's degree of science from Peking University (北京大學) in the PRC in July 1986; a master's degree of engineering from Tsinghua University (清華大學) in the PRC in August 1989; and a master's degree of science from State University of New York at Buffalo in the United States in September 1994.

Mr. Linglan ZHANG, aged [52], is an executive Director and Chief Operating Officer of the Group. Mr. Linglan Zhang was appointed as a Director in December 2019 and joined our Company as vice president of engineering in January 2020. From September 2021, he was appointed as our Chief Operating Officer. Mr. Linglan Zhang was re-designated as an executive Director with effect from the [**REDACTED**].

Mr. Linglan Zhang has over 23 years of experience in the semiconductor industry. Prior to joining the Group, he worked in Higon Austin R&D Center Corporation as a deep computing vice president from February 2018 to September 2019. He had also worked at Samsung Electronics United States R&D Center as a senior R&D manager (SMTS) from August 2015 to February 2018; and Advanced Micro Devices, Inc. (a company listed on the NASDAQ Global Market, stock code: AMD) as a PMTS, GPU SoC architect from August 2001 to August 2015.

Mr. Linglan Zhang received his bachelor's degree in electrical engineering from Zhejiang University (浙江大學) in the PRC in July 1996; a master's degree in electrical engineering from University of Southern California in the United States in August 2001; and a Master of Business Administration degree from University of California, Berkeley in the United States in December 2014.

Mr. Bing XIAO (肖冰), aged [58], is an executive Director and General Manager of the Group. Mr. Xiao joined our Company as a senior vice president since February 2020 and was appointed as a Director in May 2020. Mr. Xiao was re-designated as an executive Director with effect from the [**REDACTED**].

Mr. Xiao has over 20 years of experience in strategic operation and sales industry. Prior to joining the Group, Mr. Xiao worked in SenseTime Group Inc. (商湯集團股份有限公司) (a company listed on the Stock Exchange, stock code: 0020) as a vice president of business development from May 2019 to February 2020. He had also worked in Petuum Inc., an artificial intelligence solution company, as general manager of China; Oracle Corporation (a company listed on the New York Stock Exchange, stock code: ORCL) as a general manager of Telecommunications Industry in China region from October 2014 to September 2017; IBM (a company listed on the New York Stock Exchange, stock code: IBM) as software general manager of Telecommunications in China from May 2010 to September 2014; and Teradata China (a company listed on the New York Stock Exchange, stock code: TDC) as a vice president in china region from June 2004 to May 2010.

Mr. Xiao received his bachelor's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 1990.

Mr. Xiao is a director of certain subsidiaries of the Group, including but not limited to Zhuhai Biren, Beijing Biren, Hangzhou Biren and Shanghai Aoyan.

Mr. Luting PAN, aged [50], is an executive Director, secretary of the Board and responsible person of finance. Mr. Pan joined our Company in July 2020 as a vice president. He was appointed as a Director in November 2020 and re-designated as an executive Director with effect from the [**REDACTED**].

Mr. Pan has extensive experience in strategic operations, risk management and operations of enterprises. Prior to joining the Group, Mr. Pan served as an associate at BNP Paribas, a French multinational universal bank listed on the Euronext Paris (stock code: BNP) and the London Stock Exchange (stock code: 0HB5), from 2007 to 2009. He worked as a senior planning management employee of commodity forecasting department at Consolidated Edison Company of New York, Inc., an energy company listed on the New York Stock Exchange (stock code: ED), from March 2009 to September 2018. Mr. Pan worked in Petuum Inc., an artificial intelligence solution company as a director of Asia and strategic development lead from August 2018 to June 2020.

Mr. Pan received his bachelor's degree in electrical engineering from University of Connecticut in the United States in August 1998; a master's degree in electrical engineering from University of Connecticut in the United States in December 2000; and a Master of Business Administration degree from Columbia University in the United States in May 2007.

Non-executive Director

Mr. Jingguo LIU (劉經國), aged [46], is our non-executive Director. Mr. Liu is responsible for providing advice on the operation and development of the Company. Mr. Liu was appointed as a Director in June 2025 and was re-designated as a non-executive Director with effect from the [**REDACTED**].

Mr. Liu currently serves as an investment and research partner at Shanghai Lingang Kechuang Investment Management Co., Ltd. (上海臨港科創投資管理有限公司), an equity investment firm. From January 2012 to December 2014, Mr. Liu worked at Signify (China) Investment Co., Ltd. (昕諾飛(中國)投資有限公司) (previously known as Philips Lighting (China) Investment Co., Ltd. (飛利浦照明(中國)投資有限公司)) under the Koninklijke Philips N.V., a Dutch multinational corporation listed on the New York Stock Exchange (stock code: PHG) and the Euronext Amsterdam (stock code: PHIA), with his last position being senior system engineer. From January 2015 to February 2017, He served as a securities analyst at TF Securities Co., Ltd. (天風證券股份有限公司), a comprehensive Chinese securities firm listed on the Shanghai Stock Exchange (stock code: 601162). From April 1, 2021 to January 24, 2025, Mr. Liu served as a director of Shanghai Mifeng Laser Technology Co., Ltd. (上海米蜂激光科技有限公司), a company specializing in the research, development, and production of high-power laser equipment. From March 2017 to June 2020, he served as an investment director at Shanghai Linchuang Investment Management Co., Ltd. (上海臨創投資管理有限公司), an investment management company.

Mr. Liu received his bachelor's degree in materials science and engineering from University of Science and Technology Beijing (北京科技大學) in July 2001 and received his master's degree in materials science and engineering from Tsinghua University (清華大學) in July 2004.

Resigned Non-executive Directors

Mr. Zhifeng ZHOU (周志峰), aged [48], has been serving as a Director since November 2019 and will cease to be a Director with effect from the day before the [**REDACTED**].

Mr. Zhou has been serving in Qiming Venture Partners (啟明創投), an institution principally engaged in providing venture capital and asset management services since May 2014, and currently serves as a managing partner, focusing on investments in emerging technologies in areas such as artificial intelligence, robotics, AR/VR, semiconductor, autotech, enterprise software, etc. Mr. Zhou has been serving as a director of Beijing HyperStrong

Technology Co., Ltd. (北京海博思創科技股份有限公司) (stock code: 688411.SH) and a non-executive director of UBTECH ROBOTICS CORP LTD (深圳市優必選科技股份有限公司) (stock code: 09880. HK), since June 2020 and August 2015, respectively.

Mr. Zhou obtained a bachelor's degree in computer science and technology from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 2000 and a master's degree in business administration from Columbia University (美國哥倫比亞大學) in the United States in May 2011.

Mr. Lin WANG (王林), aged [46], has been serving as a Director since August 2020 and will cease to be a Director with effect from the day before the [**REDACTED**].

Mr. Wang has been serving as the vice manager of Shanghai Huadeng Gaoke Private Equity Fund Management Co.,Ltd (上海華登高科私募基金管理有限公司) since February 2024. Mr. Wang served as a vice manager of Huaxin Yuanchuang (Qingdao) Investment Management Co., Ltd. (華芯原創(青島)投資管理有限公司) from February 2021 to January 2024. He worked at Huadeng Investment Consulting (Beijing) Co., Ltd. Shanghai Branch (華登投資諮詢(北京)有限公司上海分公司) from September 2012 to January 2021.

Mr. Wang served as a director of Fortior Technology (Shenzhen) Co., Ltd. (峰岹科技(深圳)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688279) and Hong Kong Stock Exchange (stock code: 1304), from April 2020 to January 2025. He served as an independent director at GL Tech Co., Ltd (光力科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300480), from September 2018 to April 2023. Mr. Wang served as a director of Emdoor Information Co., Ltd. (深圳市億道信息股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 001314), from August 2020 to January 2024; and a director of Memsensing Microsystems (Suzhou, China) Co., Ltd. (蘇州敏芯微電子技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688286) from June 2019 to August 2025. Since December 2019, Mr. Wang has been a director of 3peak Incorporated (思瑞浦微電子科技(蘇州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688536).

Mr. Wang received his bachelor's degree in electronic engineering from Hangzhou Dianzi University (杭州電子科技大學) in the PRC in June 2001. He received his master's degree in electronic science and technology from Zhejiang University (浙江大學) in the PRC in March 2004.

Ms. Shuying CHEN (陳淑英), aged [42], has been serving as a non-executive Director since May 2021 and will cease to be a Director with effect from the day before the [**REDACTED**].

Ms. Chen successively held various positions at Foshan Shunde Country Garden Property Development Co., Ltd. (佛山市順德區碧桂園物業發展有限公司) under Country Garden Holdings Company Limited (碧桂園控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 2007) (the "**Country Garden Group**") from June 2006 to December

2017, including marketing center operations specialist, operations manager, director of marketing operations and deputy general manager of sales management department. From December 2017 to June 2018, she further served as the assistant to the general manager of marketing at the Country Garden Guangqing regional third division (碧桂園廣清區域三部) under the Country Garden Group. From July 2018 to June 2019, Ms. Chen served as the general manager of operations and management department at Shenzhen Paladin Equity Investment Co., Ltd. (深圳市帕拉丁股權投資有限公司). From July 2019 to July 2023, Ms. Chen served as the deputy general manger of operations department at Shenzhen Country Garden Innovation Investment Co., Ltd. (深圳市碧桂園創新投資有限公司), a subsidiary of the Country Garden. Ms. Chen has been serving as an executive director and the general manager of Guangdong Dingchen Chenpi Industry Co., Ltd. (廣東鼎陳陳皮產業有限責任公司) since October 2022.

Ms. Chen received her bachelor's degree in engineering management from Wuyi University (五邑大學) in China in June 2006.

Independent Non-executive Directors

Dr. Yuan WANG (王源), aged [46], was appointed as an independent non-executive Director of our Company in June 2025 with effect upon the [**REDACTED**].

Dr. Wang has been a professor of, and was an associate professor and a lecturer of, the school of electronics engineering and computer science in Peking University (北京大學信息科學技術學院) since August 2017, from August 2008 to July 2017 and from July 2006 to July 2008, respectively. His academic focus is centered on the design and development of integrated circuits design and new computing architectures. Notably, his research interests include the key project of National Natural Science Foundation of China (國家自然科學基金委員會) on "Native AI Chips and Systems Based on NOR Flash for Intelligent Computing," (基於 Nor Flash 的存算一體人工智能芯片和系統研究) and the national key project on "Research on Novel Neuromorphic Devices and Circuits." (新型神經形態器件與電路研究). Furthermore, Dr. Wang has contributed to academic publications such as "Analysis and Design of Large-Scale Integrated Circuits," (超大規模集成電路分析與設計), reflecting his expertise in circuit design, analysis and architecture.

Since October 2024, Dr. Wang has served as an independent non-executive director of Biwin Storage Technology Co., Ltd. (深圳佰維存儲科技股份有限公司) ("**Biwin Storage**"), whose shares are listed on Shanghai Stock Exchange (stock code: 688525). Biwin Storage is the parent company of Hainan Nanbaisuan Technology Co., Ltd. (海南南佰算科技有限公司), a Pre-[**REDACTED**] Investor holding approximately 0.48% and [**REDACTED**]% of the issued share capital of the Company as of the Latest Practicable Date and upon [**REDACTED**], respectively. Dr. Wang has also served as an independent non-executive director of Chengdu Sino Microelectronics Technology Co., Ltd. (成都華微電子科技股份有限公司), whose shares are listed on Shanghai Stock Exchange (stock code: 688709), since May 2025.

Dr. Wang received his Ph. D. from Peking University (北京大學) in the PRC in July 2006.

Mr. Siu Wing LAM (林兆榮), aged [65], was appointed as an independent non-executive Director of our Company in June 2025 with effect upon the [**REDACTED**].

Mr. Lam has extensive experience in accounting, auditing and business consulting. Mr. Lam was an audit partner at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥) and PricewaterhouseCoopers in Hong Kong (collectively "**PricewaterhouseCoopers**") from July 2004 to June 2020. He had also worked in various audit firms including KPMG Hong Kong from September 1991 to February 1992, Horwath Australia from August 1987 to August 1991 and the New South Wales Auditor-General's Office from March 1987 to July 1987.

He has served as (i) an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1349) and the Shanghai Stock Exchange (stock code: 688505), since May 2023; (ii) an independent non-executive director of Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 2170), since July 2023; (iii) an independent non-executive director of Xi'an Kingfar Property Services Co., Ltd. (西安經發物業股份有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1354), since May 2024; (iv) an independent non-executive director of Bluestar Adisseo Co., Ltd. (藍星安迪蘇股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600299), since September 2024; and (v) an independent non-executive director of Qeeka Home (Cayman) Inc. (齊屹科技(開曼)有限公司), whose shares are listed on the Hong Kong Stock Exchange (stock code: 1739), since June 2025. Mr. Lam has also been appointed as an independent non-executive director of Greatpower Nickel And Cobalt Materials Co., Ltd. (上海格派鎳鈷材料股份有限公司) since June 2022.

Mr. Lam received his bachelor of economics degree from Macquarie University in Australia in May 1985, and a master of commerce degree from the University of New South Wales in Australia in October 1989.

Mr. Lam was admitted as a member and was advanced to a fellow member of the Chartered Accountants Australia and New Zealand (previously known as the Institute of Chartered Accountants in Australia) in April 1990 and September 2011, respectively. He was also admitted as an associate member and was advanced to a fellow member of the Hong Kong Institute of Certified Public Accountants in April 1992 and September 2013, respectively.

Ms. Jin LIU (劉瑾), aged [59], was appointed as an independent non-executive Director of our Company in June 2025 with effect upon the [**REDACTED**].

Ms. Liu has around 30 years of consulting, investment and financing, IPO and mergers and acquisitions experience. She has been involved in investment and financing as a vice chairperson and director at Chengdu WestVac Biopharma Co., Ltd. (成都威斯克生物醫藥有限公司), an innovative biopharmaceutical enterprise, since 2020.

Her prior experience includes working as a managing director in global investment banking at Merrill Lynch (Asia Pacific) Limited from 2012 to 2020, an executive director in global banking and markets at Goldman Sachs (China) Securities Company Limited from 2008 to 2012, a director in assurance dept. at PricewaterhouseCoopers from 2002 to 2008, a manager of China affairs at the Hong Kong General Chamber of Commerce from 1998 to 2002 and etc. Ms. Liu received her bachelor of arts degree from Sichuan University (四川大學) in the PRC in 1988, and an MBA degree from the ESICAD Business School in France in 1996.

Ms. Liu is a member of 11th committee of All-China Federation of Returned Overseas Chinese (中國僑聯第11屆委員會). She is co-founder and honorable chairman of Hong Kong Association of Overseas-Returned Scholars (香港海外學人聯合會) and vice chairman of Hong Kong Chinese Financial Association of Hong Kong (香港中國金融協會).

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company.

Name	Age	Position/Title	Time of Appointment as a Senior Management	Time of Joining our Group	Role and Responsibility
Mr. Wen ZHANG	[54]	Chairman of the Board, executive Director and Chief Executive Officer	November 2019	November 2019	Responsible for overall management and business strategies
Mr. Zhou HONG	[59]	Executive Director and Chief Technology Officer	September 2020	January 2020	Responsible for leading the development of core technologies, including chip architecture
Mr. Linglan ZHANG	[52]	Executive Director and Chief Operating Officer	September 2021	January 2020	Responsible for R&D and engineering operation management
Mr. Bing XIAO (肖冰)	[58]	Executive Director and General Manager	April 2023	February 2020	Responsible for overseeing and managing sales and marketing
Mr. Luting PAN	[50]	Executive Director, secretary of the Board and responsible person of finance	July 2023	July 2020	Responsible for overseeing finance matters, risk management and strategic operations

Mr. Wen ZHANG, aged [54], is the Chairman, an executive Director and the Chief Executive Officer. For details of his biography, see "– Executive Directors."

Mr. Zhou HONG, aged [59], is an executive Director and Chief Technology Officer. For details of his biography, see "– Executive Directors."

Mr. Linglan ZHANG, aged [52], is an executive Director and Chief Operating Officer. For details of his biography, see "– Executive Directors."

Mr. Bing XIAO (肖冰), aged [58], is an executive Director and General Manager. For details of his biography, see "– Executive Directors."

Mr. Luting PAN, aged [50], is an executive Director, secretary of the Board and responsible person of finance. For details of his biography, see "– Executive Directors."

DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS

Save as disclosed above, each of our Directors and members of senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of our Directors and members of the senior management is related to other Directors and members of the senior management.

To the best knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Yimin TONG (童義敏), aged [30], was appointed as a joint company secretary of our Company with effect from the [**REDACTED**]. Ms. Tong joined our Group as a manager of the Board office in June 2021.

Prior to joining our Group, Ms. Tong worked at Hangzhou Xingong Xiao'an Information Technology Co., Ltd. (杭州信公小安信息科技有限公司) as a senior operation manager from July 2017 to May 2021.

Ms. Tong received her bachelor's degree in economics from East China University of Political Science and Law (華東政法大學) in the PRC in July 2017. Ms. Tong also obtained the fund practitioner qualification issued by the Asset Management Association of China (中國證券投資基金業協會) in September 2017; securities practitioner qualification issued by the Securities Association of China (中國證券業協會) in November 2015 and the futures qualification issued by the China Futures Association (中國期貨業協會) in March 2016.

Mr. Chun Ho TSANG (曾俊豪) was appointed as a joint company secretary of our Company with effect from the [**REDACTED**].

Mr. Tsang is an Assistant Manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group. Mr. Tsang has over 11 years of experience in the company secretarial field, and has served various listed companies in Hong Kong, as well as multi-national corporations, private companies and offshore companies by providing them with professional corporate services.

Mr. Tsang is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Tsang obtained a Bachelor of Arts degree from the University of Huddersfield in the United Kingdom in December 2017, and a Master of Corporate Governance degree from the Hong Kong Metropolitan University in November 2021.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Siu Wing LAM (林兆榮), Dr. Yuan WANG (王源) and Ms. Jin LIU (劉瑾). Mr. Siu Wing LAM (林兆榮) serves as the chairman of the Audit Committee, holding the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but not limited to, making recommendations to the Board on the appointment, reappointment and removal of the external auditors, monitoring the Company's financial statements, annual reports and accounts, and interim reports, reviewing the Company's financial controls and discussing the risk management and internal control systems with management of the Company. The Audit Committee will also discharge the roles and responsibilities of a supervisory committee under the PRC laws.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Ms. Jin LIU (劉瑾), Mr. Wen ZHANG and Dr. Yuan WANG (王源). Ms. Jin LIU (劉瑾) serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, making recommendations to the Board on Company's policy and structure for all Directors' and senior management remuneration, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Dr. Yuan WANG (王源), Ms. Jin LIU (劉瑾) and Mr. Wen ZHANG. Dr. Yuan WANG (王源) serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, and assessing the independence of independent non-executive Directors.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, the employer's contribution to the pension plans, discretionary bonuses and share-based compensation.

For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB27.31 million, RMB25.90 million, RMB16.18 million, and RMB7.23 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2025 to be approximately RMB11.13 million. The actual remuneration of Directors in 2025 may be different from the expected remuneration.

The remuneration paid by our Company to the five highest paid individuals (excluding Directors) for the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, were RMB46.60 million, RMB34.42 million, RMB32.58 million, and RMB11.85 million respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or our subsidiary to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies [**REDACTED**] on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman and Chief Executive Officer and Mr. Zhang currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Mr. Zhang is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. The Board also believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this arrangement will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and the Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Save as disclosed above, our Directors consider that upon [**REDACTED**], we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

BOARD AND WORKFORCE DIVERSITY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure. We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills. They obtained degrees in various areas, including engineering, electronic engineering, materials science and economics. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields

can enable our Company to maintain a high standard of operations. Our Board Diversity Policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from [46] years old to [65] years old with experience from different industries and sectors.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will have at least one female Director at all times, and we will ensure that a female Director serves on the Nomination Committee at all times. We will encourage our incumbent Board members to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

We are committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], we will review the Board Diversity Policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

ANTI-CORRUPTION AND WHISTLE BLOWING POLICIES

We are committed to acting with integrity, honesty, fairness, impartiality, and ethical business practices. We have adopted an anti-corruption policy to promote an ethical culture within our Group and have zero-tolerance for bribery and any act of corruption. Our Board and senior management also strive to promote an ethical culture within our Group. We have also adopted a whistle blowing policy that serves the purpose of establishing whistleblowing procedures for employees and other relevant external parties of our Group, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be kept strictly confidential.

COMPLIANCE ADVISER

We have appointed Maxa Capital Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB42,225,702, comprising 2,111,285,100 Unlisted Shares of nominal value RMB0.02 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital *(%)*
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
Unlisted Shares to be converted to H Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00

Immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital *(%)*
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
Unlisted Shares to be converted to H Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00

RANKING

Upon completion of the [**REDACTED**] and the conversion of the Unlisted Shares into H Shares, the Shares will consist of H Shares and Unlisted Shares. Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or [**REDACTED**] between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be [**REDACTED**] and [**REDACTED**] on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, [**REDACTED**] and [**REDACTED**] of such converted Shares have been completed. Additionally, such conversion, [**REDACTED**] and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this Document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the filings and approvals with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior [**REDACTED**] for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any [**REDACTED**] for [**REDACTED**] of the converted shares on the Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on the [**REDACTED**] of our Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on the [**REDACTED**] of our Company, such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within twelve months from the [**REDACTED**].

Further, pursuant to Rules 18C.14 of the Listing Rules, Mr. Zhang and Shanghai Biliren are subject to a lock-up period commencing on the date of this document and ending on the expiry of 12 months from the [**REDACTED**]. Certain of our Pre-[**REDACTED**] Investors are subject to lock-up period commencing on the date of this document and ending on the expiry of 6 months from the [**REDACTED**]. See "History, Development and Corporate Structure – Lock-up and free float under Chapter 18C of the Listing Rules".

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our general Shareholders' meeting is required, see "Appendix IV – Summary of Articles of Association".

PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and to incentivize them to further promote our development, we approved and adopted the Pre-[**REDACTED**] Employee Incentive Scheme on April 24, 2024. For details, see "History, Development and Corporate Structure – Pre-[**REDACTED**] Employee Incentive Scheme".

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

Subject to the completion of the [**REDACTED**], pursuant to the Shareholders resolutions of the Company, the Board was granted with (a) a general mandate to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the H Shares in [**REDACTED**] as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] and treasury shares, if any); and (b) a general mandate to repurchase H Shares [**REDACTED**] on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the H Shares in [**REDACTED**] as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] and treasury shares, if any).

For details of the general mandates to issue and repurchase Shares, see "Appendix V – Statutory and General Information – Further Information about Our Company – Resolutions of our Shareholders."

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the conversion of our Unlisted Shares to H Shares assuming the [**REDACTED**] is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number of Unlisted Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Approximate percentage of shareholding in Unlisted Shares/ H Shares[1]	Approximate percentage of shareholding in our total share capital[1]
Mr. Zhang[2]	Beneficial owner	183,174,800	8.68%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
	Interest in controlled corporations	191,221,400	9.06%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Shanghai Biliren[2]	Beneficial owner	191,221,400	9.06%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Mr. Liang	Beneficial owner	65,234,050	3.09%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Zhuhai Da Heng Qin Innovative Development Co., Ltd.[3]	Beneficial owner	80,717,950	3.82%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Zhuhai Yuexinchen Investment Co., Ltd.[3]	Interest in controlled corporations	80,717,950	3.82%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
China Cinda Asset Management Co., Ltd.[3]	Interest in controlled corporations	80,717,950	3.82%	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%

Notes:

1. The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in [**REDACTED**] immediately after completion of the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised.

2. Mr. Zhang is in a position to control Shanghai Biliren as a result of the voting proxy agreement entered into, among others, Shanghai Zhuoren (as the general partner of Shanghai Biliren) and the general partners of all limited partners of Shanghai Biliren. For details, see "History, Development and Corporate Structure – Acting in Concert Agreement and Voting Proxy Agreement". As such, under the SFO, Mr. Zhang is deemed to be interested in the Shares held by Shanghai Biliren.

3. Zhuhai Da Heng Qin Innovative Development Co., Ltd. is held as to 51% by China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) through Zhuhai Yuexinchen Investment Co., Ltd. (珠海市粵信宸投資有限責任公司). As such, under the SFO, each of China Cinda Asset Management Co., Ltd. and Zhuhai Yuexinchen Investment Co., Ltd. is deemed to be interested in the Shares held by Zhuhai Da Heng Qin Innovative Development Co., Ltd.

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We develop GPGPU chips and GPGPU-based intelligent computing solutions to provide the foundational computing power required by AI. By integrating self-developed GPGPU-based hardware and proprietary BIRENSUPA software platform, our solutions support the training and inferencing of AI models in a broad range of applications from cloud to edge. In particular, strong performance and high efficiency for large language models ("LLMs") pre-training, training and inference of our GPGPU-based solutions, which possess high technology barriers, provide us with key competitive advantages among domestic players. Our technology forms a critical infrastructure to enable AI and advance AGI, addressing the surging computational demands across various industries to drive productivity, innovation and transformation.

Innovation and technology excellence are our core competencies. With the rapid development of AI, especially through LLMs and generative AI, many businesses have an increasing need for computing solutions to meet their surging demand for computing power and harness the power of AI. To meet such demand, we have self-developed our Specialist Technology Product which is an integrated intelligent computing solution comprising of two components, namely (i) hardware systems based on our GPGPU architecture and chips, and (ii) BIRENSUPA, a computing software platform. To better address our customers' urgent demands for high-performance computing and intelligent applications, our Specialist Technology

Product can be offered as large-scale intelligent computing clusters, which consist of a large number of interconnected GPGPU units and that work together to perform parallel processing tasks and controlled by our BIRENSUPA software platform.

As AI adoption continues to expand, a growing number of companies across diverse industries are creating innovative AI-enabled products and services, significantly increasing the demand for computing power. Key sectors, including data centers, AI solutions and Internet, are at the forefront of the race, significantly increasing their investment in computing power and related infrastructure. Moreover, leading companies within these industries account for the majority of capital expenditures on computing power. Hence, we implement the strategy that targets key industries with high demand for computing power, and form strategic partnerships with large customers in each industry. These selected key industries include AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet. With localized expertise and on-the-ground customer support, our solutions are designed to address unique needs of these customers.

- We started to generate revenue from our intelligent computing solutions in 2023. During the year ended December 31, 2024 and for the six months ended June 30, 2025, we had 14 and 12 customers for our Specialist Technology Product, respectively, contributing a revenue amounted to RMB336.8 million and RMB58.9 million, respectively.

- As of the Latest Practicable Date, we had 24 unfulfilled binding orders for our Specialist Technology Product with a total value of approximately RMB821.8 million.

- In addition, as of the Latest Practicable Date, we have entered into five framework sales agreements and 24 sales contracts for our Specialist Technology Product with a total value of approximately RMB1,240.7 million, which will contribute to our future revenue when realized.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions in the process of applying our accounting policies. Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 2 to the Accountant's Report included in Appendix I to this Document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe that our results of operations are primarily affected by the following factors:

Our Ability to Serve Customers and Capture Market Share

Our business performance depends on the growth of market demand for intelligent computing chips and our ability to serve customers and capture market share with our intelligent computing solutions. Our management and sales team have extensive industry experience and profound knowledge, allowing us to build our brand and acquire customers in an effective manner. We implement the strategy that targets key industries with high demand for computing power, and form strategic partnerships with large customers in each industry. These selected key industries include AI data centers, telecommunications, AI solutions, energy and utilities, financial technology, and Internet. By serving industry leaders and forming partnership with large customers, we understand, identify and prioritize core requirements of target customers in such industries and expect to accelerate market adoption of our intelligent computing solutions and further expand our presence across additional segments in such industries. We have also established strategic partnerships with a variety of companies along the industry value chain to build an active hardware and software ecosystem, amplifying our influence within the industries and expanding our reach to a wider range of potential customers. In addition, after customers enter into binding sales orders with us, we ensure stable and timely deployment of intelligent computing solutions and provide high-quality customer support, endeavoring to maintain stable and enduring business relationships with them, which in turn increases our share of customer's requirements and improve our financial performance in the long term.

We had continuously expanded our customer base during the Track Record Period, in 2024, we had 14 customers for our Specialist Technology Products, contributing a revenue amounted to RMB336.8 million. As of the Latest Practicable Date, we have entered into five framework sales agreements and 24 sales contracts for our Specialist Technology Product with a total value of approximately RMB1,240.7 million, which will contribute to our future revenue when realized.

Our Ability to Continuously Develop New Technology and Solutions

Our business performance will depend on our ability to continuously make technological advancements and expand our product portfolio to better meet the evolving demands of our customers and enrich our revenue stream. Our core technologies primarily cover GPGPU architecture, SoC design, hardware system design, and software technologies. See "Business – Core Technologies Applied in Our Specialist Technology Product" for details. Our Specialist Technology Products, on which our business activities have been focused since our inception, are integrated general intelligent computing solutions comprising of GPGPU-based hardware and BIRENSUPA, a computing software platform. Our ability to continuously develop new superior technology and to improve the breadth and quality of our solutions will further address the computing needs of diverse use cases and enhance our brand recognition, which thereby will allow us to gain additional market share and improve our financial performance in long term.

As we believe that our R&D capabilities will be the main driving force for our long-term competitiveness and business prospects, we have made significant investments in our R&D activities during the Track Record Period. Our R&D is led by a strong team with 657 experienced R&D professionals as of June 30, 2025, representing approximately 83% of our total staff. Our research and development expenses decreased from RMB1,017.9 million in 2022 to RMB885.6 million in 2023, and further decreased to RMB827.0 million in 2024. Such fluctuation was consistent with the advancement of our R&D stages. Due to the complexity of our intelligent computing solutions, we have prolonged R&D cycles which significantly affect the fluctuations of our expenditure. For example, before the commercial launch of our Specialist Technology Product in 2022, our R&D activities primarily focused on tape-out and intellectual property licensing and incurred significant costs therefrom, whereas we shifted our focus to NRE in preparation for future marketing and sales in 2023, resulting in substantially different cost structure from that in 2022. As we believe our R&D capabilities will be the main driving force for our long-term competitiveness and business prospects, we expect to continue incurring substantial expenditure in R&D.

Our Ability to Manage Supply Chain and Production Capacity in a Cost-efficient Manner

Our ability to fulfill customer orders will depend on the prompt and sufficient supply of raw materials, the availability of manufacturing capacity, affordable packaging and testing services for mass production of chips, and timely delivery of products. Therefore, our ability to manage supply chain and production capability in a cost-efficient manner is critical to our success.

We operate on a fabless basis, and we focus our resources on the most critical stages in the chip development process, such as chip design. To facilitate the chip design process, we utilize various items, tools and support services provided from third-party suppliers, such as certain IPs, EDA tools and Emulators, and may choose to outsource certain backend and physical design to Design Services vendors. For the manufacturing of our GPGPU products and procurement of raw materials used in the manufacturing process, we engage third-party contract manufacturers.

To manage our supply chain, we will focus on deepening our relationships with key supplier partners to secure future supply of raw materials and manufacturing capacity, and expanding our supplier base to avoid concentration and overreliance on suppliers. In addition, we regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. However, supply chain disruptions, shortage of raw materials and manufacturing limitations may result in delayed delivery, which in turn would lead to reduced or canceled orders. See "Risk Factors – Risks Related to Our Business and Industry – Disruptions in our supply chain could delay our development plans or commercialization efforts."

Our Ability to Improve Operating Efficiency

Our path to profitability depends in part on our ability to manage costs and optimize our operating efficiency. As a result of our efforts to develop and commercialize our intelligent computing solutions, we incurred and expect to continue incurring substantial expenditure in R&D, sales activities and general management. We are constantly improving our operating efficiency in various aspects. For instance, we have streamlined the project management process to enhance our R&D efficiency and reduce the time-to-market of products. Our sales team are well prepared to capture business opportunities based on customer demands, and are able to offer precise suggestions for product design and delivery, minimizing subsequent changes and rework in the production process. We seek to penetrate selected key industries with high demands for computing power by penetrating industry leaders, the success of which will equip us with reputation and industry know-how to expand our customer base continuously without incurring significant sales and marketing efforts and expenditure. We have also improved our administrative management to reduce communication costs and improve collaboration efficiency. Moreover, as we ramp up production of our commercialized products and continue to execute our product pipeline, we expect to benefit from economies of scale and further improve our operational efficiency.

Impact of Global Political and Economic Factors

Our financial status and path to profitability have been and may be further affected by global political and economic factors, such as international relations among countries, sanctions and export controls. For example, effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts our ability to purchase or otherwise access certain goods, software and technology (the "BIS Listing"). As direct consequences of this BIS Listing, we recorded special losses on certain assets of RMB108.7 million in 2023, including those related to prepayments, intangible assets, inventories and property, plant and equipment. For details, please see "— Description of Key Consolidated Statements of Comprehensive Loss Items — Special Losses on Certain Assets." In recognizing these special losses, we take a conservative approach and made impairment on all assets with potential recoverability issues due to the BIS Listing.

For details on the impact of the BIS Listing and the risks thereof, see "Risk Factors – Risks Related to Our Business and Industry – Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology" and "Business – Applicable U.S. Laws and Regulations."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. 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.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Notes 2 and 4 to the Accountant's Report included in Appendix I to this Document.

Revenue Recognition

Sale of products

Intelligent computing solutions

We provide intelligent computing solutions that empower a wide range of critical applications including AI from cloud to edge. Revenue generates from sales of intelligent computing solutions primarily includes our main products GPGPU-based hardware and computing software platform, which is identified as a single performance obligation as we provide a significant service of integrating the products with its services into a bundled solution. Revenue is recognized at the point in time when control of intelligent computing solution is transferred to customers, generally when the adaption is completed and the solution is accepted by customers.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on our relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated

using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

The transaction price in the contract reflects the amount of consideration that we expect to be entitled to, netting off the payment to customer and customer's agent.

Certain products are sold with support or an extended warranty for the incorporated system, hardware, and/or software. Support and extended warranty revenue are recognized rateably over the service period, or as services are performed. Such kind of revenue is included and reported as revenue from rendering of support or extended warranty service in Note 6(b) to the Accountant's Report included in Appendix I to this Document.

Agent fee

We act as an agent during certain transactions of selling hardware, because we do not obtain the control of the hardware before the hardware are delivered to buyers. Revenue is recognized on a net basis when the control of the products has been transferred from the suppliers to the buyers according to the arrangement, generally upon the acceptance of the hardware.

Gross vs. net determination in revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as the principal or an agent in the transactions. If we provide significant integration service to the hardware and are responsible for the overall management of the contract, we are the principal in the transaction and recognise revenue at the gross amount of consideration to which it is entitled from the buyers. We present our revenue on a net basis when we act as an agent with no control over the underlying hardware and do not assume inventory risk.

We report the amount received from the buyers and the amounts paid to the suppliers related to these transactions on a net basis if we are not primarily obligated in a transaction, do not generally bear the inventory risk and do not have the ability to establish the price.

Rendering of support or extended warranty service

Revenue from providing extended warranty services is recognised in the accounting period in which the services are rendered.

Rental income from intelligent computing clusters

Rental income from intelligent computing clusters where we lease out a computing cluster for one year. The related rental income is recognized on a straight-line basis over the lease term, and the respective leased assets are included in the consolidated balance sheets based on their nature.

Share-based compensation expenses

We operate certain share incentive plans, under which it receives services from employees as consideration for equity instruments (including share options and restricted shares) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statements of comprehensive loss with a corresponding increase in equity.

Intangible assets

Research and development expenditure

Research expenditure is recognized as an expense as incurred. Development cost is capitalized only if all of the following criteria are satisfied:

- It is technically feasible to complete the research and development project so that it will be available for use;
- Management intends to complete the research and development project and use or sell it;
- There is an ability to use or sell the research and development project;
- It can be demonstrated how the research and development project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- The expenditure attributable to the research and development project during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

IP license

Separately acquired IP licenses are shown at historical cost. They are amortized using the straight-line method over their estimated finite useful life of 8 years and are subsequently carried at cost less accumulated amortisation, residual value and impairment losses.

EDA Tools

Separately acquired EDA tools licenses are shown at historical cost. They are amortized using the straight-line method over their estimated finite useful life ranged from 1 to 10 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

Purchased computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortized over the estimated useful lives ranged from 1 year to 10 years.

Useful life

When determining the useful life, the Directors has taken into the account the (i) estimated period that can bring economic benefits to us; (ii) the useful life estimated by the comparable companies in the market.

Investments and other financial assets

We classify our financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether we have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

We reclassify debt investments when and only when our business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Redemption liabilities

A contract that contains an obligation to repurchase our Company's own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if our Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. We undertake such redemption obligations as certain preferred rights are granted to the investors in our financing process, such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with changes charged in finance costs.

We derecognize redemption liabilities when, and only when, the redemption obligations are discharged, canceled or expired. The carrying amount of the redemption liabilities derecognized is then credited into equity.

Fair value estimation

To provide an indication about the reliability of the inputs used in determining fair value, we have classified our financial instruments into the three levels prescribed under the accounting standards. The valuation of the level 3 instruments mainly included financial assets at fair value through profit or loss in unlisted equity investments, financial assets at fair value through profit or loss in structured deposits and financial liabilities at fair value through profit or loss. As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc. See Notes 3.3 to the Accountant's Report included in Appendix I to this Document.

Impairment tests for property, plant and equipment, right-of-use assets and intangible assets

According to IAS 36 "Impairment of assets", non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment review, the recoverable amount of each CGU is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use ("VIU") calculations. Given we were loss-making throughout the Track Record Period, which is an impairment indicator in the impairment tests for non-financial assets, including investment property, property, plant and equipment, right-of-use assets and intangible assets have been conducted by management of our Company with the assistance of an independent valuer as of December 31, 2022, 2023 and 2024 and June 30, 2025.

(i) Impairment provision on certain PP&E and intangible assets as a result of Sanction

In October 2023, as a result of the Sanction, certain assets including intangible assets and property, plant and equipment purchased prior to the Sanction effective date, which were subject to the Export Administration Regulations, could be subject to export control restrictions under the EAR. Management estimate that our Company will not be able to apply successfully for the export license for such assets, and accordingly a full loss on the related assets were made in the year ended December 31, 2023.

(ii) Impairment provision on certain intangible asset for changing in our business strategy

As of December 31, 2023, our Company identified impairment indicator of a certain intellectual property ("IP") license, which was not expected to be used due to change in our business strategy. We negotiated with the licensor about the license fee in 2023 and an impairment provision of RMB40,301,000 was provided based on the residual value, which was determined according to the refundable license fee agreed in the amended license contract.

(iii) Impairment test for the remaining long-term assets

As at December 31, 2022, 2023 and 2024 and June 30, 2025, each investment property is identified as a separate CGU ("CGU1") because we lease out the investment property and earn rental income. There is no impairment provision for investment properties because the FVLCD of the investment property determined based on the market price is higher than the carrying amount.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, each public rental house in property, plant and equipment is identified as a separate CGU ("CGU2") because we will finance lease these public rental houses to eligible employees and earn rental income. There is no impairment provision for public rental houses because the FVLCD of the public rental house determined based on the market value is higher than the carrying amount.

As the manufacture of our products are outsourced to third parties, except for the non-financial assets mentioned above, the remaining mainly includes software, office equipment and office building related to our R&D activities. The management considered the remaining non-financial assets as one CGU ("CGU3") because we operate in one business as a whole, focusing on the sale of GPGPU, sale of GPGPU embedded software and related services as well as research and development activities in relation to GPGPU.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the recoverable amount of CGU3 was determined based on VIU calculations. The VIU calculations use cash flow projections based on business plan for the purpose of impairment reviews covering an eight-year period respectively. The management considers the length of the forecast period is appropriate because it generally takes longer for a GPGPU company to reach a stable growth state, compared to companies in other industries, especially considering the fact that the new GPGPU industry in China is an emerging industry with fast growth in the coming years and we are still in the initial stage of rapid growth. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by us.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, there was no impairment loss of CGU3 as of December 31, 2022, 2023 and 2024 and June 30, 2025. The headroom of CGU3 is about 2.0, 3.1, 7.9 and 10.3 times of the carrying amount, respectively.

The key assumptions used for VIU calculations and recoverable amount of CGU3 are as follows:

	As of December 31,			As of June 30,
	2022	**2023**	**2024**	**2025**
Pre-tax discount rate	17.00%	16.00%	15.20%	15.11%
Recoverable amount *(RMB'000)*	1,050,005	952,393	2,933,184	4,132,576

DESCRIPTION OF KEY CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS ITEMS

The table below sets forth our consolidated statements of comprehensive loss for the years indicated derived from our consolidated statements of comprehensive loss set out in the Accountant's Report included in Appendix I to this Document:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	**499**	**62,030**	**336,803**	**39,298**	**58,903**
Cost of sales	–	(14,627)	(157,606)	(11,395)	(40,134)
Gross profit	**499**	**47,403**	**179,197**	**27,903**	**18,769**
Selling and marketing expenses	(58,144)	(55,999)	(51,523)	(27,645)	(27,309)
General and administrative expenses	(199,633)	(218,006)	(244,160)	(130,885)	(123,836)
Research and development expenses	(1,017,860)	(885,646)	(826,957)	(397,067)	(571,616)
Special losses on certain assets	–	(108,692)	–	–	–
Net impairment (losses)/reversal on financial assets	(201)	(1,075)	171	656	463
Other income	76,787	103,062	99,970	38,364	113,348
Other expenses	(1,175)	(2,181)	(2,380)	(1,190)	(5,239)
Other gains/(losses) – net	65,899	(24,309)	10,534	9,963	3,116
Operating loss	**(1,133,828)**	**(1,145,443)**	**(835,148)**	**(479,901)**	**(592,304)**
Finance income	11,770	17,122	10,095	7,031	13,685
Finance cost	(352,129)	(615,737)	(713,136)	(415,557)	(1,021,907)
Loss before income tax	**(1,474,187)**	**(1,744,058)**	**(1,538,189)**	**(888,427)**	**(1,600,526)**
Income tax (expenses)/credit	(125)	103	89	89	–
Loss for the year/period	**(1,474,312)**	**(1,743,955)**	**(1,538,100)**	**(888,338)**	**(1,600,526)**

Non-IFRS Measures

We use adjusted loss for the year/period (non-IFRS measure), which is a non-IFRS measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted loss for the year/period (non-IFRS measure) provides useful information about our results of operations, enhances the overall understanding of our past performance and future prospects.

Adjusted loss for the year/period (non-IFRS measure) should not be considered in isolation or construed as an alternative to loss for the year/period. Adjusted loss for the year/period (non-IFRS measure) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

We define our adjusted loss for the year/period (non-IFRS measure) by adding back (i) changes in the carrying value of redemption liabilities, (ii) share-based compensation expenses, and (iii) [**REDACTED**] expenses, to loss for the year/period. We exclude these items because they are not expected to result in future cash payments. Specifically, (i) changes in the carrying value of redemption liabilities are non-cash in nature, and the redemption liabilities will be automatically converted into the equity of our Company upon the completion of the [**REDACTED**], (ii) share-based compensation expenses relates to the share-based awards that we grant to employees and Directors and are a non-cash expense, and (iii) [**REDACTED**] expenses relates to this [**REDACTED**].

The following tables present our non-IFRS measures for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Loss for the year/period	**(1,474,312)**	**(1,743,955)**	**(1,538,100)**	**(888,338)**	**(1,600,526)**
Add:					
Changes in the carrying value of redemption liabilities	348,030	603,567	674,309	383,077	1,010,932
Share-based compensation expenses	88,031	80,096	82,633	58,242	27,165
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted loss for the year/period (non-IFRS measure)	**(1,038,251)**	**(1,051,365)**	**(767,253)**	**(438,209)**	**(551,645)**

Revenue

Our principal revenue sources consist of (i) sales of products, including intelligent computing solutions and agent fee, (ii) rendering of support or extended warranty service, and (iii) rental income from intelligent computing clusters.

Our revenue increased from RMB0.5 million in 2022 to RMB62.0 million in 2023, primarily due to an increase of our revenues from intelligent computing solutions. We commercially launched our Specialist Technology Product in August 2022, and in 2023, we started to generate revenue from intelligent computing solution and had 12 customers for our Specialist Technology Products, contributing a revenue amounted to RMB62.0 million. Our revenue increased from RMB62.0 million in 2023 to RMB336.8 million in 2024, mainly attributable to the increase in the revenue per customer. Our revenue increased from RMB39.3 million in the six months ended June 30, 2024 to RMB58.9 million in the six months ended June 30, 2025, primarily due to an increase of our revenues from intelligent computing solutions, mainly attributable to (i) the increasing customer demands, and (ii) the optimization of our customer structure, with more leading players in the selected industries.

The table below sets forth a breakdown of our revenue, in absolute amounts and as percentages of total revenue, for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Sales of products										
– Intelligent computing solutions	–	–	62,030	100.0	336,794	100.0	39,298	100.0	58,150	98.7
– Agent fee	499	100.0	–	–	–	–	–	–	–	–
Rendering of support or extended warranty service	–	–	–	–	9	0.0	–	–	46	0.1
Rental income from intelligent computing clusters	–	–	–	–	–	–	–	–	707	1.2
Total	**499**	**100.0**	**62,030**	**100.0**	**336,803**	**100.0**	**39,298**	**100.0**	**58,903**	**100.0**

Sales of products

Intelligent computing solutions. Our revenues from intelligent computing solutions represent our revenues generated from our Specialist Technology Product, which are typically recognized on a gross basis. Our Specialist Technology Products, on which our business activities have been focused since our inception, are integrated general intelligent computing solutions comprising of self-developed GPGPU-based hardware and BIRENSUPA, a computing software platform. Our significant investments in Specialist Technology Product (see "– R&D Expenditure and Total Operating Expenditure") had started to generate return in terms of revenues. We commercially launched our Specialist Technology Product in August 2022 and started to generate revenue from our intelligent computing solutions in 2023. In 2024, we had 14 customers for our Specialist Technology Products, contributing a revenue amounted to RMB336.8 million. We expect to generate substantially all of our revenues therefrom going forward. Our revenues from intelligent computing solutions are recorded on a transaction-basis and are recognized when or as the control of the goods or services is transferred to a customer.

Agent fee. Our revenues from agent fee represent our revenues generated from sale of products including servers, other hardware device and software, on an agent basis, which are not indicative of performance of our primary business. Our revenues from agent fee are recognized on a net basis.

Rendering of support or extended warranty service

Revenue generated from rendering support or extended warranty services are primarily related to the customer support or extended warranty services we provided for the intelligent computing solutions sold.

Rental income from intelligent computing clusters

Rental income from intelligent computing clusters are primarily related to the computing cluster we lease out for one year, which is recognized on a straight-line basis over the lease term.

Cost of Sales

During the Track Record Period, our cost of sales consisted primarily of cost of sales of products, including costs of intelligent computing solutions, such as cost of semiconductors, tooling costs and software testing costs. Our cost of sales increased from nil in 2022 to RMB14.6 million in 2023, further increased to RMB157.6 million in 2024, and increased from RMB11.4 million in the six months ended June 30, 2024 to RMB40.1 million in the six months ended June 30, 2025, primarily attributable to an increase of our costs of intelligent computing solutions in line with our business growth.

The table below sets forth a breakdown of our cost of sales by revenue sources, in absolute amounts and percentages, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Sales of products										
– Intelligent computing solutions	–	–	14,627	100.0	157,606	100.0	11,395	100.0	40,023	99.7
– Agent fee	–	–	–	–	–	–	–	–	–	–
Rendering of support or extended warranty service	–	–	–	–	–	–	–	–	–	–
Rental income from intelligent computing clusters	–	–	–	–	–	–	–	–	111	0.3
Total	**–**	**–**	**14,627**	**100.0**	**157,606**	**100.0**	**11,395**	**100.0**	**40,134**	**100.0**

The table below sets forth a breakdown of our cost of sales by nature, in absolute amounts and percentages, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Inventories and consumables used	–	–	13,325	91.1	140,126	88.9	9,554	83.8	36,748	91.5
Employee benefit expenses	–	–	22	0.2	8,900	5.6	888	7.8	985	2.5
Others[(1)]	–	–	1,280	8.7	8,580	5.5	953	8.4	2,401	6.0
Total	**–**	**–**	**14,627**	**100.0**	**157,606**	**100.0**	**11,395**	**100.0**	**40,134**	**100.0**

Note:

(1) Others primarily include warranty, intellectual property license expenses, depreciation and amortization as well as inventory provision.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB0.5 million, RMB47.4 million, RMB179.2 million, RMB27.9 million and RMB18.8 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, representing gross profit margin of 100%, 76.4%, 53.2%, 71.0% and 31.9% during the same periods. Our gross profit margin decreased from 100% in 2022 to 76.4% in 2023, and further decreased to 53.2% in 2024, and decreased from 71.0% in the six months ended June 30, 2024 to 31.9% in the six months ended June 30, 2025, which is consistent with the change in our gross profit margin of intelligent computing solutions. This change is primarily due to the change in the mix of products sold driven by customers' specific needs. In 2023, we were at the initial stage of commercialization and generated significant revenue from a customer. The solution we provided to such customer was the server cluster, which involved BILI 106M servers and software for additional functionality and features as requested by the customer. In 2024, our revenue was primarily generated from PCIe card sales, mainly involving our BILI 106M products, without such customized software components, and our gross profit margin of 53.2% was in line with the industry's norm, according to CIC. In the first half of 2025, we recorded a higher revenue proportion of entry-level products BILI 106C, compared with a higher revenue proportion of high-end products in the first half of 2024, which generally have relatively higher gross profit margins.

The table below sets forth a breakdown of our gross profit and gross profit margin by revenue sources for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Sales of products										
– Intelligent computing solutions	–	–	47,403	76.4	179,188	53.2	27,903	71.0	18,127	31.2
– Agent fee	499	100.0	–	–	–	–	–	–	–	–
Rendering of support or extended warranty service	–	–	–	–	9	100.0	–	–	46	100.0
Rental income from intelligent computing clusters	–	–	–	–	–	–	–	–	596	84.3
Total	**499**	**100.0**	**47,403**	**76.4**	**179,197**	**53.2**	**27,903**	**71.0**	**18,769**	**31.9**

Research and Development Expenses

During the Track Record Period, the total amount of our R&D expenses were incurred for our Specialist Technology Product. We do not capitalize R&D expenses nor allocate them by Specialist Technology Product. The fluctuation in our R&D expenses during the Track Record Period was primarily due to the different development stage of our R&D activities, which requires more investment in R&D expenses at the early development stage. The following table sets forth a breakdown of our R&D expenses by nature, in absolute amount and percentages, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Employee benefit expenses	604,568	59.4	624,873	70.6	564,497	68.3	320,562	80.7	317,571	55.6
Design and development expenses	112,633	11.1	28,617	3.2	117,139	14.2	5,537	1.4	146,618	25.6
Depreciation and amortization	139,064	13.7	159,225	18.0	78,401	9.5	38,507	9.7	43,026	7.5
Inventories and consumables used	37,370	3.7	20,211	2.3	8,550	1.0	7,236	1.8	5,939	1.0
Intellectual property license expenses	73,856	7.3	8,027	0.9	2,382	0.3	1,326	0.3	1,321	0.2
Others	50,369	4.8	44,693	5.0	55,988	6.7	23,899	6.1	57,141	10.1
Total	**1,017,860**	**100.0**	**885,646**	**100.0**	**826,957**	**100.0**	**397,067**	**100.0**	**571,616**	**100.0**

Employee benefit expenses. Employee benefit expenses primarily represent employee compensation for our R&D personnel.

Design and development expenses. The design and development expenses primarily represent fees paid to third-party vendors for research and development activities not related to our core technologies. Our design and development expenses decreased from RMB112.6 million in 2022 to RMB28.6 million in 2023, mainly because we incurred less tape-out costs in 2023, then increased to RMB117.1 million in 2024, mainly due to increased design service fee for new products and solutions in 2024, and further increased from RMB5.5 million in the six months ended June 30, 2024 to RMB146.6 million in the six months ended June 30, 2025, mainly because of our increased design service fee, primarily NRE solutions, for the development of new products such as BR166.

Depreciation and amortization. Depreciation and amortization expenses primarily represent depreciation and amortization of fixed assets, intangible assets and right-of-use assets utilized in research and development activities.

Inventories and consumables used. Inventories and consumables used in our R&D expenses primarily represent materials expenses in connection with R&D testing during our new product introduction.

Intellectual property license expenses. Intellectual property license expenses represent the one-time upfront license fees that we paid third parties for intellectual properties used in research and development activities.

Others. Others primarily include (i) Internet Data Center (IDC) hosting fees, (ii) IP application fees and agency fees (iii) office and travel expenses and (iv) expenses incurred for our joint research projects with multiple top universities.

Historically, we have made significant investments in our research and development activities as we continued to develop our intelligent computing solutions, expanded our research and development team and procured relevant intellectual property rights. In 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, we incurred research and development expenses of RMB1,017.9 million, RMB885.6 million, RMB827.0 million, RMB397.1 million and RMB571.6 million, respectively. We believe that continuous investment in research and development is vital to our future growth. We will continue to invest in research and development, including recruiting additional R&D talent, procuring intellectual property licenses, facilities and equipment, and developing new products. Employee benefit expenses remained the single largest component of our research and development expenses during the Track Record Period, accounting for 59.4%, 70.6%, 68.3%, 80.7% and 55.6% of our total research and development expenses in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

See "– R&D Expenditure and Total Operating Expenditure" for a detailed analysis on the composition of our R&D expenditure, including calculation of our R&D expenditure ratio.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expenses, which primarily represent employee compensation for our selling and marketing personnel, (ii) office and travel expenses incurred for our selling and marketing activities, (iii) depreciation and amortization, which primarily includes expenses for property, plant and equipment and right-of-use assets assigned to our selling and marketing personnel or used in sales activities, and (iv) marketing and promotion expenses, mainly incurred for our product launch events and participation in industry conferences.

The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and percentages, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Employee benefit expenses	47,078	81.0	39,947	71.3	33,608	65.2	16,565	59.9	21,138	77.4
Office and travel expenses	2,494	4.3	12,189	21.8	10,768	20.9	6,658	24.1	4,278	15.7
Depreciation and amortization	2,564	4.4	2,803	5.0	1,485	2.9	706	2.6	850	3.1
Marketing and promotion expenses	5,475	9.4	416	0.7	1,363	2.7	752	2.7	99	0.4
Others[(1)]	533	0.9	644	1.2	4,299	8.3	2,964	10.7	944	3.4
Total	**58,144**	**100.0**	**55,999**	**100.0**	**51,523**	**100.0**	**27,645**	**100.0**	**27,309**	**100.0**

Notes:

(1) Others primarily include accrual of warranty provision and other miscellaneous expenses.

In 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, we incurred selling and marketing expenses of RMB58.1 million, RMB56.0 million, RMB51.5 million, RMB27.6 million and RMB27.3 million, respectively. The decrease from 2022 to 2024 were primarily attributable to the decrease in employee benefit expenses, mainly due to the optimization of our compensation structure. Employee benefit expenses remained the single largest component of our selling and marketing expenses during the Track Record Period, accounting for 81.0%, 71.3%, 65.2%, 59.9% and 77.4% of total selling and marketing expenses in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

We plan to continue to spend on sales and marketing to promote our brand, deepen our relationships with our existing customers and attract new customers. As a result, we expect our selling and marketing expenses to increase in absolute amount in the foreseeable future. Meanwhile, we expect our selling and marketing expenses to decrease as a percentage of our total revenue as we benefit from our enhanced brand awareness, established customer base and economy of scale.

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) employee benefit expenses, which primarily represent employee compensation for our general and administrative personnel, (ii) office and travel expenses incurred for our general and administrative activities, (iii) depreciation and amortization, which primarily includes depreciation and expenses of our property, plant and equipment, intangible assets and right-of-use assets assigned to our general and administrative personnel or used in administrative activities and (iv) professional service fees, which primarily represent professional service fees related to our legal, finance, tax, recruiting and other related activities, including those related to the [**REDACTED**]. Our general and administrative expenses increased from RMB199.6 million in 2022 to RMB218.0 million in 2023, primarily attributable to an increase in office and travel expenses, driven by the office administrative needs in line with our business expansion; then increased to RMB244.2 million in 2024, primarily attribute to an increase in professional service fees. The decrease from RMB130.9 million in the six months ended June 30, 2024 to RMB123.8 million in the six months ended June 30, 2025 were primarily due to decreases in employee benefit expenses and office and travel expenses.

The table below sets forth a breakdown of our general and administrative expenses by nature, in absolute amounts and percentages, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Employee benefit expenses	117,396	58.8	114,973	52.7	115,844	47.4	71,620	54.7	56,946	46.0
Office and travel expenses	28,775	14.4	38,367	17.6	39,925	16.4	21,783	16.6	16,977	13.7
Depreciation and amortization	33,687	16.9	35,453	16.3	36,014	14.8	15,892	12.1	15,200	12.3
Professional service fees	12,319	6.2	10,534	4.8	25,456	10.4	3,781	2.9	12,881	10.4
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[(1)]	7,456	3.7	9,752	4.5	13,016	5.3	8,999	7.0	11,048	8.9
Total	**199,633**	**100.0**	**218,006**	**100.0**	**244,160**	**100.0**	**130,885**	**100.0**	**123,836**	**100.0**

Notes:

(1) Others primarily include miscellaneous items such as business taxes and surcharges.

Net impairment (Losses)/Reversal on Financial Assets

Our net impairment losses or reversal on financial assets represent credit losses or reversal on our financial assets, mainly including trade receivables and other receivables. We recorded net impairment losses on financial assets of RMB0.2 million and RMB1.1 million in 2022 and 2023, respectively, and net impairment reversal on financial assets of RMB0.2 million, RMB0.7 million and RMB0.5 million in 2024 and for the six months ended June 30, 2024 and 2025, respectively. The changes between 2022 and 2024 were primarily due to the fluctuation in our loss allowance for trade receivables.

Special Losses on Certain Assets

Our special losses on certain assets consist of special losses on (i) prepayments associated with certain suppliers subject to the restrictions, (ii) intangible assets associated with EDA software where our access is restricted as a result of the BIS Listing, (iii) inventories (raw materials used for production which are subject to the EAR) located at certain suppliers subject to the restrictions, and (iv) property, plant and equipment associated with equipment used in our R&D activities. Certain assets, including inventories, intangible assets and PP&E purchased or prepayments made prior to the BIS Listing, which were subject to the Export Administration Regulations, could be subject to export control restrictions. Our Management estimated that we will not be able to apply successfully for the export license for such assets, and accordingly a full loss on the related assets were made in the year ended December 31, 2023, which represented the direct consequences of the BIS Listing and were non-recurring in nature. Despite that after the BIS Listing we may continue accessing and using items obtained prior to the BIS Listing, we may not be able to obtain maintenance and repair services for the intangible assets and equipment, and the inventories may not be able to be transferred back to us. Moreover, as we have updated our solutions after the BIS Listing, which no longer require such assets after the BIS Listing. For details on the impact of the BIS Listing and the risks thereof, see "Risk Factors – Risks Related to Our Business and Industry – Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology" and "Business – Applicable U.S. Laws and Regulations." We recorded special losses on certain assets of nil, RMB108.7 million, nil, nil and nil in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

Other Income

Our other income consists of (i) government grants, primarily comprising financial subsidies received from local government authorities, (ii) interest income on bank deposits, (iii) rental income, and (iv) tax refunds. We recorded other income of RMB76.8 million, RMB103.1 million, RMB100.0 million, RMB38.4 million and RMB113.3 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The changes during the Track Record Period were primarily due to the fluctuations in government grants.

The table below sets forth a breakdown of our other income for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Government grants					
– Financial subsidies	57,055	70,105	58,151	17,668	100,312
– Individual income tax refund	624	1,285	1,362	1,362	1,350
Interest income on bank deposits	17,097	27,915	36,301	17,266	7,366
Rental income	1,983	3,757	4,149	2,068	1,896
Others	28	–	7	–	2,424
Total	**76,787**	**103,062**	**99,970**	**38,364**	**113,348**

Government grants mainly consist of non-recurring financial assistance from government authorities, include (i) grants to encourage development of the GPU technology, (ii) compensation for R&D expenditure, and (iii) subsidies for our business operation. We recognize certain financial assistance as government grants in other income only when we satisfy the applicable contractual obligations or conditions, such as compliance with financial incentive agreements or relevant government policies. There are no unfulfilled conditions or contractual obligations relating to our recognized government grants during the Track Record Period.

Other Gains or Losses, Net

Our other gains or losses, net consists primarily of (i) fair value gains on short-term investments measured at fair value through profit or loss, representing the structured deposits issued by reputable banks in Chinese Mainland, (ii) fair value gains on long-term investment measured at fair value through profit or loss, representing the long-term unlisted equity securities, (iii) fair value gains on convertible debentures, (iv) gains or losses on disposal of property, plant and equipment, (v) gain on disposal of right-of-use assets, (vi) impairment loss on intangible assets, (vii) donations, and (viii) net foreign exchange gains or losses. We recorded other gains, net of RMB65.9 million, RMB10.5 million, RMB10.0 million and RMB3.1 million in 2022 and 2024 and for the six months ended June 30, 2024 and 2025,

respectively, and we recorded other losses, net of RMB24.3 million in 2023. The changes between 2022 and 2024 were primarily because we recorded impairment loss on intangible assets of RMB40.3 million recorded in 2023, as we ceased to use certain intellectual property licenses resulting from the adjustment of our intellectual property strategy, technical direction and R&D priorities. The decrease from the first half of 2024 to the same period of 2025 was primarily due to the changes in fair value gains on short-term investments measured at fair value through profit or loss, as well as fair value losses on long-term equity investment measured at fair value through profit or loss.

The table below sets forth a breakdown of our other gains or losses, net, for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Fair value gains/(losses) on long-term equity investment measured at fair value through profit or loss	11,988	633	788	745	(3,384)
Fair value gains on short-term investments measured at fair value through profit or loss	39,045	24,769	18,450	12,684	2,479
Fair value gains on convertible debentures	–	–	–	–	364
Gains/(losses) on disposal of property, plant and equipment	31	(3,527)	229	148	120
Gains on disposal of right-of-use assets	–	595	218	218	–
Impairment loss on intangible assets	–	(40,301)	–	–	–
Donations	(1,690)	(410)	(2,277)	–	–
Net foreign exchange gains/(losses)	16,864	(3,658)	(4,853)	(1,965)	3,695
Others	(339)	(2,410)	(2,021)	(1,867)	(158)
Total	65,899	(24,309)	10,534	9,963	3,116

Operating Loss

As a result of the foregoing, we had operating loss of RMB1,133.8 million, RMB1,145.4 million, RMB835.1 million, RMB479.9 million and RMB592.3 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

Finance Income

Our finance income consists of (i) interest income on cash and cash equivalents and bank deposits and (ii) interest income from finance lease receivables. We recorded finance income of RMB11.8 million, RMB17.1 million, RMB10.1 million, RMB7.0 million and RMB13.7 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The changes during the Track Record Period were primarily due to the fluctuations in our interest income on cash and cash equivalents.

Finance Costs

Our finance costs consist of (i) changes in the carrying value of redemption liabilities, (ii) interest expenses from investment intention deposits, (iii) interest expense from borrowings and (iv) interest and finance charges paid or payable for lease liabilities and long term payables. We recorded finance costs of RMB352.1 million, RMB615.7 million, RMB713.1 million, RMB415.6 million and RMB1,021.9 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively. The increases during the Track Record Period were primarily due to the increased balance of redemption liabilities.

Income Tax Expenses/(Credit)

We recorded income tax expenses of RMB125 thousand in 2022, and recorded income tax credit of RMB103 thousand, RMB89 thousand, RMB89 thousand and nil in 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

Loss for the Year/Period

As a result of the foregoing, we recorded losses of RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million, RMB888.3 million and RMB1,600.5 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

TAXATION

PRC

The income tax provision of our Group in respect of our operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the respective year presented, based on the existing legislation, interpretations and practices in respect thereof.

Certain subsidiaries in Chinese Mainland were qualified as "Small and Low-Profit Enterprise" in 2024. Due to tax loss status in 2024, these subsidiaries did not actually enjoy 20% preferential CIT rate and Beijing Biren Technology Development Co., Ltd., a subsidiary of our Group is qualified for new/high-tech technology enterprises status and enjoyed preferential income tax rate of 15% from 2024 to 2026.

The State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses ("**Super Deduction**") from January 1, 2018 to December 31, 2020, and announced in March 2021 to extend this preferential claim percentage to December 31, 2023. As announced in March 2022 and September 2022, technology-based small and medium-sized enterprises would entitle to claim 200% of their research and development expenses from January 1, 2022 and other enterprises would entitle to claim 200% of their research and development expenses from October 1, 2022 to December 31, 2022. In March 2023, The State Taxation Administration of the People's Republic of China announced that enterprises would entitle to claim 200% of their research and development expenses from January 1, 2023.

Our Group has made our best estimate for the Super Deduction to be claimed for our Group's entities in ascertaining their assessable profits during the Track Record Period.

Singapore

The entity incorporated in Singapore is subject to Singapore income tax at a rate of 17% for taxable income earned in Singapore.

No provision for Singapore income tax was made as our Group had no estimated assessable profit that was subject to Singapore income tax during the Track Record Period.

Hong Kong

The entity incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the years presented.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Revenue

Our revenue increased from RMB39.3 million in the six months ended June 30, 2024 to RMB58.9 million in the six months ended June 30, 2025, primarily due to an increase of our revenues from intelligent computing solutions, mainly attributable to (i) the increasing customer demands, evidenced by the increasing customer number from 4 in the first half of 2024 to 12 in the first half of 2025, and the increasing transaction number from 9 in the first half of 2024 to 33 in the first half of 2025, and (ii) the optimization of our customer structure, with more leading players in the selected industries.

Cost of Sales

Our cost of sales increased from RMB11.4 million in the six months ended June 30, 2024 to RMB40.1 million in the six months ended June 30, 2025, primarily due to an increase of our costs of intelligent computing solutions in line with our revenues growth. Our inventories and consumables used increased from RMB9.6 million in the six months ended June 30, 2024 to RMB36.7 million in the six months ended June 30, 2025, as we sold more products driven by rising customer demand.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased from RMB27.9 million in the six months ended June 30, 2024 to RMB18.8 million in the six months ended June 30, 2025. Our gross profit margin decreased from 71.0% in the six months ended June 30, 2024 to 31.9% in the six months ended June 30, 2025, which is consistent with the change in our gross profit margin of intelligent computing solutions. This change is primarily due to the change in the mix of products sold driven by customers' specific needs, with a higher revenue proportion of high-end products in the first half of 2024, which typically have higher gross profit margin, compared with a higher revenue proportion of entry-level products BILI 106C in the first half of 2025.

Research and Development Expenses

Our research and development expenses increased from RMB397.1 million in the six months ended June 30, 2024 to RMB571.6 million in the six months ended June 30, 2025, primarily due to (i) an increase in design and development expenses, mainly because of our increased design service fee, primarily NRE solutions, for the development of new products such as BR166, and (ii) an increase in other research and development expenses, mainly because of our increased joint research projects, IDC hosting fees and equipment leasing fees incurred for the development of new products.

Selling and Marketing Expenses

Our selling and marketing expenses slightly decreased from RMB27.6 million in the six months ended June 30, 2024 to RMB27.3 million in the six months ended June 30, 2025, primarily due to a decrease in office and travel expenses, mainly as a result of our expense control efforts.

General and Administrative Expenses

Our general and administrative expenses decreased from RMB130.9 million in the six months ended June 30, 2024 to RMB123.8 million in the six months ended June 30, 2025, primarily due to (i) a decrease in employee benefit expenses, mainly because of the optimization of compensation structure, and (ii) a decrease in office and travel expenses, mainly as a result of our expense control efforts.

Net Impairment Reversal on Financial Assets

Our net impairment reversal on financial assets remained relatively stable at RMB0.7 million in the six months ended June 30, 2024 and RMB0.5 million in the six months ended June 30, 2025.

Special Losses on Certain Assets

We did not record special losses on certain assets in the six months ended June 30, 2024 and 2025.

Other Income

Our other income increased from RMB38.4 million in the six months ended June 30, 2024 to RMB113.3 million in the six months ended June 30, 2025, primarily due to the increase in government grants, primarily because we received additional government grants from the local government to encourage enterprise innovation and technology advancement in the six months ended June 30, 2025.

Other Expenses

Our other expenses increased from RMB1.2 million in the six months ended June 30, 2024 to RMB5.2 million in the six months ended June 30, 2025, primarily due to the increase in disposal costs of purchased raw materials which were no longer required as a result of the adjustment in the R&D direction for BR110 in 2025.

Other Gains or Losses, Net

Our net other gains decreased from RMB10.0 million in the six months ended June 30, 2024 to RMB3.1 million in the six months ended June 30, 2025, primarily due to (i) the decrease in fair value gains on short-term investments measured at fair value through profit or loss, mainly driven by our strategic cash management, and (ii) we recorded fair value losses on long-term equity investment measured at fair value through profit or loss in the six months ended June 30, 2025, as compared to fair value gains in the six months ended June 30, 2024, mainly because of the fair value change of the unlisted securities.

Operating Loss

As a result of the foregoing, our operating loss increased from RMB479.9 million in the six months ended June 30, 2024 to RMB592.3 million in the six months ended June 30, 2025.

Finance Income

Our finance income increased from RMB7.0 million in the six months ended June 30, 2024 to RMB13.7 million in the six months ended June 30, 2025, primarily due to the increase in our interest income on cash and cash equivalents, resulting from the increased balance of our cash and cash equivalents.

Finance Costs

Our finance costs increased from RMB415.6 million in the six months ended June 30, 2024 to RMB1,021.9 million in the six months ended June 30, 2025, primarily due to the increased balance of redemption liabilities, mainly resulting from the Pre-[**REDACTED**] Investments in 2025 as well as the increase in the fair value of the equity of our Company.

Income Tax Expenses/(Credit)

We did not have income tax expenses or credit in the six months ended June 30, 2025, as compared to income tax credit of RMB89 thousand in the six months ended June 30, 2024.

Loss for the Period

As a result of the foregoing, our losses for the period increased from RMB888.4 million in the six months ended June 30, 2024 to RMB1,600.5 million in the six months ended June 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased from RMB62.0 million in 2023 to RMB336.8 million in 2024, primarily due to an increase of our revenues from intelligent computing solutions, mainly attributable to the increase in the revenue per customer. Our customers in 2024 were mainly leading players in the selected industries, compared to customers in 2023, which were mainly small-scale and purchased our intelligent computing solutions primarily for trial.

Cost of Sales

Our cost of sales increased from RMB14.6 million in 2023 to RMB157.6 million in 2024, primarily attributable to an increase of our costs of intelligent computing solutions in line with our revenues growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB47.4 million in 2023 to RMB179.2 million in 2024. Our gross profit margin decreased from 76.4% in 2023 to 53.2% in 2024, which is consistent with the change in our gross profit margin of intelligent computing solutions. This change is primarily due to the change in the mix of products sold driven by customers' specific needs. In 2023, we were at the initial stage of commercialization and generated significant revenue from a customer. The solution we provided to such customer was the server cluster, which involved BILI 106M and customized software with higher gross profit margin. In 2024, our revenue was primarily generated from PCIe card sales, mainly involving our BILI 106M products, without software components, and our gross profit margin of 53.2% was in line with the industry's norm, according to CIC.

Research and Development Expenses

Our research and development expenses decreased by 6.6% from RMB885.6 million in 2023 to RMB827.0 million in 2024, primarily attributable to (i) a decrease in depreciation and amortization from RMB159.2 million to RMB78.4 million, mainly due to we recorded impairment losses on EDA tools and IP license in 2023, and (ii) a decrease in employee benefit expenses from RMB624.9 million to RMB564.5 million, mainly due to the optimization of the R&D personnel structure, partially offset by an increase in design and development expenses from RMB28.6 million to RMB117.1 million, mainly due to increased design service fee for new products and solutions in 2024. As we believe our R&D capabilities will be the main driving force for our long-term competitiveness and business prospects, we expect to continue incurring substantial expenditure in R&D.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 8.0% from RMB56.0 million in 2023 to RMB51.5 million in 2024, primarily attributable to a decrease in employee benefit expenses from RMB39.9 million to RMB33.6 million due to the optimization of compensation structure of our sales and marketing team.

General and Administrative Expenses

Our general and administrative expenses increased by 12.0% from RMB218.0 million in 2023 to RMB244.2 million in 2024, primarily attribute to an increase in professional service fees from RMB10.5 million to RMB25.5 million.

Net Impairment (Losses)/Reversal on Financial Assets

We recorded net impairment losses on financial assets of RMB1.1 million in 2023 and net impairment reversal on financial assets of RMB0.2 million in 2024, mainly due to the decrease in loss allowance for trade receivables.

Special Losses on Certain Assets

We recorded special losses on certain assets of RMB108.7 million in 2023 and nil in 2024. These special losses represented the direct consequences of the BIS Listing and were non-recurring in nature. For details, please see "– Description of Key Consolidated Statements of Comprehensive Loss Items – Special Losses on Certain Assets."

Other Income

Our other income remained relatively stable at RMB103.1 million in 2023 and RMB100.0 million in 2024 mainly due to the decrease of government grants, primarily because part of the government grants received in 2023 was not recurring in nature, offset by the increase of interest income on bank deposits.

Other Expenses

Our other expenses at RMB2.2 million in 2023 and RMB2.4 million in 2024, which primarily related to the depreciation of our investment properties in Zhuhai.

Other (Losses)/Gains, Net

We recorded other losses, net of RMB24.3 million in 2023, and other gains, net of RMB10.5 million in 2024, mainly because we recorded impairment loss on intangible assets of RMB40.3 million in 2023 and did not record such impairment loss in 2024 as we ceased to use certain intellectual property licenses resulting from the adjustment of our intellectual property strategy, technical direction and R&D priorities, partially offset by a decrease in fair value gains on short-term investments measured at fair value through profit or loss, mainly because we invested in fewer structured products as well as the fair value change of short-term investments.

Operating Loss

As a result of the foregoing, our operating loss decreased from RMB1,145.4 million in 2023 to RMB835.1 million in 2024.

Finance Income

Our finance income decreased from RMB17.1 million in 2023 to RMB10.1 million in 2024, primarily due to a decrease of our interest income on cash and cash equivalents.

Finance Costs

Our finance costs increased from RMB615.7 million in 2023 to RMB713.1 million in 2024, primarily due to the increased balance of redemption liabilities.

Income Tax Credit

Our income tax credit remained relatively stable at RMB103 thousand in 2023 and RMB89 thousand in 2024.

Loss for the Year

As a result of the foregoing, our losses for the year decreased from to RMB1,744.0 million in 2023 to RMB1,538.1 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased from RMB0.5 million in 2022 to RMB62.0 million in 2023, primarily due to an increase of our revenues from intelligent computing solutions. We commercially launched our Specialist Technology Product in August 2022. In 2023, we started to generate revenue from intelligent computing solution and had 12 customers for our Specialist Technology Products, contributing a revenue amounted to RMB62.0 million.

Cost of Sales

Our cost of sales increased from nil in 2022 to RMB14.6 million in 2023, primarily attributable to a significant increase of our costs of intelligent computing solutions in line with our business growth from intelligent computing solutions.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB0.5 million in 2022 to RMB47.4 million in 2023. Our gross profit margin decreased from 100% in 2022 to 76.4% in 2023. We started to generate revenue from intelligent computing solutions in 2023, whereas we generated insignificant revenue and gross profit from other miscellaneous revenue streams in 2022, which are not indicative of performance of our primary business.

Research and Development Expenses

Our research and development expenses decreased by 13.0% from RMB1,017.9 million in 2022 to RMB885.6 million in 2023, primarily attributable to (i) a decrease in design and development expenses from RMB112.6 million to RMB28.6 million, mainly because we incurred less tape-out costs in 2023, mainly due to the advancement of our R&D stages where our R&D activities on NRE in preparation for future sales and marketing in 2023, and (ii) a decrease in intellectual property license expenses from RMB73.9 million to RMB8.0 million, mainly attributable to additional upfront procurement in 2022 at the early development stage of certain development projects.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 3.7% from RMB58.1 million in 2022 to RMB56.0 million in 2023, primarily attributable to (i) a decrease in marketing and promotion expenses from RMB5.5 million to RMB0.4 million because we incurred significantly higher expenses in 2022 associated with attending various industry conferences and events in light of the launch of our Specialist Technology Product, and (ii) a decrease in employee benefit expenses from RMB47.1 million to RMB39.9 million, due to the optimization of our compensation structure.

General and Administrative Expenses

Our general and administrative expenses increased by 9.2% from RMB199.6 million in 2022 to RMB218.0 million in 2023, primarily attributable to an increase in office and travel expenses from RMB28.8 million to RMB38.4 million, driven by the office administrative needs in line with our business expansion.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased significantly from RMB0.2 million in 2022 to RMB1.1 million in 2023, which was primarily due to an increase in our loss allowance for trade receivables in line with our business expansion.

Special Losses on Certain Assets

We recorded special losses on certain assets of nil in 2022 and RMB108.7 million in 2023. These special losses represented the direct consequences of the BIS Listing and were non-recurring in nature. For details, please see "– Description of Key Consolidated Statements of Comprehensive Loss Items – Special Losses on Certain Assets."

Other Income

Our other income increased from RMB76.8 million in 2022 to RMB103.1 million in 2023, primarily due to (i) the increase in government grants from RMB57.7 million to RMB71.4 million, primarily because the government grants we received from local government to encourage enterprise innovation and technology advancement were recorded in 2023, and (ii) the increase in interest income on bank deposits from RMB17.1 million to RMB27.9 million, as a result of higher interest rates for bank deposits in 2023.

Other Expenses

Our other expenses increased from RMB1.2 million in 2022 to RMB2.2 million in 2023, primarily due to the increase in depreciation of our investment properties located in Zhuhai.

Other Gains/(Losses), Net

We recorded other gains, net of RMB65.9 million in 2022 and other losses, net of RMB24.3 million in 2023, mainly due to (i) the impairment loss on intangible assets of RMB40.3 million recorded in 2023, as certain intellectual property licenses which were no longer used resulting from our strategic adjustment, (ii) the decrease in fair value gains on short-term investments measured at fair value through profit or loss, mainly driven by our strategic cash management, and (iii) a decrease in our net foreign exchange gains.

Operating Loss

As a result of the foregoing, our operating loss increased from RMB1,133.8 million in 2022 to RMB1,145.4 million in 2023.

Finance Income

Our finance income increased from RMB11.8 million in 2022 to RMB17.1 million in 2023, primarily due to an increase of our interest income on cash and cash equivalents.

Finance Costs

Our finance costs increased from RMB352.1 million in 2022 to RMB615.7 million in 2023, primarily due to the increased balance of redemption liabilities.

Income Tax Expenses/(Credit)

We recorded income tax credit of RMB103 thousand in 2023, as compared to income tax expenses of RMB125 thousand in 2022.

Loss for the Year

As a result of the foregoing, our losses for the year increased from RMB1,474.3 million in 2022 to RMB1,744.0 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this Document:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current assets				
Inventories	39,250	173,484	152,906	599,773
Trade, other receivables and prepayments	271,011	170,297	448,865	612,950
Financial assets at fair value through profit or loss	974,859	1,233,461	96,448	485,408
Restricted cash	–	620	620	41,340
Bank deposits	565,765	536,348	553,814	284,682
Cash and cash equivalents	983,326	659,335	1,100,694	1,285,098
Total current assets	**2,834,211**	**2,773,545**	**2,353,347**	**3,309,251**
Non-current asset				
Property, plant and equipment	335,190	307,520	323,187	322,267
Right-of-use assets	43,415	20,850	42,873	48,150
Investment properties	45,717	66,253	63,873	62,682
Intangible assets	197,518	65,537	84,400	107,249
Financial assets at fair value through profit or loss	42,579	43,212	44,000	40,616
Finance lease receivables	43,541	69,328	75,641	78,691
Prepayment for long-term assets	4,402	–	772	11,855
Restricted cash	–	–	–	24,528
Bank deposits	–	51,523	53,054	–
Investments accounted for using the equity method	–	–	–	15,000
Total non-current assets	**712,362**	**624,223**	**687,800**	**711,038**
Total assets	**3,546,573**	**3,397,768**	**3,041,147**	**4,020,289**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current liabilities				
Trade and other payables	293,691	369,593	424,393	456,379
Investment intention deposits	–	809,245	845,890	–
Convertible debentures	–	–	262,037	–
Lease liabilities	30,360	12,407	20,130	26,819
Contract liabilities	187	34,515	549	28,524
Redemption liabilities	–	–	–	12,145,429
Borrowings	–	–	–	200,126
Total current liabilities	**324,238**	**1,225,760**	**1,552,999**	**12,857,277**
Non-current liabilities				
Lease liabilities	12,659	5,579	20,588	21,698
Deferred income tax liabilities	192	89	–	–
Deferred income	90,181	63,382	142,936	132,645
Warranty provision	211	831	3,993	4,576
Redemption liabilities	7,382,155	8,053,141	8,743,040	–
Contract liabilities	637	1,165	1,074	1,089
Long-term payables	42,678	17,682	722	722
Total non-current liabilities	**7,528,713**	**8,141,869**	**8,912,353**	**160,730**
Total liabilities	**7,852,951**	**9,367,629**	**10,465,352**	**13,018,007**
Deficit attributable to owners of the Company				
Paid-in capital/share capital	32,791	32,916	32,916	38,360
Treasury stock	(4,941,162)	(4,991,162)	(4,991,162)	(7,387,894)
Reserves	5,503,983	3,968,024	4,051,780	6,470,081
Accumulated deficit	(4,901,990)	(4,979,639)	(6,517,739)	(8,118,265)
Total deficit	**(4,306,378)**	**(5,969,861)**	**(7,424,205)**	**(8,997,718)**
Total deficit and liabilities	**3,546,573**	**3,397,768**	**3,041,147**	**4,020,289**

Net Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				*(unaudited)*
Current assets					
Inventories	39,250	173,484	152,906	599,773	963,156
Trade, other receivables and prepayments	271,011	170,297	448,865	612,950	729,602
Financial assets at fair value through profit or loss	974,859	1,233,461	96,448	485,408	1,681,958
Restricted cash	–	620	620	41,340	21,977
Bank deposits	565,765	536,348	553,814	284,682	220,232
Cash and cash equivalents	983,326	659,335	1,100,694	1,285,098	1,385,797
Total current assets	**2,834,211**	**2,773,545**	**2,353,347**	**3,309,251**	**5,002,722**
Current liabilities					
Trade and other payables	293,691	369,593	424,393	456,379	518,563
Investment intention deposits	–	809,245	845,890	–	–
Convertible debentures	–	–	262,037	–	–
Lease liabilities	30,360	12,407	20,130	26,819	23,207
Contract liabilities	187	34,515	549	28,524	58,266
Redemption liabilities	–	–	–	12,145,429	–
Borrowings	–	–	–	200,126	200,517
Total current liabilities	**324,238**	**1,225,760**	**1,552,999**	**12,857,277**	**800,553**
Net current assets/(liabilities)	**2,509,973**	**1,547,785**	**800,348**	**(9,548,026)**	**4,202,169**

We had net current assets of RMB2,510.0 million, RMB1,547.8 million, RMB800.3 million, respectively, as of December 31, 2022, 2023 and 2024. As of June 30, 2025, we had net current liabilities of RMB9,548.0 million. As of October 31, 2025, we had net current assets of RMB4,202.2 million.

Our net current assets decreased from RMB2,510.0 million as of December 31, 2022 to RMB1,547.8 million as of December 31, 2023, primarily due to (i) a decrease in trade, other receivables and prepayments, (ii) a decrease in cash and cash equivalents, and (iii) an increase in trade and other payables, partially offset by an increase in inventories and an increase in financial assets at fair value through profit or loss.

Our net current assets decreased from RMB1,547.8 million as of December 31, 2023 to RMB800.3 million as of December 31, 2024, primarily due to (i) a decrease in financial assets at fair value through profit or loss, (ii) an increase in trade and other payables, and (iii) an increase in convertible debentures, partially offset by the increase in cash and cash equivalents, and the increase in trade, other receivables and prepayments.

We had net current assets of RMB800.3 million as of December 31, 2024 and net current liabilities of RMB9,548.0 million as of June 30, 2025, primarily because our redemption liabilities was reclassified to current liabilities based on the redemption date specified in the investment contracts, amounting to RMB12,145.4 million as of June 30, 2025.

We had net current liabilities of RMB9,548.0 million as of June 30, 2025 and net current assets of RMB4,202.2 million as of October 31, 2025, primarily because (i) an increase in financial assets at fair value through profit or loss, and (ii) our redemption liabilities was reclassified as non-current liabilities due to the extension of the redemption date, pursuant to the supplemental agreement to the preferred rights termination agreement in August 2025.

Assets

Inventories

Our inventories consist primarily of (i) raw materials, mainly including wafers and substrates used in production of our Specialist Technology Product, (ii) work in progress of our Specialist Technology Product, and (iii) finished goods of our Specialist Technology Product. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials	22,702	21,070	68,861	328,594
Work in progress	14,191	109,378	39,696	237,697
Finished goods	2,357	43,039	46,826	36,903
Less: provision for impairment of inventories	–	(3)	(2,477)	(3,421)
Total	**39,250**	**173,484**	**152,906**	**599,773**

Our inventories increased from RMB39.3 million as of December 31, 2022 to RMB173.5 million as of December 31, 2023, primarily because we increased our inventories in preparation for the commercialization progress of our Specialist Technology Product in 2023. Our inventories decreased from RMB173.5 million as of December 31, 2023 to RMB152.9 million as of December 31, 2024, primarily due to the decrease of work in progress from RMB109.4 million to RMB39.7 million, mainly because of our increased sales volume in 2024, which was in line with our business expansion. Our inventories increased from RMB152.9 million as of December 31, 2024 to RMB599.8 million as of June 30, 2025, primarily due to we increased our inventories in preparation in anticipation of increased sales in the second half of 2025, which was generally aligned with our business growth.

We recorded provision for impairment of inventories of RMB3.0 thousand, RMB2.5 million and RMB3.4 million as of December 31, 2023 and 2024 and June 30, 2025, respectively. The inventories were stated at the lower of cost and net realizable value. Except for the write-down of inventories due to BIS Listing in 2023, all of the products were sold at margin for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, therefore there is reasonable expectation of sufficient future net revenue to cover cost incurred. Meanwhile, the turnover of most inventories are quick within 1 year. We provided general provision on slow-moving inventories, which is not material as of December 31, 2022, 2023 and 2024 and June 30, 2025.

The following table sets out the aging analysis of our inventories (before provision for impairment) as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within six months	39,250	168,159	129,854	552,302
Six months to one year	–	5,328	19,343	35,396
One to two years	–	–	6,186	15,493
Two to three years	–	–	–	3
Total	**39,250**	**173,487**	**155,383**	**603,194**

The following table sets forth our inventory turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Inventory turnover days	**N/A**	**N/A**	**381**	**2,992**	**1,725**

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by the number of days during such period (i.e. 365 days for a fiscal year).

In 2022, we did not measure our inventory turnover against our cost of sales, because while our inventories were substantially consisted of our Specialist Technology Products, our cost of sales in 2022 was mostly related to revenue generated from various miscellaneous sources that are not indicative of performance of our primary business, given our early stage of commercialization in that year. In 2023, our inventory turnover days was more than 2,000 days, which is not meaningful because the cost of sales is insignificant given our early stage of commercialization in that year, and we had significant work in progress at the end of that year as we actively built up stock in preparation for future sales. Similarly, we recorded inventory turnover days of 2,992 days in the first half of 2024 primarily due to the insignificant cost of sales given our early stage of commercialization and the inventory buildup in preparation for increased sales in the second half of 2024. Our inventory turnover days decreased to 381 days in 2024, primarily because we utilized a significant amount of work in progress and recognized significantly increased cost of sales in the second half of 2024 due to our increased sales volume in the second half of 2024, which was in line with our business expansion. Our inventory turnover days decreased from 2,992 days in the six months ended June 30, 2024 to 1,725 days in the six months ended June 30, 2025, primarily because we recognized significantly increased cost of sales in the six months ended June 30, 2025 due to our increased sales volume, which was in line with our business expansion. Our inventory turnover days were higher in the six months ended June 30, 2025 as compared with 2024, primarily due to our inventory stocking in the first half of 2025 in preparation for the commercial launch of our BR166 chips in the second half of the year, which is aligned with the typical operating cycle of the industry from strategic inventory build-up and product sampling to final shipment and revenue recognition. It reflects our normal business operating cycle rather than a change in our operational efficiency or cash flow management pattern. Our actual cash conversion cycle for the full year remained within a reasonable range and was consistent with typical industry operational pattern. The temporary increase in turnover days in the first half of 2025 does not indicate a deterioration in liquidity or operational efficiency, nor does it have a material adverse impact on our operations or financial position. Our inventory turnover days in 2024 were generally in line with the industry norms, according to CIC. We continuously monitor our working capital position and maintain adequate liquidity management measures, including rolling forecasts and inventory planning mechanisms, to ensure sufficient operating cash flows.

As of October 31, 2025, RMB412.8 million, or 68.4% of our inventories outstanding as of June 30, 2025 had been sold or utilized.

We do not foresee any significant impairment issue with the balance of our inventories, considering that (i) we have taken stringent internal measures to enhance the inventory management, in addition, as our inventories are stated at the lower of cost and net realizable value, we regularly review the actual outcomes against original estimates to ensure that the impairment provision of inventories is sufficient, and (ii) a higher utilization of inventories is foreseeable in light of the increase of sales, our management believes that current settlement pattern is consistent with our normal business operations, and the portion of inventories not yet covered by customer orders can be realized subsequently, as such inventories remain non-obsolete and overall market demand continues to grow.

Trade, Other Receivables and Prepayments

Our trade, other receivables and prepayments consist primarily of (i) trade receivables, (ii) other receivables, (iii) prepayments, (iv) input VAT to be deducted, and (v) prepaid [**REDACTED**] expenses. The following table sets forth a breakdown of our trade, other receivables and prepayments as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables	95	44,104	86,670	38,122
Other receivables	17,517	9,688	36,117	12,159
Prepayments	180,227	75,422	278,665	505,175
Input value-add tax to be deducted	73,172	36,448	35,075	47,550
Prepaid [**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**271,011**	**170,297**	**448,865**	**612,950**

Our trade, other receivables and prepayments decreased from RMB271.0 million as of December 31, 2022 to RMB170.3 million as of December 31, 2023, primarily due to the decrease of our prepayments to third parties mainly because we made special loss on impairment of prepayments to certain suppliers for items subject to EAR. However, the supplier was not able to provide such items to us due to the BIS Listing. As a result, we were not able to get a refund or credit for those raw materials which have already been in production, and we wrote off the prepayments in accordance with the applicable accounting principle. For details of impact of this BIS Listing and the risks thereof, see "Risk Factors – Risks Related to Our Business and Industry – Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology" and "Business – Applicable U.S. Laws and Regulations."

Our trade, other receivables and prepayments increased from RMB170.3 million as of December 31, 2023 to RMB448.9 million as of December 31, 2024, primarily due to (i) the increase in prepayments, mainly because of the increase of our prepayments to third party suppliers for raw materials and NRE solutions in line with the growth of our business scale, and (ii) the increase in trade receivables, which was primarily driven by our overall business growth.

Our trade, other receivables and prepayments increased from RMB448.9 million as of December 31, 2024 to RMB613.0 million as of June 30, 2025, primarily due to the increase in prepayments, mainly because of the increase of our prepayments to third party suppliers for raw materials in anticipation of our increased sales.

The credit terms given to trade customers are determined on an individual basis with normal credit period within 30-180 days. To manage credit risks, we assess our customers' credit quality carefully and regularly, closely monitor the recoverability status of trade receivables and credit profiles of customers and take appropriate proactive follow-up actions to ensure the customers' payments are made as scheduled. We do not anticipate to have any material recoverability issue with trade receivables.

The following table sets forth an aging analysis of the trade receivables:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Up to 3 months	96	5,023	85,511	26,768
3 to 6 months	–	48	1,998	1,436
6 months to 1 year	–	40,126	–	10,362
Total	**96**	**45,197**	**87,509**	**38,566**

The following table sets forth our trade receivables turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Trade receivables turnover days	**N/A**	**133**	**72**	**221**	**195**

Note:

(1) Trade receivables turnover days are calculated using the average balance of trade receivables divided by total revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year). Average balance is calculated as the average of the beginning balance and ending balance of a given period.

In 2022, we did not measure our trade receivables turnover against our revenue, because our revenue in 2022 was mostly generated from various miscellaneous sources that are not indicative of performance of our primary business. Our trade receivables turnover days decreased from 133 days in 2023 to 72 days in 2024, and decreased from 221 days in the six months ended June 30, 2024 to 195 days in the six months ended June 30, 2025, primarily because we shortened the credit period granted to customers given our stronger bargaining power, together with our growing business scale. Our trade receivables turnover days were relatively longer in the six months ended June 30, 2025 as compared with 2024, primarily because the majority of revenue in the first half was recognized in June 2025 given the sales orders phases, and we collected a significant portion of such receivables in July and August.

As of October 31, 2025, RMB24.3 million, or 63.1% of our trade receivables outstanding as of June 30, 2025 had been subsequently collected.

We believe there is not any recoverability issue for trade receivables, primarily due to the subsequent settlements of trade receivables are still increasing and there have been no significant changes in the credit risk of our major customers. In addition, sufficient provision has been made in view of the subsequent settlement amount.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consist primarily of (i) structured deposits, and (ii) unlisted equity investments. The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current				
Structured deposits	974,859	1,233,461	96,448	485,408
Non-current				
Unlisted equity investments	42,579	43,212	44,000	40,616
Total	**1,017,438**	**1,276,673**	**140,448**	**526,024**

Our financial assets at fair value through profit or loss increased from RMB1,017.4 million as of December 31, 2022 to RMB1,276.7 million as of December 31, 2023, mainly due to the increase of our structured deposits, primarily because of our strategic cash management.

Our financial assets at fair value through profit or loss decreased from RMB1,276.7 million as of December 31, 2023 to RMB140.4 million as of December 31, 2024, mainly due to the decrease of structured deposits, primarily because of our strategic cash management. Our unlisted equity investments increased from RMB42.6 million as of December 31, 2022 to RMB43.2 million as of December 31, 2023, and further increased to RMB44.0 million as of December 31, 2024, primarily as a result of the fair value changes driven by the increased valuation of our invested company.

Our financial assets at fair value through profit or loss increased from RMB140.4 million as of December 31, 2024 to RMB526.0 million as of June 30, 2025, primarily due to the increase of our structured deposits, as a result of our strategic cash management.

Our investment strategy prioritizes liquidity, safety and returns to ensure the availability of funds while maintaining a conservative risk profile. We have established a robust set of internal risk management policies and guidelines, with clear approval processes and reporting procedures to ensure that investments align with our liquidity and risk requirements. We update our income and expenditure forecasts for the next 6-12 months on a monthly or quarterly basis, after reserving necessary operational funds, we manage the remaining funds through a tiered yield strategy to optimize returns while maintaining liquidity. Our finance department staffs are responsible for managing our investment activities, and their qualifications, professional expertise, and extensive experience ensure that investment decisions are made prudently with full consideration of potential risks. Our Board of Directors is responsible for reviewing and approving any proposed formation of partnerships, joint ventures, or other similar arrangements between us and any entity or individual. In addition, the approval of Board of Directors is required for any equity investment arising from such arrangements that exceeds specified materiality thresholds, whether as a single transaction or as a series of related transactions within a rolling 12-month period.

Our investments classified as financial assets measured at fair value through profit or loss will comply with Chapter 14 of the Listing Rules after the [**REDACTED**].

Bank Deposits

Our bank deposits in current portion primarily represent bank deposits with original maturities of over three months. Our bank deposits in current portion remained relatively stable at RMB565.8 million, RMB536.3 million, RMB553.8 million and RMB284.7 million as of December 31, 2022, 2023 and 2024 and June 30, 2025. Our bank deposits in non-current portion represent certificate of deposits, which were neither past due nor impaired, with the interest rate of 3.15%. Our bank deposits in non-current was nil, RMB51.5 million, RMB53.1 million and nil as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

To monitor and control the risks associated with our financial assets, we have adopted a comprehensive set of internal policies and guidelines. Our capital management department is responsible for proposing, analyzing and evaluating potential financial investment. Our cash management strategy focuses on minimizing the financial risks. To control our risk exposure, we primarily procure RMB guaranteed structured deposits with variable interest rates, USD deposits with fixed interest rates and certificate of deposits. We make financial investment decisions considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of issuing banks, our own working capital conditions, and the expected profit or potential loss of the investment. The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. We use judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB983.3 million, RMB659.3 million, RMB1,100.7 million and RMB1,285.1 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. See "– Liquidity and Capital Resources – Cash Flow Analysis" for detailed discussion of the fluctuation of our cash and cash equivalents.

Property, Plant and Equipment

Our property, plant and equipment consist primarily of (i) office buildings, (ii) public rental houses which can be provided to certain employees on rent-to-purchase arrangement, (iii) leasehold improvements, (iv) office and electronic equipment, (v) transportation equipment and vehicles, (vi) tooling, and (vii) construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Office buildings	100,272	167,951	162,177	159,264
Public rental houses	61,658	37,554	31,671	28,721
Leasehold improvements	64,999	36,314	26,444	20,597
Office and electronic equipment	105,655	62,061	97,719	107,900
Transportation equipment and vehicles	718	1,352	2,775	2,329
Tooling	1,557	2,270	2,243	3,298
Construction in progress	331	18	158	158
Total	**335,190**	**307,520**	**323,187**	**322,267**

Our property, plant and equipment decreased from RMB335.2 million as of December 31, 2022 to RMB307.5 million as of December 31, 2023, primarily attributable to a decrease of office and electronic equipment from RMB105.7 million to RMB62.1 million mainly due to depreciation of our electronic equipment. Our property, plant and equipment increased from RMB307.5 million as of December 31, 2023 to RMB323.2 million as of December 31, 2024, primarily attributable to an increase of office and electronic equipment from RMB62.1 million to RMB97.7 million as a result of our newly purchased electronic equipment to support our R&D activities. Our property, plant and equipment decreased from RMB323.2 million as of December 31, 2024 to RMB322.3 million as of June 30, 2025, primarily due to a decrease of office buildings, mainly attributable to the depreciation of our office buildings.

Right-of-Use Assets

Our right-of-use assets primarily represent our leasehold buildings and electronic equipment. Our right-of-use assets decreased from RMB43.4 million as of December 31, 2022 to RMB20.9 million as of December 31, 2023, primarily due to the depreciation of our leasehold buildings. Our right-of-use assets increased from RMB20.9 million as of December 31, 2023 to RMB42.9 million as of December 31, 2024, primarily due to renew of lease agreements for certain of our offices, partially offset by the decrease of depreciation in our leasehold buildings. Our right-of-use assets increased from RMB42.9 million as of December 31, 2024 to RMB48.2 million as of June 30, 2025, primarily due to the newly leased office buildings.

Investment Properties

Our investment properties primarily represent our properties located in Zhuhai, which we leased to third parties. See "Business – Properties and "Appendix III – Property Valuation Report." Our investment properties increased from RMB45.7 million as of December 31, 2022 to RMB66.3 million as of December 31, 2023, primarily because the increase in the area of our Zhuhai properties leased to third parties. Our investment properties decreased from RMB66.3 million as of December 31, 2023 to RMB63.9 million as of December 31, 2024, primarily due to the depreciation of our properties. Our investment properties decreased from RMB63.9 million as of December 31, 2024 to RMB62.7 million as of June 30, 2025, primarily due to the depreciation of our properties.

Intangible Assets

Our intangible assets primarily consist of (i) IP licenses, (ii) EDA tools, and (iii) purchased computer software. Our intangible assets were RMB197.5 million, RMB65.5 million, RMB84.4 million and RMB107.2 million, respectively, as of December 31, 2022, 2023 and 2024 and June 30, 2025. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
IP licenses	103,658	47,807	47,807	47,807
EDA tools	88,233	5,194	23,622	21,285
Purchased computer software	5,627	12,536	12,971	38,157
Total	**197,518**	**65,537**	**84,400**	**107,249**

Our intangible assets decreased from RMB197.5 million as of December 31, 2022 to RMB65.5 million as of December 31, 2023, primarily attributable to the decrease of our EDA tools from RMB88.2 million to RMB5.2 million as of December 31, 2023 because we made special loss on certain EDA tools were no longer eligible following the BIS Listing. For details of impact of this BIS Listing and the risks thereof, see "Risk Factors – Risks Related to Our Business and Industry – Effective October 17, 2023, BIS added certain entities of our Group to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology" and "Business – Applicable U.S. Laws and Regulations."

Our intangible assets increased from RMB65.5 million as of December 31, 2023 to RMB84.4 million as of December 31, 2024, primarily attributable to the increase of EDA tools from RMB5.2 million to RMB23.6 million because we purchased new EDA tools from suppliers based in Chinese Mainland.

Our intangible assets increased from RMB84.4 million as of December 31, 2024 to RMB107.2 million as of June 30, 2025, primarily due to the increase of purchased computer software from RMB13.0 million to RMB38.2 million for our R&D and business operations.

Liabilities

Trade and Other Payables

Our trade and other payables consist primarily of (i) trade payables, (ii) other payables, (iii) accrued taxes other than income tax, and (iv) staff salaries and welfare payables. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables	3,521	9,436	33,324	73,103
Other payables	159,760	225,637	278,093	248,723
Accrued taxes other than income tax	9,558	21,576	18,826	17,875
Advance from customer for lease	242	175	68	898
Staff salaries and welfare payables	120,586	110,433	89,411	104,019
VAT payables related to contract liabilities	24	–	–	1,698
Payable for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	**293,691**	**369,593**	**424,393**	**456,379**

Our trade and other payables increased from RMB293.7 million as of December 31, 2022 to RMB369.6 million as of December 31, 2023, primarily attributable to an increase of other payables from RMB159.8 million to RMB225.6 million due to (i) the increase of payables to third-party provider of intellectual property licenses used in our R&D activities, and (ii) the increase of payables for our acquisition of office building in Guangzhou. Our trade and other payables further increased to RMB424.4 million as of December 31, 2024, primarily attributable to (i) an increase of trade payables from RMB9.4 million to RMB33.3 million mainly due to our increased procurement in line with our business growth, as well as longer credit terms granted by certain of our suppliers, and (ii) an increase in other payables from RMB225.6 million to RMB278.1 million. Our trade and other payables increased from RMB424.4 million as of December 31, 2024 to RMB456.4 million as of June 30, 2025, primarily due to an increase of trade payables from RMB33.3 million to RMB73.1 million, mainly resulting from our increased procurement in anticipation of our increased sales.

The following table sets forth the aging analysis of our trade payables based on the transaction date as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Up to 1 year	3,521	9,436	32,524	72,379
1 to 2 years	–	–	800	724
Total	**3,521**	**9,436**	**33,324**	**73,103**

The following table sets forth our trade payables turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Trade payables turnover days	**N/A**	**162**	**50**	**223**	**242**

Note:

(1) Trade payables turnover days are based on the average balance of trade payables divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year). Average balance is calculated as the average of the beginning balance and ending balance of a given period.

We did not measure our trade payables turnover against our cost of sales in 2022. While our trade payables were substantially consisted of payables incurred for our Specialist Technology Products, our cost of sales in 2022 was mostly related to revenue generated from various miscellaneous sources that are not indicative of performance of our primary business. Our trade payables turnover days decreased from 162 days in 2023 to 50 days in 2024, primarily due to the increase in cost of sales as a result of our increased orders in 2024. Our trade payables turnover days remained relatively stable at 223 days in the six months ended June 30, 2024 and 242 days in the six months ended June 30, 2025. Our trade payables turnover days were relatively longer in the six months ended June 30, 2025 as compared with 2024, primarily due to our increased procurement in the first half of 2025 to support the expected sales growth in the second half of the year.

As of October 31, 2025, RMB61.0 million, or 83.4% of our trade payables outstanding as of June 30, 2025 had been subsequently settled.

Contract Liabilities In Current Portion

Our contract liabilities in current portion primarily comprise payments received in advance of revenue recognition from intelligent computing solutions. The contract liabilities increased from RMB0.2 million as of December 31, 2022 to RMB34.5 million as of December 31, 2023, and decreased to RMB0.5 million as of December 31, 2024. This was mainly because certain order was signed in late 2023 and the underlying products were not accepted until 2024. Such contract liabilities were recognized as revenue in 2024. Our contract liabilities increased from RMB0.5 million as of December 31, 2024 to RMB28.5 million as of June 30, 2025, primarily because prepayments were made by a customer before the delivery of the product.

As of October 31, 2025, RMB30.3 thousand, accounting for approximately 0.1% of the RMB28.5 million outstanding contract liabilities as of June 30, 2025, had been subsequently recognized as revenue.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements, primarily relate to our office buildings and facilities. Our lease liabilities, including current and non-current portions, were RMB43.0 million, RMB18.0 million, RMB40.7 million and RMB48.5 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

The lease liabilities decreased from RMB43.0 million as of December 31, 2022 to RMB18.0 million as of December 31, 2023 as a result of the decrease of outstanding payment under the lease agreement. The lease liabilities increased from RMB18.0 million as of December 31, 2023 to RMB40.7 million as of December 31, 2024, primarily due to renew of lease agreements for certain of our offices. The lease liabilities increased from RMB40.7 million as of December 31, 2024 to RMB48.5 million as of June 30, 2025, primarily due to the newly leased office buildings.

Deferred Income

Our deferred income recorded during the Track Record Period is primarily relate to government grants that we are entitled to receive. We had deferred income of RMB90.2 million, RMB63.4 million, RMB142.9 million and RMB132.6 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from capital contributions from shareholders, and we also generated cash from our sales of intelligent computing solutions since 2023. After the [**REDACTED**], we intend to finance our future capital requirements through equity financing activities and debt financing activities in a balanced manner. We do not anticipate any changes to the availability of financing to fund our operation in the future. As our business develops and expands, we expect to improve our operating cash flows through increasing sales revenue of existing commercialized products, launching new products, optimizing cost structure and improving operating efficiency.

Cash Flow Analysis

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

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Operating cash flows before movements in working capital	(954,136)	(761,835)	(682,465)	(390,429)	(510,774)
Changes in working capital	(229,465)	(85,231)	(326,722)	43,207	(562,550)
Net cash used in operating activities	(1,183,601)	(847,066)	(1,009,187)	(347,222)	(1,073,324)
Net cash generated from/(used in) investing activities	290,785	(305,413)	1,218,453	556,490	(208,163)
Net cash generated from/(used in) financing activities	211,539	811,888	217,122	(31,315)	1,467,988
Net (decrease)/increase in cash and cash equivalents	**(681,277)**	**(340,591)**	**426,388**	**177,953**	**186,501**
Cash and cash equivalents at the beginning of the year/period	1,556,596	983,326	659,335	659,335	1,100,694
Effects of exchange rate changes	108,007	16,600	14,971	5,142	(2,097)
Cash and cash equivalents at the end of the year/period	**983,326**	**659,335**	**1,100,694**	**842,430**	**1,285,098**

Net Cash Used in Operating Activities

In the six months ended June 30, 2025, our net cash used in operating activities was RMB1,073.3 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,600.5 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB1,021.9 million and depreciation of property, plant and equipment of RMB39.7 million; and (ii) changes in working capital, which primarily comprised an increase in trade, other receivables and prepayments of RMB160.5 million and an increase in inventories of RMB447.8 million.

In 2024, our net cash used in operating activities was RMB1,009.2 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,583.2 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB713.1 million and depreciation of property, plant and equipment of RMB86.1 million; partially offset by interest income on bank deposits of RMB36.3 million; and (ii) changes in working capital, which primarily comprised an increase in trade, other receivables and prepayments of RMB275.7 million and a decrease in contract liabilities of RMB34.1 million; partially offset by an increase in trade and other payables of RMB15.1 million.

In 2023, our net cash used in operating activities was RMB847.1 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,744.1 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB615.7 million and depreciation of property, plant and equipment of RMB104.3 million; partially offset by interest income on bank deposits of RMB27.9 million and fair value gains on short-term investments measured at fair value through profit or loss of RMB24.8 million; and (ii) changes in working capital, which primarily comprised an increase in inventories of RMB150.1 million; partially offset by a decrease in trade, other receivables and prepayments of RMB47.3 million.

In 2022, our net cash used in operating activities was RMB1,183.6 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,474.2 million with (i) adjustments for non-cash items, primarily comprising finance costs of RMB352.1 million, depreciation of property, plant and equipment of RMB89.9 million and share-based compensation expenses of RMB88.0 million; and (ii) changes in working capital, which primarily comprising an increase in trade, other receivables and prepayments of RMB184.7 million and a decrease in deferred income of RMB51.7 million; partially offset by an increase in trade and other payables of RMB46.2 million.

Our ability to improve our net operating cash flow is largely depending on our ability to improve profitability. In this regard, we plan to improve our net operating cash outflow positions by (i) optimizing our solutions to create value for customers, see "Business – Business Sustainability and Path to Profitability," (ii) expanding customer base, and (iii) enhancing operational efficiency and economies of scale. For details of our plan to improve our financial performance, see "Business – Business Sustainability and Path to Profitability." With our improving profitability, we also plan to enhance our working capital management efficiency to improve our net operating cash outflow positions. Specifically, we plan to enhance our management of trade receivables. We have increased product competitiveness through product iterations and have gradually increased the proportion of advance payments. In addition, we have established a dedicated collection team to implement a weekly follow-up mechanism to further optimize the collection process. We also expect to be able to enjoy economics of scale as we scale up, which will further improve our net operating cash outflow positions. Specifically, as we scale up, we expect to have stronger bargaining power against our suppliers and are thus able to obtain more favorable credit terms. Nevertheless, since our future profitability is subject to various factors, some of which are beyond our control, we may continue to incur net losses and net operating cash outflow in the near future, including the year ending December 31, 2025.

Net Cash Generated from/(Used in) Investing Activities

In the six months ended June 30, 2025, our net cash used in investing activities was RMB208.2 million, consisting primarily of purchase of short-term investments measured at fair value through profit or loss of RMB1,615.0 million, partially offset by proceeds from disposal of short-term investments measured at fair value through profit or loss of RMB1,228.5 million.

In 2024, our net cash generated from investing activities was RMB1,218.5 million, consisting primarily of proceeds from disposal of short-term investments measured at fair value through profit or loss of RMB2,746.5 million; partially offset by purchase of short-term investments measured at fair value through profit or loss of RMB1,591.0 million.

In 2023, our net cash used in investing activities was RMB305.4 million, consisting primarily of purchase of short-term investments measured at fair value through profit or loss of RMB2,768.0 million; partially offset by proceeds from disposal of short-term investments measured at fair value through profit or loss of RMB2,534.2 million.

In 2022, our net cash generated from investing activities was RMB290.8 million, consisting primarily of (i) proceeds from disposal of short-term investments measured at fair value through profit or loss of RMB3,700.3 million, and (ii) redemption of bank deposits of RMB876.0 million; partially offset by purchase of short-term investments measured at fair value through profit or loss of RMB3,057.0 million and placement of bank deposits of RMB1,122.9 million.

Net Cash Generated from Financing Activities

In the six months ended June 30, 2025, our net cash generated from financing activities was RMB1,468.0 million, consisting primarily of capital contributions by investors of RMB1,799.1 million, partially offset by repayment of investment intention deposits of RMB517.8 million.

In 2024, our net cash generated from financing activities was RMB217.1 million, consisting primarily of proceeds from convertible debentures of RMB262.0 million.

In 2023, our net cash generated from financing activities was RMB811.9 million, consisting primarily of proceeds received from investment intention deposits of RMB800.0 million.

In 2022, our net cash generated from financing activities was RMB211.5 million, consisting primarily of capital contributions by investors of RMB280.0 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our operating costs for the periods indicated:

	Year ended 31 December			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Workforce employment[(1)]	654,692	700,932	664,357	369,251	357,784
Research and development[(2)]	276,564	98,713	232,898	50,816	203,096
Direct production costs, including materials	197,187	112,558	279,749	28,686	676,461
Product Marketing	5,363	798	2,436	466	1,257
Non-income taxes, royalties and other governmental charges	765	1,844	6,255	4,192	4,507
Contingency allowances	–	–	–	–	–
	1,134,571	**914,845**	**1,185,695**	**453,411**	**1,243,105**

Notes:

(1) Represents staff costs mainly including salaries and wages.

(2) Represents research and development expense other than employee benefit expenses and inventories and consumables used.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D expenses adjusted by adding back intangible assets acquired from third parties and capitalized and deducting (i) amortization expenses for capitalized intangible assets included in R&D expenditure, and (ii) impairment of loss of capitalized intangible assets included in the R&D

expenditure. The following table sets forth our R&D expenditure for the periods indicated, our total R&D expenditure for the three financial years prior to [**REDACTED**] and total R&D expenditure over the Track Record Period:

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
R&D expenses	**1,017,860**	**885,646**	**826,957**	**397,067**	**571,616**
Adjustments:					
Add: Intangible assets acquired from third parties and capitalized	60,126	7,510	25,848	1,794	30,573
Add: Internal development costs capitalized as intangible assets	–	–	–	–	–
Less: Amortization expenses of capitalized intangible assets included in R&D expenditure	(59,156)	(67,757)	(7,823)	(1,457)	(11,995)
Less: Impairment of loss of capitalized intangible assets included in the R&D expenditure	–	–	–	–	–
R&D expenditure for the period indicated	**1,018,830**	**825,399**	**844,982**	**397,404**	**590,194**
Total R&D expenditure for the three financial years prior to [REDACTED]/over the Track Record Period	**–**	**–**	**2,689,211**	**–**	**3,279,405**

The following table sets forth our operating expenditure for the years indicated, our total operating expenditure for the three financial years prior to [**REDACTED**] and total operating expenditure over the Track Record Period:

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	(RMB in thousands)				
				(unaudited)	
R&D expenses	**1,017,860**	**885,646**	**826,957**	**397,067**	**571,616**
Selling expenses	**58,144**	**55,999**	**51,523**	**27,645**	**27,309**
General and administrative expenses	**199,633**	**218,006**	**244,160**	**130,885**	**123,836**
Adjustments:					
Add: Intangible assets acquired from third parties and capitalized	60,126	7,510	25,848	1,794	30,573
Add: Internal development costs capitalized as intangible assets	–	–	–	–	–
Less: Amortization expenses of capitalized intangible assets included in R&D expenditure	(59,156)	(67,757)	(7,823)	(1,457)	(11,995)
Less: Impairment of loss of capitalized intangible assets included in the R&D expenditure	–	–	–	–	–
Operating expenditure for the period indicated	**1,276,607**	**1,099,404**	**1,140,665**	**555,934**	**741,339**
Total operating expenditure for the three financial years prior to [REDACTED]/over the Track Record Period	**–**	**–**	**3,516,676**	**–**	**4,258,015**

The following table sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
				(unaudited)	
Annual R&D expenditure ratio[(1)]	79.8%	75.1%	74.1%	71.5%	79.6%
Total R&D expenditure ratio for the three financial years prior to [**REDACTED**]	–	–	76.5%[(2)]	–	77.0[(3)]

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to [**REDACTED**] by total operating expenditure for the three financial years prior to [**REDACTED**].

(3) Calculated by dividing total R&D expenditure over the Track Record Period by total operating expenditure over the Track Record Period.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account of the following financial resources available to us described below, we have sufficient working capital to cover our costs and operating expenses, including research and development expenses, selling and distribution expenses and general and administrative expenses for at least the next 12 months from the date of this Document: (i) our future operating cash flows in respective periods; (ii) cash and cash equivalents at hand; (iii) the proceeds from pre-[**REDACTED**] investors in 2025, bank deposits and structured deposits; and (iv) the estimated net [**REDACTED**] from the [**REDACTED**].

Our historical cash burn rate was RMB113.0 million, RMB90.2 million, RMB109.0 million, RMB83.0 million and RMB226.8 million in 2022, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, mainly representing our average monthly cash operating costs plus the capital expenditure and the lease payments for the respective periods. Our balance of cash-based assets as of June 30, 2025 amounted to RMB2,055.2 million. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting [**REDACTED**] fees and other related expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-point of the indicative [**REDACTED**] range in this Document.

Assuming that the average cash burn rate going forward is the same as the average of monthly cash burn in 2022, 2023, and 2024, on the basis that the average of historical cash burn rate would represent a stable cash burn status as we have completed a major R&D cycle and achieved a relatively stable operational team size during 2022-2024, and the expected future increase in production and R&D costs will be offset by the cash inflows generated from the sales of the Specialist Technology Products. Also, we estimate that our balance of cash-based assets as of June 30, 2025 along with the proceeds of RMB1,915.0 million from Pre-[**REDACTED**] investors in August 2025 together will be able to maintain our financial viability for [**REDACTED**] months or, if we take into account [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**] months or, if we also take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly consisted of lease liabilities. The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(unaudited)
Current					
Lease liabilities	30,360	12,407	20,130	26,819	23,207
Convertible debentures	–	–	262,037	–	–
Borrowings	–	–	–	200,126	200,517
Investment intention deposits	–	809,245	845,890	–	–
Redemption liabilities	–	–	–	12,145,429	–
Non-current					
Lease liabilities	12,659	5,579	20,588	21,698	17,463
Redemption liabilities	7,382,155	8,053,141	8,743,040	–	18,560,871
Total	**7,425,174**	**8,880,372**	**9,891,685**	**12,394,072**	**18,802,058**

Lease Liabilities

We recorded total lease liabilities, including current portion and non-current portion, of RMB43.0 million, RMB18.0 million, RMB40.7 million, RMB48.5 million and RMB40.7 million as of December 31, 2022, 2023 and 2024, June 30, 2025 and October 31, 2025, respectively. See "– Discussion of Selected Items from the Consolidated Balance Sheets Liabilities – Lease Liabilities."

Convertible Debentures

We recorded convertible debentures of nil, nil, RMB262.0 million, nil and nil as of December 31, 2022, 2023 and 2024, June 30, 2025 and October 31, 2025, respectively, primarily because we entered into convertible debentures agreements with certain holders in December 2024. The convertible debentures are accounted for as financial liabilities at fair value through profit or loss. For more information, see Note 35 to the Accountant's Report set out in Appendix I.

Borrowings

We did not have any outstanding balance of bank borrowings as of December 31, 2022, 2023 and 2024. As of June 30, 2025 and October 31, 2025, we had outstanding bank borrowings in the amount of RMB200.1 million and RMB200.5 million, respectively, representing short-term interest-bearing credit loans.

Our Directors confirm that, during the Track Record Period and up to the date of this Document, we did not experience any default in payment of of bank and other borrowings, breach of covenants, or any difficulties in obtaining bank loans and banking facilities.

As of June 30, 2025, we had unutilized banking facilities of approximately RMB805.5 million.

Investment Intention Deposits

Our investment intention deposits consist of principle payable and interests payable, which were interest-bearing. We recorded investment intention deposits of nil, RMB809.2 million, RMB845.9 million, nil and nil as of December 31, 2022, 2023 and 2024, June 30, 2025 and October 31, 2025, respectively. For more information, see Note 34 to the Accountant's Report set out in Appendix I.

Redemption Liabilities

We recorded non-current redemption liabilities of RMB7,382.2 million, RMB8,053.1 million, RMB8,743.0 million and RMB18,560.9 million, as of December 31, 2022, 2023 and 2024 and October 31, 2025, respectively. We recorded current redemption liabilities of RMB12,145.4 million as of June 30, 2025. Redemption liabilities are associated with the redemption rights for certain pre-[**REDACTED**] shareholders. The redemption liabilities were classified as current liabilities or non-current liabilities based on the redemption date in the investment agreements. These redemption rights can be exercised upon the occurrence of specified events and the redemption liabilities will be automatically converted into the equity of our Company upon the completion of the [**REDACTED**]. For more information, see Note 31 to the Accountant's Report set out in Appendix I.

Contingent Liabilities

As of December 31, 2022, 2023, 2024, June 30, 2025 and October 31, 2025, we did not have any material contingent liabilities or any contingency allowances.

Except as disclosed above, as of October 31, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since October 31, 2025 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included expenditures for (i) intangible assets, mainly include IP licenses, EDA tools, and purchased computer software, (ii) property, plant and equipment, and (iii) use of right assets. The following table sets forth our capital expenditures for the years indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Intangible assets	64,346	12,751	27,631	1,891	35,714
Property, plant and equipment	194,295	138,746	109,809	46,884	41,482
Use of right assets	12,975	7,342	46,064	18,024	16,053
Total	**271,616**	**158,839**	**183,504**	**66,799**	**93,249**

We expect to finance our capital expenditures through financial resources currently available to us, cash generated from operations and the net [**REDACTED**] from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] – Use of [**REDACTED**]."

CONTRACTUAL OBLIGATIONS

Capital Commitments

Our capital commitments mainly represent property, plant and equipment and intangible assets. The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Property, plant and equipment	41,419	19,134	14,487	26,154
Intangible assets	–	–	–	925
Total	**41,419**	**19,134**	**14,487**	**27,079**

We expect to satisfy our capital commitments using financial resources currently available to us and net [**REDACTED**] to be received from the [**REDACTED**].

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years indicated:

	As of/For the year ended December 31,			As of/For the six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Gross profit margin of intelligent computing solutions	–	76.4%	53.2%	71.0%	31.2%
Current ratio[(1)]	8.74	2.26	1.52	N/A	0.26

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

Analysis of Key Financial Ratios

Gross Profit Margin of Intelligent Computing Solutions

See "– Year-to-year Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin of intelligent computing solutions during the Track Record Period.

Current Ratio

Our current ratio decreased from 8.74 as of December 31, 2022 to 2.26 as of December 31, 2023, primarily due to (i) a decrease in trade, other receivables and prepayments, (ii) a decrease in cash and cash equivalents, and (iii) an increase in trade and other payables, partially offset by an increase in inventories and an increase in financial assets at fair value through profit or loss. Our current ratio decreased from 2.26 as of December 31, 2023 to 1.52 as of December 31, 2024, primarily due to (i) a decrease in financial assets at fair value through profit or loss, (ii) an increase in trade and other payables, and (iii) an increase in convertible debentures, partially offset by the increase in cash and cash equivalents, and the increase in trade, other receivables and prepayments. Our current ratio decreased from 1.52 as of December 31, 2024 to 0.26 as of June 30, 2025, primarily due to an increase in redemption liabilities, partially offset by (i) an increase in inventories, and (ii) an increase in financial assets at fair value through profit or loss.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 39 to the Accountant's Report included in Appendix I to this Document was conducted in the ordinary course of

business with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency. Our Company's functional currency is RMB. Our Company's subsidiaries were incorporated in Chinese Mainland, Singapore, the United States, and Hong Kong and these subsidiaries considered RMB, SGD and USD as their functional currency, respectively.

We are primarily exposed to changes in RMB/USD exchange rates. As of December 31, 2022, 2023 and 2024 and June 30, 2025, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, our net loss for the year/period would have been RMB18.1 million, RMB34.1 million, RMB35.2 million and RMB55.4 million higher/lower as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents, bank deposits, trade and other payables, long-term payables and redemption liabilities.

Interest Rate Risk

Except for structured deposits, bank deposits, restricted cash and cash and cash equivalents, we have no significant interest-bearing assets. Our income and operating cash flows are substantially independent of changes in market interest rates.

Our finance lease receivables carried at fixed rates expose us to fair value interest risk.

The long-term payables, investment intention deposits, redemption liabilities borrowings and the convertible debentures of us carried at fixed rates expose us to fair value interest risk.

Price Risk

We are exposed to price risk in respect of the long-term investments and structured deposits held by us and classified in the consolidated balance sheets as at fair value through profit or loss.

We are not exposed to commodity price risk. To manage the price risk arising from the investments, we diversify our portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing our liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 to the Accountant's Report included in Appendix I to this Document for details.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss, trade and other receivables and finance lease receivables. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss, we only transact with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, we have policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For other receivables and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and finance lease receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in our outstanding other receivables and finance lease receivables balances is low.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements.

PROPERTY INTEREST AND PROPERTY VALUATION

AVISTA, an independent property valuer, has valued our selective property interests as of September 30, 2025. Particulars of these property interests are set out in Appendix III to this document.

The table below sets out the reconciliation between the net book value of our selective property as of June 30, 2025 in the Accountant's Report set out in Appendix I to this document and the market value of our selective property as of September 30, 2025 in the Property Valuation Report set out in Appendix III to this document.

(RMB'000)

Net book value of our selective property as of June 30, 2025	**62,682**
Depreciation for the three months ended September 30, 2025	(595)
Net book value as of September 30, 2025	**62,087**
Valuation surplus as of September 30, 2025	763
Valuation as of September 30, 2025 as set out in Appendix III to this document	**62,850**

DIVIDEND

We do not have any fixed dividend policy nor pre-determined dividend payout ratio. We did not declare or distribute any dividend to our Shareholders during the Track Record Period. After the [**REDACTED**], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operation and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to make dividend in the future also depends on whether we can receive dividends from our subsidiaries. As advised by our PRC Legal Advisor, pursuant to the PRC Company Law, each PRC company is required to set aside at least 10% of its after-tax profits each year, if any, to fund its statutory reserve funds until the total amount set aside reaches 50% of its registered capital. In addition, a company shall not distribute dividend before losses are covered and the statutory reserve funds are drawn. After the company makes the allocation to its statutory reserve funds from its after-tax profits, it may also make an allocation to its discretionary reserve funds from its after-tax profits upon a resolution approved at the shareholders' meeting. Therefore, under the circumstances that the losses have been made up and the reserve funds have been set aside, we may distribute the after-tax profits as dividend to our shareholders.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we did not have any distributable reserves.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) non-[**REDACTED**] expenses, comprising professional fees paid to our legal advisors and reporting accountant for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the [**REDACTED**], the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] Range and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately of [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] expenses of HK$[**REDACTED**], professional fees for our legal advisors and reporting accountant of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] expenses, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the consolidated statements of comprehensive loss and the remaining amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon [**REDACTED**]. As of June 30, 2025, we had incurred RMB[**REDACTED**] of [**REDACTED**] expenses for the [**REDACTED**], among which RMB[**REDACTED**] was expensed through the consolidated statements of comprehensive loss.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since June 30, 2025, being the end date of our latest audited financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountant's Report set out in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

FUTURE PLANS

See "Business – Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the net [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in the Document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees and [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the research and development of our intelligent computing solutions in the future, with the detailed breakdown of the [**REDACTED**] to be allocated as follows:

  i. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the evolution of our intelligent computing hardware.

     - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to develop and upgrade our existing GPGPU chips and next-generation GPGPU chips, such as BR20X and BR30X. Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to continue to retain and expand our talent pool of scientists and engineers. For example, we plan to recruit approximately 65 engineers specialized in GPGPU architecture, SoC design, SoC verification and SoC front-end integration; and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to procure services for engineering design, verification and tape-out to facilitate the development of our chips.

     - Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to develop GPGPU-based hardware powered by our existing and next-generation GPGPU chips. Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in purchase of consumable materials, such as wafers, interposers, HBM, PCB, electronic components and test molds, and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in retention and expansion of our talent pool of scientists and engineers. For example, we plan to recruit approximately 20 engineers specialized in PCIe design, post silicon high-speed IO system and ATE (automated test equipment) test development. Through such efforts, we expect to enhance the

compatibility of our GPGPU chips across diverse form factors, including but not limited to PCIe Card and OAM, and we expect to optimize the performance of our GPGPU-based hardware in different servers.

ii. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for development and upgrade of our software platform.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand the array of training and inference models supported by our intelligent hardware and BIRENSUPA software stack. We expect to improve the adaptability and scalability of our intelligent computing solution, catering to a wider range of use cases to meet our customers' evolving business needs. Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in retention and expansion of our talent pool of scientists and engineers around the world. For example, we plan to recruit approximately 15 engineers specialized in distributed training, intelligent inference platform engine and heterogeneous computing, and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in rental and purchase of training or inference servers.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to enhance each part of our software platform. We plan to develop and refine our foundational drivers, compilers, acceleration libraries and tools, and to bolster the compatibility with prevalent AI application frameworks and our proprietary inference acceleration framework, suInfer. Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in retention and expansion of our talent pool of scientists and engineers around the world. For example, we plan to recruit approximately 30 engineers specialized in software repository optimization, and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in rental and purchase of training or inference servers.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to build our own software development infrastructure, encompassing software testing and release, which could further improve our customers' growing demands. Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in retention and expansion of our talent pool of scientists and engineers around the world. For example, we plan to recruit approximately five engineers specialized in software test, and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in rental and purchase of training or inference servers.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the commercialization of our intelligent computing solution. Specifically, we plan to expand our sales and marketing team, recruit approximately 35 staffs with expertise in sales and marketing strategies, carry out marketing and promotion activities such as setting up display centers or showrooms comprising mainly interior construction and fit-out works and multimedia hardware, supplemented by software design and video production, to create an immersive environment for showcasing our products and solutions, and build a dedicated team to provide technical support to our customers. Through these efforts, we expect to establish our sales network, strengthen our customer relationship and create our brand impact. See "— Business Sustainability and Path to Profitability — Expanding Customer Base."

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

The table below summarizes the planned yearly allocation of the net [**REDACTED**] from the [**REDACTED**] by nature, from [**REDACTED**] through [**REDACTED**]. [**REDACTED**] should note that these plans are based on assumptions and are subject to uncertainties, including the risks described in the "Risk Factors" section of this Document. As such, we cannot guarantee that our plans will proceed as scheduled or that our goals will be fully achieved.

	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	**Total**
	(in HKD [REDACTED]*)*				
Research and development of intelligent computing solutions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Evolution of intelligent computing hardware	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Development and upgrade of software platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
The commercialization of intelligent computing solution	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

If the [**REDACTED**] is determined at the highest or lowest point of the stated range, the net [**REDACTED**] to our Company would increase or decrease, respectively, by approximately HK$[**REDACTED**]. We intend to apply the additional or reduced net [**REDACTED**] to the above allocation on a pro rata basis.

The net [**REDACTED**] that we would receive if the [**REDACTED**] was exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**] range), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range) and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit those net [**REDACTED**] into short-term interest-bearing at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

[REDACTED]

[REDACTED]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

The following is the text of a report set out on pages I-1 to I-[3], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI BIREN TECHNOLOGY CO., LTD., AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED AND BOCI ASIA LIMITED

Introduction

We report on the historical financial information of Shanghai Biren Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[120], which comprises the consolidated balance sheets as at 31 December 2022, 2023 and 2024 and 30 June 2025, the balance sheets of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[120] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation sets out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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 accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation sets out in Note 2 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and the consolidated financial position of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation sets out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion

on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividends have been paid by Shanghai Biren Technology Co., Ltd. in respect of the Track Record Period.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[**REDACTED**]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("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 COMPREHENSIVE LOSS

		Year ended 31 December			Six months ended 30 June	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue	*6*	499	62,030	336,803	39,298	58,903
Cost of sales	*7*	–	(14,627)	(157,606)	(11,395)	(40,134)
Gross profit		499	47,403	179,197	27,903	18,769
Selling and marketing expenses	*7*	(58,144)	(55,999)	(51,523)	(27,645)	(27,309)
General and administrative expenses	*7*	(199,633)	(218,006)	(244,160)	(130,885)	(123,836)
Research and development expenses	*7*	(1,017,860)	(885,646)	(826,957)	(397,067)	(571,616)
Special losses on certain assets	*7*	–	(108,692)	–	–	–
Net impairment (losses)/reversal on financial assets	*3.1(b)*	(201)	(1,075)	171	656	463
Other income	*9*	76,787	103,062	99,970	38,364	113,348
Other expenses	*7*	(1,175)	(2,181)	(2,380)	(1,190)	(5,239)
Other gains/(losses) – net	*10*	65,899	(24,309)	10,534	9,963	3,116
Operating loss		(1,133,828)	(1,145,443)	(835,148)	(479,901)	(592,304)
Finance income		11,770	17,122	10,095	7,031	13,685
Finance cost		(352,129)	(615,737)	(713,136)	(415,557)	(1,021,907)
Finance cost – net	*11*	(340,359)	(598,615)	(703,041)	(408,526)	(1,008,222)
Loss before income tax		(1,474,187)	(1,744,058)	(1,538,189)	(888,427)	(1,600,526)
Income tax (expenses)/credit	*13*	(125)	103	89	89	–
Loss for the year/period		(1,474,312)	(1,743,955)	(1,538,100)	(888,338)	(1,600,526)
Other comprehensive income						
Item that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		168	376	1,123	63	(152)
Total comprehensive loss for the year/period		(1,474,144)	(1,743,579)	(1,536,977)	(888,275)	(1,600,678)
Loss per share attributable to the owners of the Company						
Basic and diluted loss per share (RMB)	*14*	(0.90)	(1.06)	(0.93)	(0.54)	(0.93)

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets					
Non-current assets					
Property, plant and equipment	*16*	335,190	307,520	323,187	322,267
Right-of-use assets	*17*	43,415	20,850	42,873	48,150
Investment properties	*19*	45,717	66,253	63,873	62,682
Intangible assets	*18*	197,518	65,537	84,400	107,249
Investments accounted for using the equity method	*20*	–	–	–	15,000
Financial assets at fair value through profit or loss	*26*	42,579	43,212	44,000	40,616
Finance lease receivables	*25*	43,541	69,328	75,641	78,691
Prepayment for long-term assets	*24*	4,402	–	772	11,855
Bank deposits	*27*	–	51,523	53,054	–
Restricted cash	*28*	–	–	–	24,528
Total non-current assets		712,362	624,223	687,800	711,038
Current assets					
Inventories	*22*	39,250	173,484	152,906	599,773
Trade, other receivables and prepayments	*24*	271,011	170,297	448,865	612,950
Financial assets at fair value through profit or loss	*26*	974,859	1,233,461	96,448	485,408
Restricted cash	*28*	–	620	620	41,340
Bank deposits	*27*	565,765	536,348	553,814	284,682
Cash and cash equivalents	*28*	983,326	659,335	1,100,694	1,285,098
Total current assets		2,834,211	2,773,545	2,353,347	3,309,251
Total assets		3,546,573	3,397,768	3,041,147	4,020,289
Deficit					
Deficit attributable to owners of the Company					
Paid-in capital/share capital	*29*	32,791	32,916	32,916	38,360
Treasury stock	*30*	(4,941,162)	(4,991,162)	(4,991,162)	(7,387,894)
Reserves	*30*	5,503,983	3,968,024	4,051,780	6,470,081
Accumulated deficit		(4,901,990)	(4,979,639)	(6,517,739)	(8,118,265)
Total deficit		(4,306,378)	(5,969,861)	(7,424,205)	(8,997,718)

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities					
Non-current liabilities					
Lease liabilities	*17*	12,659	5,579	20,588	21,698
Deferred income tax liabilities	*21*	192	89	–	–
Deferred income	*37*	90,181	63,382	142,936	132,645
Warranty provision		211	831	3,993	4,576
Redemption liabilities	*31*	7,382,155	8,053,141	8,743,040	–
Contract liabilities	*6(a)*	637	1,165	1,074	1,089
Long-term payables	*38*	42,678	17,682	722	722
Total non-current liabilities		7,528,713	8,141,869	8,912,353	160,730
Current liabilities					
Trade and other payables	*33*	293,691	369,593	424,393	456,379
Investment intention deposits	*34*	–	809,245	845,890	–
Convertible debentures	*35*	–	–	262,037	–
Redemption liabilities	*31*	–	–	–	12,145,429
Borrowings	*36*	–	–	–	200,126
Lease liabilities	*17*	30,360	12,407	20,130	26,819
Contract liabilities	*6(a)*	187	34,515	549	28,524
Total current liabilities		324,238	1,225,760	1,552,999	12,857,277
Total liabilities		7,852,951	9,367,629	10,465,352	13,018,007
Total deficit and liabilities		3,546,573	3,397,768	3,041,147	4,020,289
Net current assets/(liabilities)		2,509,973	1,547,785	800,348	(9,548,026)

BALANCE SHEETS OF THE COMPANY

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets					
Non-current assets					
Investments in subsidiaries	*12(b)*	688,574	541,183	744,780	827,180
Property, plant and equipment	*16*	286,735	292,377	278,057	279,419
Right-of-use assets	*17*	21,602	9,279	20,974	32,468
Investment properties	*19*	–	–	30,543	30,016
Intangible assets	*18*	93,860	17,730	36,593	59,442
Financial assets at fair value through profit or loss	*26*	42,579	43,212	44,000	40,616
Finance lease receivables	*25*	43,541	69,328	75,641	78,691
Prepayment for long-term assets	*24*	4,402	–	–	11,855
Bank deposits	*27*	–	51,523	53,054	–
Restricted cash	*28*	–	–	–	24,528
Total non-current assets		1,181,293	1,024,632	1,283,642	1,384,215
Current assets					
Inventories	*22*	39,250	173,484	152,983	599,849
Trade, other receivables and prepayments	*24*	305,520	297,409	675,157	853,266
Financial assets at fair value through profit or loss	*26*	762,875	1,102,800	96,448	370,365
Restricted cash	*28*	–	620	620	40,620
Bank deposits	*27*	565,765	536,348	553,814	256,048
Cash and cash equivalents	*28*	922,197	533,642	739,726	1,154,623
Total current assets		2,595,607	2,644,303	2,218,748	3,274,771
Total assets		3,776,900	3,668,935	3,502,390	4,658,986
Deficit					
Paid-in capital/share capital	*29*	32,791	32,916	32,916	38,360
Treasury stock	*30*	(4,941,162)	(4,991,162)	(4,991,162)	(7,387,894)
Reserves	*30*	5,428,874	3,871,874	3,921,962	6,328,646
Accumulated deficit		(4,399,267)	(4,496,066)	(5,812,400)	(7,313,555)
Total deficit		(3,878,764)	(5,582,438)	(6,848,684)	(8,334,443)

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities					
Non-current liabilities					
Lease liabilities		7,483	1,162	9,613	15,599
Deferred income	*37*	18,291	13,093	102,446	96,579
Warranty provision		211	831	3,993	4,576
Redemption liabilities	*31*	7,382,155	8,053,141	8,743,040	–
Contract liabilities	*6(a)*	637	1,165	1,074	1,089
Long-term payables	*38*	9,162	312	722	722
Total non-current liabilities		7,417,939	8,069,704	8,860,888	118,565
Current liabilities					
Trade and other payables	*33*	224,772	331,587	372,991	483,171
Investment intention deposits	*34*	–	809,245	845,890	–
Convertible debentures	*35*	–	–	262,037	–
Redemption liabilities	*31*	–	–	–	12,145,429
Borrowings	*36*	–	–	–	200,126
Lease liabilities		12,766	6,322	8,719	17,614
Contract liabilities	*6(a)*	187	34,515	549	28,524
Total current liabilities		237,725	1,181,669	1,490,186	12,874,864
Total liabilities		7,655,664	9,251,373	10,351,074	12,993,429
Total deficit and liabilities		3,776,900	3,668,935	3,502,390	4,658,986
Net current assets/(liabilities)		2,357,882	1,462,634	728,562	(9,600,093)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Deficit attributable to owners of the Company				
	Note	**Paid-in capital/ share capital**	**Treasury stock**	**Reserves**	**Accumulated deficit**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022		32,089	(4,661,162)	5,136,486	(3,427,678)	(2,920,265)
Comprehensive loss						
Loss for the year		–	–	–	(1,474,312)	(1,474,312)
Exchange differences on translation of foreign operations		–	–	168	–	168
Total comprehensive loss		–	–	168	(1,474,312)	(1,474,144)
Transactions with owners in their capacity as owners						
Capital contributions by investors	*29, 30*	702	–	279,298	–	280,000
Recognition of redemption liabilities	*31*	–	(280,000)	–	–	(280,000)
Share-based compensation expenses	*32*	–	–	88,031	–	88,031
Total transactions with owners		702	(280,000)	367,329	–	88,031
As at 31 December 2022		32,791	(4,941,162)	5,503,983	(4,901,990)	(4,306,378)
As at 1 January 2023		32,791	(4,941,162)	5,503,983	(4,901,990)	(4,306,378)
Comprehensive loss						
Loss for the year		–	–	–	(1,743,955)	(1,743,955)
Exchange differences on translation of foreign operations		–	–	376	–	376
Total comprehensive loss		–	–	376	(1,743,955)	(1,743,579)
Transactions with owners in their capacity as owners						
Capital contributions by investors	*29, 30*	125	–	49,875	–	50,000
Recognition of redemption liabilities	*31*	–	(50,000)	–	–	(50,000)
Conversion into a joint stock company	*29*	–	–	(1,666,306)	1,666,306	–
Share-based compensation expenses	*32*	–	–	80,096	–	80,096
Total transactions with owners		125	(50,000)	(1,536,335)	1,666,306	80,096
As at 31 December 2023		32,916	(4,991,162)	3,968,024	(4,979,639)	(5,969,861)

		Deficit attributable to owners of the Company				
	Note	**Paid-in capital/ share capital**	**Treasury stock**	**Reserves**	**Accumulated deficit**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024		32,916	(4,991,162)	3,968,024	(4,979,639)	(5,969,861)
Comprehensive loss						
Loss for the year		–	–	–	(1,538,100)	(1,538,100)
Exchange differences on translation of foreign operations		–	–	1,123	–	1,123
Total comprehensive loss		–	–	1,123	(1,538,100)	(1,536,977)
Transactions with owners in their capacity as owners						
Share-based compensation expenses	*32*	–	–	82,633	–	82,633
As at 31 December 2024		32,916	(4,991,162)	4,051,780	(6,517,739)	(7,424,205)
As at 1 January 2025		32,916	(4,991,162)	4,051,780	(6,517,739)	(7,424,205)
Comprehensive loss						
Loss for the period		–	–	–	(1,600,526)	(1,600,526)
Exchange differences on translation of foreign operations		–	–	(152)	–	(152)
Total comprehensive loss		–	–	(152)	(1,600,526)	(1,600,678)
Transactions with owners in their capacity as owners						
Capital contributions by investors	*29, 30*	5,444	–	2,391,288	–	2,396,732
Recognition of redemption liabilities	*31*	–	(2,396,732)	–	–	(2,396,732)
Share-based compensation expenses	*32*	–	–	27,165	–	27,165
Total transactions with owners		5,444	(2,396,732)	2,418,453	–	27,165
As at 30 June 2025		38,360	(7,387,894)	6,470,081	(8,118,265)	(8,997,718)

		Deficit attributable to owners of the Company				
	Note	**Paid-in capital/ share capital**	**Treasury stock**	**Reserves**	**Accumulated deficit**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)						
As at 1 January 2024		32,916	(4,991,162)	3,968,024	(4,979,639)	(5,969,861)
Comprehensive loss						
Loss for the period		–	–	–	(888,338)	(888,338)
Exchange differences on translation of foreign operations		–	–	63	–	63
Total comprehensive loss		–	–	63	(888,338)	(888,275)
Transactions with owners in their capacity as owners						
Share-based compensation expenses	*32*	–	–	58,242	–	58,242
As at 30 June 2024		32,916	(4,991,162)	4,026,329	(5,867,977)	(6,799,894)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows used in operating activities						
Cash used in operations	39(a)	(1,183,601)	(847,066)	(1,009,187)	(347,222)	(1,073,324)
Cash flows generated from/(used in) investing activities						
Purchase of property, plant and equipment and intangible assets		(193,743)	(138,984)	(100,523)	(34,203)	(108,576)
Proceeds from disposal of property, plant and equipment and intangible assets		–	1,225	–	–	–
Net intention deposits received from employees for purchase of public rental house		21,392	12,323	4,887	4,667	1,296
Government grants related to assets received		18,613	32,806	132,875	132,875	23,430
Payment for investments accounted for using the equity method	20	–	–	–	–	(15,000)
Redemption of bank deposits		876,003	826,311	1,219,511	545,775	557,575
Placement of bank deposits		(1,122,933)	(796,894)	(1,236,977)	(645,309)	(234,631)
Purchase of short-term investments measured at fair value through profit or loss	26(b)	(3,057,000)	(2,768,000)	(1,591,000)	(832,000)	(1,615,000)
Proceeds from disposal of short-term investments measured at fair value through profit or loss	26(b)	3,700,278	2,534,167	2,746,463	1,361,936	1,228,519
Proceeds from disposal of long-term equity investments measured at fair value through profit or loss	26(a)	19,696	–	–	–	–
Purchase of certificates of deposit	27	–	(51,471)	–	–	–
Increase in restricted cash	28	–	(620)	–	–	(65,248)
Interest received from bank deposits		17,097	27,863	34,770	16,508	6,608
Interest received from cash and cash equivalents	11	11,382	15,861	8,447	6,241	12,864
Net cash generated from/(used in) investing activities		290,785	(305,413)	1,218,453	556,490	(208,163)

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash flows generated from/(used in) financing activities						
Proceeds from convertible debentures	*39(c)*	–	–	262,037	–	–
Lease payments	*39(c)*	(27,206)	(28,485)	(22,117)	(10,638)	(9,113)
Repayment for long-term payables	*39(c)*	(41,255)	(14,395)	(19,362)	(18,405)	(312)
Capital contributions by investors	*30, 39(c)*	280,000	50,000	–	–	1,799,059
Proceeds from borrowings	*39(c)*	–	–	–	–	200,000
Repayment of interest expenses from borrowings	*39(c)*	–	–	–	–	(1,754)
Proceeds received from related parties for capital contribution	*41*	–	6,773	–	–	–
Payments for [**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Proceeds received from investment intention deposits	*34*	–	800,000	–	–	–
Repayment of investment intention deposits	*34, 39(c)*	–	–	–	–	(517,778)
Net cash generated from/(used in) financing activities		211,539	811,888	217,122	(31,315)	1,467,988
Net (decrease)/increase in cash and cash equivalents		(681,277)	(340,591)	426,388	177,953	186,501
Cash and cash equivalents at beginning of year/period		1,556,596	983,326	659,335	659,335	1,100,694
Effect of foreign exchange rates changes		108,007	16,600	14,971	5,142	(2,097)
Cash and cash equivalents at end of year/period		983,326	659,335	1,100,694	842,430	1,285,098

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shanghai Biren Technology Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 9 September 2019. The address of the Company's registered office is 13rd floor, Building 16, No. 2388 Chenhang Road, Minhang District, Shanghai, PRC.

On July 12, 2023, the Company convened a general meeting and passed related resolutions approving the conversion of the Company from a limited liability company into a joint stock limited company and changed the name of the Company to Shanghai Biren Technology Co., Ltd. ("上海壁仞科技股份有限公司", the former Chinese name is "上海壁仞智能科技有限公司").

The principal activities of the Company and its subsidiaries (the "Group") are the sale of general-purpose computing on graphics processing units ("GPGPU") chips, GPGPU-based intelligent computing solutions to enable artificial intelligence ("AI") and related services as well as research and development activities in relation to GPGPU mainly in the People's Republic of China (the "PRC") and other geographical areas during the Track Record Period.

Mr. Wen Zhang is the founder of the Group.

As at the date of this report, the Company's principal subsidiaries during the Track Record Period are set out in Note 12.

2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards").

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards;
- IAS Standards;
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The Historical Financial Information has been prepared under the historical cost convention, except that certain financial assets/liabilities are carried at fair value.

The preparation of the financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on 1 January 2025, are consistently applied to the Group throughout the Track Record Period. These amendments did not have significant impact throughout the Track Record Period.

The Group was at a relatively early stage of commercialization of its products and the loss was approximately RMB1,474.3 million, RMB1,744.0 million, RMB1,538.1 million and RMB1,600.5 million for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively. In addition to the loss, the Group's net liabilities were approximately RMB4,306.4 million, RMB5,969.9 million, RMB7,424.2 million and RMB8,997.7 million as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. The Group also recorded net current liabilities of approximately RMB9,548.0 million as at 30 June 2025. These net liabilities and net current liabilities were mainly due to the separate redemption rights granted to investors in financing of Series Pre A, Series Pre A+, Series Pre A++, Series A, Series Pre B, Series Pre B+, Series B, Series B+ and Strategic Round (the "Investors") for which the Group recorded redemption liabilities with carrying amount of RMB7,382.2 million, RMB8,053.1 million, RMB8,743.0 million and RMB12,145.4 million on 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

According to the investment agreements and the preferred shares termination agreement in June 2025, the Investors agreed that the redemption rights which will be due on 31 January 2026 shall be terminated immediately before the submission of the [**REDACTED**] to the Hong Kong Stock Exchange by the Company, which subject to the reinstatement in the event that the [**REDACTED**] being returned or lapsed and the Company failing to refile within six months or other period as agreed by all parties or being rejected. According to supplemental agreement to the preferred rights termination agreement in August 2025, the redemption date of the preferred shares has been extended to 31 July 2027 (Note 31). Therefore, the directors consider that the redemption rights and the related liabilities will not have any cash flow impact to the Group in the next twelve months from 30 June 2025, in any situation.

Taking into account the termination of redemption rights and extension of redemption date as mentioned above and together with cashflow forecast covering not less than 12 months from 30 June 2025 prepared by management of the Group, the directors are of the opinion that the Group and the Company will have sufficient cash resources to satisfy its future working capital in the next twelve months from 30 June 2025, including the cash resources on hand as well as the proceeds received from the investors subsequently in 2025 (Note 44(b)). Accordingly, the directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

New standards and interpretations not yet adopted

The followings are new standards, amendments to existing standards and new interpretations that have been issued but are not effective for the Track Record Period, and have not been early adopted. The Group plans to adopt these new standards, amendments to standards and new interpretations when they become effective:

Standards and amendments	**Effective for accounting periods beginning on or after**
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statement	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate – Amendments to IFRS 10 and IAS 28	To be determined

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated statements of comprehensive loss.

IFRS 18 sets out requirements on presentation and disclosures in consolidated financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the consolidated statements of comprehensive loss; provide disclosures on management – defined performance measures in the notes to the consolidated financial statements and improve aggregation and disaggregation of information to be disclosed in the consolidated financial statements.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the consolidated financial position of the Group but is expected to affect the presentation of the consolidated statements of comprehensive loss and disclosures in the future consolidated financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's consolidated financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Company's functional currency is Renminbi ("RMB"). The Company's subsidiaries were incorporated in Chinese Mainland, Singapore, the United States, and Hong Kong SAR and these subsidiaries considered RMB, Singapore dollars ("SGD") and US dollars ("USD") as their functional currency, respectively.

The Group is primarily exposed to changes in RMB/USD exchange rates. As at 31 December 2022, 2023 and 2024 and 30 June 2025, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, the Group's net loss for the year/period would have been RMB18,076,000, RMB34,101,000, RMB35,166,000 and RMB55,431,000 higher/lower as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents, bank deposits, trade and other payables, long-term payables and redemption liabilities.

(ii) Cash flow and fair value interest rate risk

Except for structured deposits (Note 26), bank deposits (Note 27), restricted cash (Note 28(b)) and cash and cash equivalents (Note 28(a)), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The finance lease receivables of the Group carried at fixed rates expose the Group to fair value interest risk.

The long-term payables (Note 38), investment intention deposits (Note 34) and redemption liabilities (Note 31), borrowings (Note 36) and the convertible debentures (Note 35) of the Group carried at fixed rates expose the Group to fair value interest risk.

(iii) Price risk

The Group is exposed to price risk in respect of the long-term equity investments and structured deposits (Note 26) held by the Group and classified in the consolidated balance sheets as at fair value through profit or loss.

The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss, trade and other receivables and finance lease receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Risk Management

To manage risk arising from cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For other receivables and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and finance lease receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables and finance lease receivables balances is low.

Impairment of financial assets

The Group performs impairment assessment under the expected credit loss ("ECL") model on financial assets at amortised cost (mainly including trade receivables, other receivables and finance lease receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

(i) Cash and cash equivalents, restricted cash and bank deposits

To manage risk arising from cash and cash equivalents, restricted cash and bank deposits, the Group only transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable international financial institutions outside of Chinese Mainland. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents, restricted cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

(ii) Trade receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, credit rating and aging periods. The determination of the expected loss rates is based on the probability of default and the loss given the default with reference to the credit ratings of the counter parties at the end of each reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and consumer price index (CPI) of Chinese Mainland in which it provides services to be the relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors.

The main exposure to credit risk at each of the reporting dates is the carrying value of the Group's trade receivables. On that basis, the loss allowance as at 31 December 2022, 2023 and 2024 and 30 June 2025 was determined as follows for trade receivables:

	Up to 3 months	3 to 6 months	6 months to 1 year	Total
As at 31 December 2022				
Expected credit loss rate	1.15%	–	–	1.15%
Gross carrying amount – trade receivables (RMB'000)	96	–	–	96
Loss allowance (RMB'000)	1	–	–	1
As at 31 December 2023				
Expected credit loss rate	0.55%	1.22%	2.65%	2.42%
Gross carrying amount – trade receivables (RMB'000)	5,023	48	40,126	45,197
Loss allowance (RMB'000)	28	1	1,064	1,093
As at 31 December 2024				
Expected credit loss rate	0.97%	0.30%	–	0.96%
Gross carrying amount – trade receivables (RMB'000)	85,511	1,998	–	87,509
Loss allowance (RMB'000)	833	6	–	839
As at 30 June 2025				
Expected credit loss rate	0.92%	0.63%	1.82%	1.15%
Gross carrying amount – trade receivables (RMB'000)	26,768	1,436	10,362	38,566
Loss allowance (RMB'000)	246	9	189	444

(iii) Other receivables and finance lease receivables

Other receivables mainly include deposits and receivables from server original equipment manufacturer ("OEMs") for toll manufacturing service. Finance lease receivables are due from employees as mentioned in Note 25. For other receivables and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records, past experience and forward-looking information on macroeconomic factors affecting the ability of the customers or employees to settle the receivables.

The Group assesses the credit losses of finance lease receivables individually and believes that the credit risk inherent in the group of outstanding finance receivables balance is quite low as all lease receivables are secured by public rental houses owned by the Group.

The Group measures credit risk of other receivables and finance lease receivables using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

- Financial instruments that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit risk (specifically, when the debtor is more than 30 day past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

As there has been no significant increase in credit risk since initial recognition, all of the Group's other receivables and finance lease receivables as at 31 December 2022, 2023 and 2024 and 30 June 2025 were classified in Stage 1 and their expected credit losses were measured on a 12-month basis.

The following tables explain the changes in the loss allowance for other receivables and finance lease receivables between the beginning and the end of the years/period:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Expected credit loss rate				
– Other receivables	1.40%	2.28%	0.85%	1.94%
– Finance lease receivables	0.01%	0.01%	0.01%	0.01%
Gross carrying amount (RMB'000)				
– Other receivables	17,765	9,914	36,425	12,399
– Finance lease receivables	43,546	69,338	75,652	78,702
	61,311	79,252	112,077	91,101
Loss allowance (RMB'000)				
– Other receivables	(248)	(226)	(308)	(240)
– Finance lease receivables	(5)	(10)	(11)	(11)
Total loss allowance (RMB'000)	(253)	(236)	(319)	(251)

(iv) Movement of loss allowance for trade receivables, other receivables and finance lease receivables

Details of the analysis refer to Note 24 for trade and other receivables, Note 25 for finance lease receivables.

The movement of loss allowance for trade receivables, other receivables and finance lease receivables for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 are as below:

	Trade receivables	Other receivables	Finance lease receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance as 1 January 2022	–	(53)	–	(53)
Increase in loss allowance recognised in profit or loss during the year	(1)	(195)	(5)	(201)
As at 31 December 2022	(1)	(248)	(5)	(254)
(Increase)/decrease in loss allowance recognised in profit or loss during the year	(1,092)	22	(5)	(1,075)
As at 31 December 2023	(1,093)	(226)	(10)	(1,329)
Decrease/(increase) in loss allowance recognised in profit or loss during the year	254	(82)	(1)	171
As at 31 December 2024	(839)	(308)	(11)	(1,158)
Decrease in loss allowance recognised in profit or loss during the period	395	68	–*	463
As at 30 June 2025	(444)	(240)	(11)	(695)

* represents that amount is less than 1,000.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022				
Lease liabilities	31,529	11,678	1,264	44,471
Financial liabilities included in trade and other payables	163,281	–	–	163,281
Long-term payables	–	26,261	17,724	43,985
	194,810	37,939	18,988	251,737
At 31 December 2023				
Lease liabilities	12,952	4,180	1,623	18,755
Financial liabilities included in trade and other payables	237,409	–	–	237,409
Investment intention deposits	809,245	–	–	809,245
Long-term payables	–	18,019	–	18,019
	1,059,606	22,199	1,623	1,083,428
At 31 December 2024				
Lease liabilities	21,379	18,109	3,086	42,574
Financial liabilities included in trade and other payables	316,088	–	–	316,088
Long-term payables	–	722	–	722
Investment intention deposits	845,890	–	–	845,890
Convertible debentures	262,037	–	–	262,037
	1,445,394	18,831	3,086	1,467,311
At 30 June 2025				
Lease liabilities	27,928	18,374	3,867	50,169
Financial liabilities included in trade and other payables	331,889	–	–	331,889
Borrowings	202,787	–	–	202,787
Long-term payables	–	722	–	722
	562,604	19,096	3,867	585,567

Please note that the Group did not include the liabilities arising from the redemption rights that were granted to the shareholders in the above table as these rights are subject to certain conditions and scenarios. As at 30 June 2025, the earliest possible redemption date will be in January 2026, and based on the supplemental agreement to the preferred rights termination agreement in August 2025, the redemption date has been extended to 31 July 2027. Details refer to Note 31.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's net liabilities mainly includes redemption liabilities disclosed in Note 31, and there are no regulatory indicators in the industry where the Company is located.

Measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Financial Assets:				
Long-term investments measured at fair value through profit or loss:				
– Unlisted equity investments	–	–	42,579	42,579
Short-term investments measured at fair value through profit or loss:				
– Structured deposits	–	–	974,859	974,859
	–	–	1,017,438	1,017,438

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023				
Financial Assets:				
Long-term investments measured at fair value through profit or loss:				
– Unlisted equity investments	–	–	43,212	43,212
Short-term investments measured at fair value through profit or loss:				
– Structured deposits	–	–	1,233,461	1,233,461
	–	–	1,276,673	1,276,673

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024				
Financial Assets:				
Long-term investments measured at fair value through profit or loss:				
– Unlisted equity investments	–	–	44,000	44,000
Short-term investments measured at fair value through profit or loss:				
– Structured deposits	–	–	96,448	96,448
	–	–	140,448	140,448
Financial liabilities				
Financial liabilities at fair value through profit or loss				
– Convertible debentures	–	–	262,037	262,037

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2025				
Financial Assets:				
Long-term investments measured at fair value through profit or loss:				
– Unlisted equity investments	–	–	40,616	40,616
Short-term investments measured at fair value through profit or loss:				
– Structured deposits	–	–	485,408	485,408
	–	–	526,024	526,024

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and financial liabilities at fair value through profit or loss (FVPL).

(ii) Valuation techniques used to determine fair values

The valuation of the level 3 instruments mainly included financial assets at fair value through profit or loss in unlisted equity investments (Note 26(a)), financial assets at fair value through profit or loss in structured deposits (Note 26(b)) and financial liabilities at fair value through profit or loss in convertible debentures (Note 35). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc.

The finance department of the Group involves an independent valuer to perform the valuations of unlisted equity investments and financial liabilities at fair value through profit or loss. This independent valuer reports directly to the management. Discussions of valuation processes and results are held between the management and the independent valuer on a periodical basis, in line with the Group's reporting periods.

(iii) *Fair value measurements using significant unobservable inputs (level 3)*

There are no transfers of financial assets or liabilities between levels 2 and 3 during the Track Record Period.

The following table presents the changes in level 3 instruments of financial assets and financial liabilities measured at fair value through profit or loss for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

	Financial assets at FVPL – Structured deposits	**Financial assets at FVPL – Unlisted equity investments**	**Financial liabilities at FVPL – Convertible debentures**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance at 1 January 2022	1,579,092	50,287	–
Additions	3,057,000	–	–
Disposal	(3,700,278)	(19,696)	–
Gains recognized in other gains – net *(a) (Note 10)*	39,045	11,988	–
Closing balance at 31 December 2022	974,859	42,579	–
Additions	2,768,000	–	–
Disposal	(2,534,167)	–	–
Gains recognized in other gains – net *(a) (Note 10)*	24,769	633	–
Closing balance at 31 December 2023	1,233,461	43,212	–
Additions	1,591,000	–	262,037
Disposal	(2,746,463)	–	–
Gains recognized in other gains – net *(a) (Note 10)*	18,450	788	–
Closing balance at 31 December 2024	96,448	44,000	262,037
Additions	1,615,000	–	–
Disposal	(1,228,519)	–	–
Gains/(losses) recognized in other gains – net *(a) (Note 10)*	2,479	(3,384)	(364)
Conversion into ordinary shares	–	–	(261,673)
Closing balance at 30 June 2025	485,408	40,616	–

(a) Unrealised gains recognised for the three years ended 31 December 2022, 2023 and 2024 are RMB16,320,000, RMB4,094,000 and RMB 1,236,000, respectively. Unrealised losses recognised for the six months ended 30 June 2025 are RMB2,976,000.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

At 31 December 2022

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term investments measured at fair value through profit or loss: – Unlisted equity investments	Expected volatility	43.94%	The relationship of expected volatility to fair value is indeterminable. Generally, the higher the expected volatility, the lower the fair value
	Risk-free rate	2.82%	The relationship of risk-free rate to fair value is indeterminable. Generally, the higher the risk-free rate, the higher the fair value
Short-term investments measured at fair value through profit or loss: – Structured deposits	Expected rate of return	1.50%-3.33%	The higher the expected rate of return, the higher the fair value

At 31 December 2023

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term investments measured at fair value through profit or loss: – Unlisted equity investments	Expected volatility	43.93%	The relationship of expected volatility to fair value is indeterminable. Generally, the higher the expected volatility, the higher the fair value
	Risk-free rate	2.48%	The relationship of risk-free rate to fair value is indeterminable. Generally, the higher the risk-free rate, the higher the fair value
Short-term investments measured at fair value through profit or loss: – Structured deposits	Expected rate of return	1.30%-4.00%	The higher the expected rate of return, the higher the fair value

At 31 December 2024

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term investments measured at fair value through profit or loss: – Unlisted equity investments	Expected volatility	44.98%-48.34%	The relationship of expected volatility to fair value is indeterminable. Generally, the higher the expected volatility, the higher the fair value
	Risk-free rate	1.14%-1.44%	The relationship of risk-free rate to fair value is indeterminable. Generally, the higher the risk-free rate, the higher the fair value
Short-term investments measured at fair value through profit or loss: – Structured deposits	Expected rate of return	2.20%	The higher the expected rate of return, the higher the fair value
Convertible debentures	Expected volatility	62.27%	The higher the expected volatility, the higher the fair value
	Discount rate	3.21%-7.25%	The higher the discount rate, the lower the fair value
	Risk-free rate	1.01%-4.39%	The higher the risk-free rate, the lower the fair value

At 30 June 2025

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term investments measured at fair value through profit or loss: – Unlisted equity investments	Expected volatility	47.16%~47.86%	The relationship of expected volatility to fair value is indeterminable. Generally, the higher the expected volatility, the higher the fair value
	Risk-free rate	1.36%~1.49%	The relationship of risk-free rate to fair value is indeterminable. Generally, the higher the risk-free rate, the higher the fair value
Short-term investments measured at fair value through profit or loss: – Structured deposits	Expected rate of return	0.39%-2.85%	The higher the expected rate of return, the higher the fair value

The Group entered into contracts in respect of structured deposits with expected but not guaranteed rates of return ranging as shown above. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they are designated as financial assets at FVPL. If the expected rate of return of investments held by the Group be 10% higher/lower as at 31 December 2022, 2023 and 2024 and 30 June 2025, loss before income tax for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 would be approximately RMB2,170,000 lower/higher, RMB1,176,000 lower/higher and RMB53,000 lower/higher and RMB151,000 lower/higher, respectively.

If the expected volatility of the unlisted equity investments measured at FVPL held by the Group be 10% higher/lower, the loss before income tax for the three years ended 31 December 2022, 2023, and 2024 and the six months ended 30 June 2025 and would be approximately RMB122,000/RMB210,000 higher/lower, RMB77,000/RMB27,000 lower/higher, RMB241,000/RMB205,000 lower/higher, RMB262,000/RMB242,000 lower/higher, respectively.

If the risk-free rate of the unlisted equity investments measured at FVPL held by the Group be 10% higher/lower, the loss before income tax for the three years ended 31 December 2022, 2023, and 2024 and six months ended 30 June 2025 and would be approximately RMB103,000/RMB105,000 lower/higher, RMB98,000/RMB99,000 lower/higher, RMB54,000/RMB54,000 lower/higher, RMB51,000/RMB51,000 lower/higher, respectively.

Fair value of convertible debentures is affected by changes in the expected volatility, discount rate and risk-free rate. If the expected volatility be 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would be approximately RMB287,000/RMB288,000 higher/lower. If the discount rate be 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would be RMB27,000 lower/higher. If the risk-free rate be 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would be RMB1,000 lower/higher.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Share-based compensation expenses

As mentioned in Note 32, the Company has adopted Pre-[**REDACTED**] Share Option Plan and Pre-[**REDACTED**] RSU Plan to the Group's management and employees. The Company has engaged an independent valuer to determine the grant date fair value of the share options and restricted shares to management and employees using the option pricing model and equity allocation model respectively, which is to be expensed over the vesting period. Various assumptions are involved in the model and significant estimate on assumptions is required to be made by the management, including discount rate, risk-free interest, expected volatility and dividend. The management applies judgements and estimate on those significant assumptions in determining the fair value of the share options and restricted shares to the Group's management and employees.

At the end of each reporting period, the Group reassesses estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in consolidated statements of comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

4.2 Impairment of non-financial assets

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the non-financial assets may be impaired. If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable amount, representing the greater of the fair value less cost of disposal of such asset or its value in use. Depending on the Group's assessment of complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or the Group may engage external advisors to counsel the Group in making this assessment. Regardless of the resources utilised, the Group is required to make assumptions for this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of the asset. Details refer to Note 16(c).

4.3 Determination of redemption amount of the redemption liabilities

The redemption liabilities are initially measured at the present value of the redemption amount and subsequently measured at amortized cost. The redemption amount was determined by the higher of fair value and the principal plus interest, which is estimated using appropriate valuation techniques. Such valuations are based on certain assumptions about volatility, rate of return and discount rate, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Details refer to Note 31.

4.4 Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 SEGMENT INFORMATION

The Group's business activities are sales of GPGPU and other ready-to-use applications and provision of application development and other services mainly in the PRC.

The Group's chief operating decision-maker ("CODM") has been identified as the executive directors, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As substantially all of the Group's non-current assets are all located in the PRC and substantially all of the Group's revenue are derived from the PRC, no geographical information is presented.

The following illustrates the revenue from customers which contributing over 10% of the total revenue of the Group:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer A	–	–	183,393	–	19,629
Customer B	–	–	41,856	–	–
Customer C	–	–	35,003	34,646	–
Customer D	388	–	–	–	–
Customer E	104	–	–	–	–
Customer F	–	53,190	–	–	6,804
Customer G	–	–	–	–	17,357
Customer H	–	–	–	–	12,429

Except for customers listed above, no other customer contributed over 10% of the total revenue of the Group for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

6 REVENUE

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Sale of products					
– Intelligent computing solutions	–	62,030	336,794	39,298	58,150
– Agent fee	499	–	–	–	–
	499	62,030	336,794	39,298	58,150
Rendering of support or extended warranty service	–	–	9	–	46
	499	62,030	336,803	39,298	58,196
Revenue from other source					
Rental income from intelligent computing clusters	–	–	–	–	707
	499	62,030	336,803	39,298	58,903

The Group derives revenue from the transfer of products and services at a point in time or over time, which are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Point in time	499	62,030	336,794	39,298	58,150
Over time	–	–	9	–	46
	499	62,030	336,803	39,298	58,196

The following table shows unsatisfied performance obligations resulting from future unspecified software updates and upgrades or extended warranty services:

	Year ended 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	637	1,174	1,165	1,247

Management expects that nil, 0.8%, 7.8% and 12.7% of the transaction price allocated to the unsatisfied contracts as at 31 December 2022, 2023 and 2024 and 30 June 2025 will be recognized as revenue within one year. Except for the unsatisfied performance obligations resulting from future unspecified software updates and upgrades or extended warranty services disclosed above, other unsatisfied or partially unsatisfied performance obligations are expected to be recognized in the following year/period and are not disclosed separately.

(a) Contract liabilities

The Group and the Company have recognized the following liabilities related to contracts with customers:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion	187	34,515	549	28,524
Non-current portion	637	1,165	1,074	1,089
	824	35,680	1,623	29,613

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products are yet to be delivered or underlying services are yet to be provided.

The following table shows the revenue recognized in the Track Record Period related to carried-forward contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognized that was included in the contract liabilities at the beginning of the year/period	–	187	34,515	–	503

Accounting policies of revenue recognition

The accounting policy for the Group's principal revenue sources

(a) Sale of products

Intelligent computing solutions

The Group provides intelligent computing solutions that empower a wide range of critical applications including artificial intelligence ("AI") from cloud to edge.

Revenue generates from sales of intelligent computing solutions primarily includes its main products GPGPU-based hardware and computing software platform, which is identified as a single performance obligation as the Group provides a significant service of integrating the products with its services into a bundled solution. Revenue is recognised at the point in time when control of intelligent computing solution is transferred to customers, generally when the adaption is completed and the solution is accepted by customers.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

The transaction price in the contract reflects the amount of consideration that the Group expects to be entitled to, netting off the payment to customer and customer's agent.

Certain products are sold with support or an extended warranty for the incorporated system, hardware, and/or software. Support and extended warranty revenue are recognized rateably over the service period, or as services are performed. Such kind of revenue is included and reported as revenue from rendering of support or extended warranty service in Note (b).

Agent fee

The Group acts as an agent during certain transactions of selling hardware, because the Group does not obtain the control of the hardware before the hardware are delivered to buyers. Revenue is recognised on a net basis when the control of the products has been transferred from the suppliers to the buyers according to the arrangement, generally upon the acceptance of the hardware.

Gross vs. net determination in revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. If the Group provides significant integration service to the hardware and is responsible for the overall management of the contract, the Group is the principal in the transaction and recognises revenue at the gross amount of consideration to which it is entitled from the buyers. The Group presents its revenue on a net basis when the Group acts as an agent with no control over the underlying hardware and does not assume inventory risk.

The Group reports the amount received from the buyers and the amounts paid to the suppliers related to these transactions on a net basis if the Group is not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

(b) Rendering of support or extended warranty service

Revenue from providing extended warranty services is recognised in the accounting period in which the services are rendered.

(c) Rental income from intelligent computing clusters

Rental income from intelligent computing clusters where the Group leases out a computing cluster for one year. And the related rental income is recognised on a straight-line basis over the lease term. And the respective leased assets are included in the consolidated balance sheets based on their nature.

7 EXPENSES BY NATURE

The expenses charged to cost of sales, selling and marketing expenses, general and administrative expenses, research and development expenses, special losses on certain assets and other expenses are analysed below:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Employee benefit expenses *(Note 8)*	769,042	779,815	722,849	409,635	396,640
Inventories and consumables used	37,370	33,536	148,676	16,790	46,734
Depreciation and amortisation	176,485	200,152	118,869	60,982	64,524
Design and development expenses	112,633	28,617	117,139	5,537	146,618
Office and travel expenses	47,716	71,024	74,789	39,432	35,548
Professional service fees	14,778	13,795	35,133	11,150	14,844
Short-term lease expenses	3,541	4,172	12,133	4,013	21,347
Intellectual property license expenses	73,856	8,179	4,726	1,592	1,712
Marketing and promotion expenses	5,475	702	2,420	921	1,503
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Auditor's remuneration for audit service	743	821	460	17	428
Special losses on certain assets *(i)*	–	108,692	–	–	–
General provision for inventories *(ii)*	–	19	2,485	–*	944
Miscellaneous	35,173	26,700	29,042	9,303	26,508
	1,276,812	1,285,151	1,282,626	568,182	768,134

* represents that amount is less than 1,000.

Notes:

(i) Effective from 17 October 2023, certain entities of the Group were added to the Entity List by the Bureau of Industry and Security of the U.S. Department of Commerce (the "BIS") (the "BIS Listing"). The BIS Listing restricted the Group's ability to purchase or access to certain assets, goods, software and technology. As direct consequences of the BIS Listing, the Company recorded special losses on certain assets including inventories, intangible assets and property, plant and equipment ("PP&E") purchased or prepayments made prior to the BIS Listing during the year ended 31 December 2023. The losses charged to the consolidated statements of comprehensive loss as followings.

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Special losses on:					
– Inventories	–	15,819	–	–	–
– Prepayments	–	45,785	–	–	–
– Intangible assets	–	36,031	–	–	–
– PP&E	–	11,057	–	–	–
	–	108,692	–	–	–

(ii) General provision for inventories

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
General provision for inventories – Recorded in cost of sales	–	19	2,485	–*	944

* represents that amount is less than 1,000.

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Wages, salaries and bonuses	557,361	583,800	523,031	293,115	302,708
Contributions to pension plan *(a)*	38,705	38,752	38,701	20,795	22,803
Housing fund, medical insurance and other social insurance *(a)*	58,181	55,070	53,932	29,359	31,423
Share-based compensation expenses *(Note 32)*	88,031	80,096	82,633	58,242	27,165
Other employee benefits	26,764	22,097	24,552	8,124	12,541
	769,042	779,815	722,849	409,635	396,640

(a) Pension obligations and other social welfare benefits

Policy on Chinese Mainland employees

Full-time employees of the Group in Chinese Mainland are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions. No forfeited contributions are available to reduce contributions payable in the future.

Policy on mandatory provident fund scheme

The Group has arranged for its Hong Kong SAR employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HKD1,500 per month and contributions thereafter are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, include 2, 2, 1, nil and 1 directors respectively, where emoluments are disclosed in Note 42. The emoluments payable to the remaining 3, 3, 4, 5 and 4 individuals during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Wages, salaries and bonuses	11,490	11,236	10,887	6,842	5,922
Contributions to pension plan	63	71	75	48	106
Housing fund, medical insurance and other social insurance	91	97	80	42	133
Share-based compensation expenses	34,954	23,018	21,495	20,107	5,691
Other employee benefits	–	–	42	80	–
	46,598	34,422	32,579	27,119	11,852

The emoluments of the 3, 3, 4, 5 and 4 individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(Unaudited)	
Emoluments bands:					
HKD2,000,001 to HKD3,000,000	–	–	–	–	3
HKD3,000,001 to HKD4,000,000	–	–	–	3	–
HKD4,000,001 to HKD5,000,000	–	–	–	1	–
HKD5,000,001 to HKD6,000,000	–	–	1	–	1
HKD6,000,001 to HKD7,000,000	1	–	1	–	–
HKD7,000,001 to HKD8,000,000	–	–	1	–	–
HKD8,000,001 to HKD9,000,000	–	1	–	–	–
HKD10,000,001 to HKD11,000,000	–	1	–	–	–
HKD14,000,001 to HKD15,000,000	1	–	–	–	–
HKD15,000,001 to HKD16,000,000	–	–	–	1	–
HKD16,000,001 to HKD17,000,000	–	–	1	–	–
HKD19,000,001 to HKD20,000,000	–	1	–	–	–
HKD30,000,001 to HKD40,000,000	1	–	–	–	–
	3	3	4	5	4

9 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Government grants					
– Financial subsidies *(i)*	57,055	70,105	58,151	17,668	100,312
– Individual income tax refund	624	1,285	1,362	1,362	1,350
Interest income on bank deposits	17,097	27,915	36,301	17,266	7,366
Rental income *(ii)*	1,983	3,757	4,149	2,068	1,896
Others	28	–	7	–	2,424
	76,787	103,062	99,970	38,364	113,348

(i) Government grants received during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 primarily comprised the financial subsidies received from various local government authorities in the Chinese Mainland. Certain government grants were related to assets and amortised during the useful life of the related assets. There are no unfulfilled conditions or contingencies relating to these incomes.

(ii) Rental income arising from leasing of investment properties, details please refer to Note 19.

10 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fair value gains/(losses) on long-term equity investment measured at fair value through profit or loss *(Note 26(a))*	11,988	633	788	745	(3,384)
Fair value gains on short-term investments measured at fair value through profit or loss *(Note 26(b))*	39,045	24,769	18,450	12,684	2,479
Fair value gains on convertible debentures *(Note 35)*	–	–	–	–	364
Gains/(losses) on disposal of property, plant and equipment	31	(3,527)	229	148	120
Gains on disposal of right-of-use assets	–	595	218	218	–
Impairment loss on intangible assets *(Note 18)*	–	(40,301)	–	–	–
Donations *(i)*	(1,690)	(410)	(2,277)	–	–
Net foreign exchange gains/(losses)	16,864	(3,658)	(4,853)	(1,965)	3,695
Others	(339)	(2,410)	(2,021)	(1,867)	(158)
	65,899	(24,309)	10,534	9,963	3,116

(i) Donations represented the donations made to certain colleges and universities in Chinese Mainland during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

11 FINANCE COST – NET

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Finance income					
Interest income on cash and cash equivalents	11,382	15,861	8,447	6,241	12,864
Interest income from finance lease receivables	388	1,261	1,648	790	821
	11,770	17,122	10,095	7,031	13,685
Finance costs					
Changes in the carrying value of redemption liabilities *(Note 31)*	(348,030)	(603,567)	(674,309)	(383,077)	(1,010,932)
Interest expenses from investment intention deposits *(Note 34)*	–	(9,245)	(36,645)	(31,466)	(7,888)
Interest expenses from borrowings	–	–	–	–	(1,880)
Interest and finance charges paid/payable for lease liabilities and long-term payables	(4,099)	(2,925)	(2,182)	(1,014)	(1,207)
	(352,129)	(615,737)	(713,136)	(415,557)	(1,021,907)
Finance cost – net	(340,359)	(598,615)	(703,041)	(408,526)	(1,008,222)

12 PRINCIPAL SUBSIDIARIES

(a) Principal subsidiaries of the Group

The Company's principal subsidiaries during the Track Record Period are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The countries/regions of incorporation or registration are also their principal places of business.

	Effective interest held In terms of %								
	As at 31 December			As at 30 June	As of report	Date of establishment/	Registered capital/paid	Principal activities, place of operation and	
Name of entity	2022	2023	2024	2025	date	incorporation	in capital	kind of legal entity	Note
Directly held by the Company:									
Shanghai Biren Information Technology Co., Ltd. ("上海壁仞信息科技有限公司")	100%	100%	100%	100%	100%	07 April 2020	RMB220,000,000/ RMB216,149,636	Sales of hardware and software products and provision of related services, the PRC, limited liability company	*(a)*
Zhuhai Biren Integrated Circuit Co., Ltd. ("珠海壁仞集成電路有限公司")	100%	100%	100%	100%	100%	03 July 2020	RMB500,000,000/ RMB239,300,000	Sales of hardware and software products and provision of related services, the PRC, limited liability company	*(b)*
Shanghai Xinzhili Enterprise Development Co., Ltd. ("上海新之礫企業發展有限公司") (previously known as Suzhou Xinyan Holding Co., Ltd. ("蘇州新岩控股有限公司"))	100%	100%	100%	100%	100%	09 September 2021	RMB340,000,000/ RMB96,000,000	Investment holding, the PRC, limited liability company	*(c)*
Guangzhou Biren Semiconductor Technology Co., Ltd. ("廣州壁仞半導體科技有限公司") (previous known as Shanghai Biren Integrated Circuit Co., Ltd. ("上海壁仞集成電路有限公司"))	100%	100%	100%	100%	100%	30 June 2020	RMB60,000,000/ RMB60,000,000	Software development, the PRC, limited liability company	*(f)*
Beijing Biren Technology Development Co., Ltd. ("北京壁仞科技開發有限公司")	100%	100%	100%	100%	100%	23 September 2020	RMB100,000,000/ RMB67,000,000	Development and sales of products, the PRC, limited liability company	*(d)*
Hangzhou Biren Technology Development Co., Ltd. ("杭州壁仞科技開發有限公司")	100%	100%	100%	100%	100%	14 May 2021	RMB50,000,000/ RMB34,100,000	Development and sales of products, the PRC, limited liability company	*(f)*

	Effective interest held In terms of %								
	As at 31 December			As at 30 June	As of report	Date of establishment/	Registered capital/paid	Principal activities, place of operation and	
Name of entity	2022	2023	2024	2025	date	incorporation	in capital	kind of legal entity	Note
RidgeStone Technology, Inc.	100%	100%	100%	100%	100%	6 December 2019	USD2,000/ USD2,000	Software development, the United States, limited liability company	*(f)*
Guangzhou Biren intelligent Technology Co., Ltd. ("廣州壁仞智能科技有限公司") (previous known as "Guangzhou Biren Integrated Circuit Co., Ltd. ("廣州壁仞集成電路有限公司"))	N/A	100%	100%	100%	100%	26 September 2023	RMB60,000,000/ RMB39,600,000	Sales of integrated circuit chips and products, the PRC, limited liability company	*(f)*
Shanghai Biren Semiconductor Technology Co., Ltd. ("上海壁仞半導體科技有限公司")	N/A	100%	100%	100%	100%	31 October 2023	RMB10,000,000/ RMB20,000	Development and sale of products, the PRC, limited liability company	*(f)*
Shanghai Aoyan Technology Co., Ltd. ("上海遨岩科技有限公司")	N/A	100%	100%	100%	100%	7 November 2023	RMB60,000,000 RMB38,100,000	Development and sale of products, the PRC, limited liability company	*(f)*
Indirectly held by the Company:									
BRIGHT PEAK PTE. LTD.	100%	100%	100%	100%	100%	20 September 2021	SGD70,000,000/ SGD1,405,658	Software development, Singapore, private limited company	*(f)*
ALPINE ATLAS Limited	N/A	100%	100%	100%	100%	31 May 2023	USD1/ USD 1	Software development, Hong Kong SAR, private limited company	*(e)*

(a) The statutory financial statements of Shanghai Biren Information Technology Co., Ltd. were audited by Shanghai Leader Certified Public Accountants Firm ("上海立達聯合會計師事務所") for the years ended 31 December 2022, 2023 and 2024.

(b) The statutory financial statements of Zhuhai Biren Technology Co., Ltd. were audited by Shanghai Leader Certified Public Accountants Firm ("上海立達聯合會計師事務所") for the years ended 31 December 2022, 2023 and 2024.

(c) The statutory financial statements of Shanghai Xinzhili Development Co., Ltd. ("上海新之礫企業發展有限公司") (formerly known as Suzhou Xinyan Holding Co., Ltd.) were audited by Shanghai Leader Certified Public Accountants Firm ("上海立達聯合會計師事務所") for the years ended 31 December 2022, 2023 and 2024.

(d) The statutory financial statements of Beijing Biren Technology Development Co., Ltd. were audited by Shanghai Leader Certified Public Accountants Firm ("上海立達聯合會計師事務所") for the years ended 31 December 2022, 2023 and 2024.

(e) The statutory financial statements of ALPINE ATLAS Limited were audited by YCA Partners CPA Limited ("越峻會計師事務所有限公司") for the years ended 31 December 2023 and 2024.

(f) No audited financial statements were issued for these companies as they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(b) Investment in subsidiaries – the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries	688,574	805,790	1,011,748	1,095,590
Less: allowance for impairment of investment in subsidiaries	–	(264,607)	(266,968)	(268,410)
	688,574	541,183	744,780	827,180

13 INCOME TAX EXPENSES/(CREDIT)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current income tax	–	–	–	–	–
Deferred income tax *(Note 21)*	125	(103)	(89)	(89)	–
Income tax expenses/(credit)	125	(103)	(89)	(89)	–

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Loss before income tax	(1,474,187)	(1,744,058)	(1,538,189)	(888,427)	(1,600,526)
Tax calculated at statutory income tax rate applicable in principal countries/places of business *(a), (b), (c)*	(372,594)	(435,280)	(374,835)	(215,982)	(395,387)
Tax effects of:					
Preferential income tax rate applicable to subsidiaries *(d)*	22,109	16,171	15,833	14,953	9,643
Super deduction for research and development expenses *(e)*	(162,504)	(174,206)	(157,598)	(68,523)	(119,946)
Expenses not deductible for tax purpose *(f)*	133,420	174,296	192,070	110,852	258,447
Tax losses for which no deferred income tax assets was recognised *(g)*	359,728	387,171	312,720	127,178	254,781
Other temporary differences for which no deferred income tax assets was recognised	19,966	31,745	11,721	31,433	(7,538)
Income tax expenses/(credit)	125	(103)	(89)	(89)	–

(a) Corporate income tax in Chinese Mainland ("CIT")

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the respective years/periods presented, based on the existing legislation, interpretations and practices in respect thereof.

(b) Singapore income tax

The entity incorporated in Singapore is subject to Singapore income tax at a rate of 17% for taxable income earned in Singapore.

No provision for Singapore income tax was made as the Group had no estimated assessable profit that was subject to Singapore income tax during the Track Record Period.

(c) Hong Kong SAR income tax

The entity incorporated in Hong Kong SAR is subject to Hong Kong SAR profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the years/periods presented.

(d) Preferential income tax rate

Certain subsidiaries in Chinese Mainland were qualified as "Small and Low-Profit Enterprise" in 2024. Due to tax loss status in 2024, these subsidiaries did not actually enjoy 20% preferential CIT rate, Beijing Biren Technology Development Co., Ltd., a subsidiary of the Group is qualified for new/high-tech technology enterprises status and enjoyed preferential income tax rate of 15% from 2024 to 2026.

(e) Super Deduction for research and development expenses

The State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses ("Super Deduction") from 1 January 2018 to 31 December 2020, and announced in March 2021 to extend this preferential claim percentage to 31 December 2023. As announced in March 2022 and September 2022, technology-based small and medium-sized enterprises would entitle to claim 200% of their research and development expenses from 1 January 2022 and other enterprises would entitle to claim 200% of their research and development expenses from 1 October 2022 to 31 December 2022. In March 2023, The State Taxation Administration of the People's Republic of China announced that enterprises would entitle to claim 200% of their research and development expenses from 1 January 2023.

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period.

(f) Expenses not deductible for tax purposes

Expenses not deductible for tax purposes mainly represented interest expenses on redemption liabilities, business entertainment expenses exceeding for certain limits and share-based compensation expenses incurred in the Group's subsidiaries which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

(g) Tax losses for which no deferred income tax assets were recognised

Deferred income tax assets are recognized for deductible temporary differences and tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group did not recognise deferred income tax assets in respect of losses of RMB2,906,405,000, RMB4,546,712,000 and RMB5,896,844,000 and RMB6,828,639,000, respectively. The tax losses incurred from the Company and its subsidiaries in Chinese Mainland that are not recognised as deferred tax assets will expire from 2025 to 2035. Tax losses of the Group's subsidiaries incorporated in Hong Kong SAR, United States of America and Singapore will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2024	847	847	–	–
2025	383,509	383,509	381,000	381,000
2026	844,999	844,999	797,335	797,335
2027	1,539,053	1,539,053	1,449,096	1,449,096
2028	–	1,601,500	1,506,015	1,506,015
2029	–	–	1,202,024	1,202,024
2030	–	–	2,509	861,715
2031	–	–	47,664	47,664
2032	–	–	89,957	89,957
2033	–	–	95,485	95,485
2034	–	–	73,675	73,675
2035	–	–	–	44,079
Indefinitely	137,997	176,804	252,084	280,594
	2,906,405	4,546,712	5,896,844	6,828,639

14 LOSS PER SHARE

On 8 September 2023, the Company was converted into a joint stock company with limited liabilities and total 32,916,380 ordinary shares with par value of RMB1.0 each were issued and allotted to the respective owners of the Company according to the share capital registered under these equity holders on that day. For the purpose of computation of basic and diluted losses per share, the weighted average number of ordinary shares in issue before the conversion into a joint stock limited company was determined assuming the share capital had been fully converted into ordinary share deemed in issue at the same conversion ratio of 1:1 as upon conversion into joint stock limited company.

On 25 June 2025, pursuant to the resolutions of the shareholders, the Company conducted a share subdivision under which each share of the Company was split on a 1:50 basis. As a result of the share subdivision, the nominal value of the shares of the Company was changed from RMB1.0 each to RMB0.02 each. In computation of basic and diluted losses per share, the weighted average number of ordinary shares before the share subdivision is further adjusted for the proportionate change in the number of ordinary shares as if the share subdivision had occurred at the beginning of the Track Record Period.

(a) Basic loss per share

The basic loss per share during the Track Record Period is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares, taking into the effects of conversion the Company into a joint stock limited company and subsequent share subdivision as mentioned above.

The redemption liabilities were treated as treasury shares before the termination of preferred rights as described in Note 31 and such treasury shares were included in the calculation of weighted average number of ordinary shares outstanding.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(Unaudited)	
Loss attributable to owners of the Company (RMB'000)	(1,474,312)	(1,743,955)	(1,538,100)	(888,338)	(1,600,526)
Weighted average number of ordinary shares in issue (000)	1,629,809	1,643,793	1,645,819	1,645,819	1,716,845
Basic and diluted loss per share for loss attributable to owners of the Company (expressed in RMB per share)	(0.90)	(1.06)	(0.93)	(0.54)	(0.93)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the Group incurred losses for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, these potential ordinary shares, i.e. shares with preferred rights and convertible debentures, were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are the same as basic loss per share of the respective years/periods.

15 DIVIDENDS

No dividend had been declared or paid by the Company during the Track Record Period.

16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Office buildings	Public rental houses	Leasehold improvement	Office and electronic equipment	Transportation equipment and vehicles	Tooling	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022								
At 1 January 2022	144,213	–	65,307	99,837	813	–	5,123	315,293
Additions	4,524	102,004	10,817	56,695	142	1,689	18,424	194,295
Internal transfer	–	–	23,202	14	–	–	(23,216)	–
Transfer out to investment properties *(Note 19)*	(44,604)	–	–	–	–	–	–	(44,604)
Transfer out under finance lease arrangement *(Note 25)*	–	(39,919)	–	–	–	–	–	(39,919)
Depreciation charge	(3,861)	(427)	(34,327)	(50,945)	(237)	(132)	–	(89,929)
Currency translation differences	–	–	–	54	–	–	–	54
Closing net book amount	100,272	61,658	64,999	105,655	718	1,557	331	335,190
At 31 December 2022								
Cost	105,181	62,053	107,278	189,523	1,009	1,689	331	467,064
Accumulated depreciation	(4,909)	(395)	(42,279)	(83,868)	(291)	(132)	–	(131,874)
Net book amount	100,272	61,658	64,999	105,655	718	1,557	331	335,190
Year ended 31 December 2023								
At 1 January 2023	100,272	61,658	64,999	105,655	718	1,557	331	335,190
Additions	93,309	–	6,824	27,053	1,390	2,499	7,671	138,746
Internal transfer	–	–	7,340	644	–	–	(7,984)	–
Transfer out to investment properties *(Note 19)*	(22,717)	–	–	–	–	–	–	(22,717)
Transfer out under finance lease arrangements *(Note 25)*	–	(23,341)	–	–	–	–	–	(23,341)
Disposals	–	–	(3,134)	(628)	(398)	(912)	–	(5,072)
Special losses made *(Note 7(i))*	–	–	–	(11,057)	–	–	–	(11,057)
Depreciation charge	(2,913)	(763)	(39,745)	(59,617)	(358)	(874)	–	(104,270)
Currency translation differences	–	–	30	11	–	–	–	41
Closing net book amount	167,951	37,554	36,314	62,061	1,352	2,270	18	307,520

	Office buildings	Public rental houses	Leasehold improvement	Office and electronic equipment	Transportation equipment and vehicles	Tooling	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023								
Cost	174,661	38,392	118,339	144,751	1,714	3,230	18	481,105
Accumulated depreciation	(6,710)	(838)	(82,025)	(82,690)	(362)	(960)	–	(173,585)
Net book amount	167,951	37,554	36,314	62,061	1,352	2,270	18	307,520
Year ended 31 December 2024								
At 1 January 2024	167,951	37,554	36,314	62,061	1,352	2,270	18	307,520
Additions	51	2,798	15,907	76,762	1,933	1,149	11,209	109,809
Internal transfer	–	–	9,292	1,777	–	–	(11,069)	–
Transfer out under finance lease arrangements *(Note 24)*	–	(8,166)	–	–	–	–	–	(8,166)
Depreciation charge	(5,825)	(515)	(35,146)	(42,901)	(517)	(1,176)	–	(86,080)
Currency translation differences	–	–	77	20	7	–	–	104
Closing net book amount	162,177	31,671	26,444	97,719	2,775	2,243	158	323,187
As at 31 December 2024								
Cost	174,712	32,795	143,023	223,934	3,654	4,379	158	582,655
Accumulated depreciation	(12,535)	(1,124)	(116,579)	(126,215)	(879)	(2,136)	–	(259,468)
Net book amount	162,177	31,671	26,444	97,719	2,775	2,243	158	323,187
Six months ended 30 June 2025								
At 1 January 2025	162,177	31,671	26,444	97,719	2,775	2,243	158	323,187
Additions	–	–	2,239	37,392	–	1,851	–	41,482
Transfer out under finance lease arrangements *(Note 25)*	–	(2,678)	–	–	–	–	–	(2,678)
Depreciation charge	(2,913)	(272)	(8,071)	(27,204)	(443)	(796)	–	(39,699)
Currency translation differences	–	–	(15)	(7)	(3)	–	–	(25)
Closing net book amount	159,264	28,721	20,597	107,900	2,329	3,298	158	322,267
As at 30 June 2025								
Cost	174,712	29,997	145,230	261,317	3,651	6,230	158	621,295
Accumulated depreciation	(15,448)	(1,276)	(124,633)	(153,417)	(1,322)	(2,932)	–	(299,028)
Net book amount	159,264	28,721	20,597	107,900	2,329	3,298	158	322,267

(a) Outstanding property ownership certificate for buildings

The Group and the Company was in process of obtaining the relevant property ownership certificate for buildings as at 31 December 2022, 2023 and 2024 and 30 June 2025, details as followings:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Office buildings	62,003	93,309	93,309	93,309

The Group and the Company obtained the relevant property ownership certificate in March 2023 for the office building amounting to RMB62,003,000 as at 31 December 2022.

The Group and the Company obtained the relevant property ownership certificate in July 2025 for the office building amounting to RMB93,309,000.

(b) The Group and the Company has no pledged property, plant and equipment as at 31 December 2022, 2023 and 2024 and 30 June 2025. There was no interest capitalised during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(c) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets:

According to IAS 36 "Impairment of assets", non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment review, the recoverable amount of each CGU is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use ("VIU") calculations. Given the Group was loss-making throughout the Track Record Period, which is an impairment indicator in the impairment tests for non-financial assets, including investment property, property, plant and equipment, right-of-use assets and intangible assets have been conducted by management of the Company with the assistance of an independent valuer as at 31 December 2022, 2023 and 2024 and 30 June 2025.

(i) Impairment provision on certain PP&E and intangible assets as a result of Sanction

In October 2023, as a result of the Sanction, certain assets including intangible assets and property, plant and equipment purchased prior to the Sanction effective date, which were subject to the Export Administration Regulations, could be subject to export control restrictions under the EAR. Management estimate that the Company will not be able to apply successfully for the export license for such assets, and accordingly a full loss on the related assets were made in the year ended 31 December 2023.

(ii) Impairment provision on certain intangible asset for changing in the Group's business strategy

As at 31 December 2023, the Company identified impairment indicator of a certain intellectual property ("IP") license, which was not expected to be used due to change in the Group's business strategy. The Company negotiated with the licensor about the license fee in 2023 and an impairment provision of RMB40,301,000 was provided based on the residual value, which was determined according to the refundable license fee agreed in the amended license contract.

(iii) Impairment test for the remaining long-term assets

As at 31 December 2022, 2023 and 2024 and 30 June 2025, each investment property is identified as a separate CGU ("CGU1") because the Company lease out the investment property and earn rental income. There is no impairment provision for investment properties because the FVLCD of the investment property determined based on the market price is higher than the carrying amount.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, each public rental house in property, plant and equipment is identified as a separate CGU ("CGU2") because the Company will finance lease these public rental houses to eligible employees and earn rental income. There is no impairment provision for public rental houses because the FVLCD of the public rental house determined based on the market value is higher than the carrying amount.

As the manufacture of the Company's products are outsourced to third parties, except for the non-financial assets mentioned above, the remaining mainly includes software, office equipment and office building related to the Company's R&D activities. The management considered the remaining non-financial assets as one CGU ("CGU3") because the Group operates in one business as a whole, focusing on the sale of GPGPU, sale of GPGPU embedded software and related services as well as research and development activities in relation to GPGPU.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the recoverable amount of CGU3 was determined based on VIU calculations. The VIU calculations use cash flow projections based on business plan for the purpose of impairment reviews covering an eight-year period respectively. The management considers the length of the forecast period is appropriate because it generally takes longer for a GPGPU company to reach a stable growth state, compared to companies in other industries, especially considering the fact that the new GPGPU industry in China is an emerging industry with fast growth in the coming years and the Group is still in the initial stage of rapid growth. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, there was no impairment loss of CGU3 as at 31 December 2022, 2023 and 2024 and 30 June 2025. The headroom of CGU3 is about 2.0, 3.1, 7.9 and 10.3 times of the carrying amount, respectively.

The key assumptions used for VIU calculations and recoverable amount of CGU3 are as follows:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
Pre-tax discount rate	17.00%	16.00%	15.20%	15.11%
Recoverable amount (RMB'000)	1,050,005	952,393	2,933,184	4,132,576

(d) During the Track Record Period, the amounts of depreciation expense charged to research and development expenses, general and administrative expenses, selling and marketing expenses and cost of sales are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Depreciation of property, plant and equipment					
– Research and development expenses	64,691	76,932	56,501	30,018	24,109
– General and administrative expenses	23,612	25,033	27,702	15,559	14,341
– Selling and marketing expenses	1,626	1,815	1,288	613	765
– Cost of sales	–	490	589	294	484
	89,929	104,270	86,080	46,484	39,699

The Company

	Office buildings	Public rental houses	Leasehold improvement	Office and electronic equipment	Transportation equipment and vehicles	Tooling	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022								
At 1 January 2022	77,625	–	57,243	83,680	813	–	1,564	220,925
Additions	2,410	102,004	10,296	54,210	142	1,689	6,607	177,358
Internal transfer	–	–	7,825	15	–	–	(7,840)	–
Transfer out under finance lease arrangement *(Note 25)*	–	(39,919)	–	–	–	–	–	(39,919)
Depreciation charge	(2,680)	(427)	(25,281)	(42,872)	(237)	(132)	–	(71,629)
Closing net book Amount	77,355	61,658	50,083	95,033	718	1,557	331	286,735
At 31 December 2022								
Cost	81,351	62,053	82,778	163,106	1,009	1,689	331	392,317
Accumulated depreciation	(3,996)	(395)	(32,695)	(68,073)	(291)	(132)	–	(105,582)
Net book amount	77,355	61,658	50,083	95,033	718	1,557	331	286,735
Year ended 31 December 2023								
At 1 January 2023	77,355	61,658	50,083	95,033	718	1,557	331	286,735
Additions	93,309	–	6,812	23,778	1,390	2,499	1,637	129,425
Internal transfer	–	–	1,306	644	–	–	(1,950)	–
Transfer out under finance lease arrangement *(Note 25)*	–	(23,341)	–	–	–	–	–	(23,341)
Special losses made *(Note 7(i))*	–	–	–	(10,674)	–	–	–	(10,674)
Disposals	–	–	–	(3)	(399)	(912)	–	(1,314)
Depreciation charge	(2,713)	(763)	(31,819)	(51,927)	(358)	(874)	–	(88,454)
Closing net book Amount	167,951	37,554	26,382	56,851	1,351	2,270	18	292,377
As at 31 December 2023								
Cost	174,660	38,392	90,896	130,614	1,714	3,230	18	439,524
Accumulated depreciation	(6,709)	(838)	(64,514)	(73,763)	(363)	(960)	–	(147,147)
Net book amount	167,951	37,554	26,382	56,851	1,351	2,270	18	292,377

	Office buildings	Public rental houses	Leasehold improvement	Office and electronic equipment	Transportation equipment and vehicles	Tooling	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024								
At 1 January 2024	167,951	37,554	26,382	56,851	1,351	2,270	18	292,377
Additions	51	2,798	14,628	71,978	1,169	1,149	9,036	100,809
Internal transfer	–	–	8,324	572	–	–	(8,896)	–
Transfer to investment properties	(30,543)	–	–	–	–	–	–	(30,543)
Transfer out under finance lease arrangement *(Note 25)*	–	(8,166)	–	–	–	–	–	(8,166)
Depreciation charge	(5,825)	(515)	(28,555)	(39,848)	(501)	(1,176)	–	(76,420)
Closing net book amount	131,634	31,671	20,779	89,553	2,019	2,243	158	278,057
As at 31 December 2024								
Cost	143,115	32,795	113,228	203,784	2,883	4,379	158	500,342
Accumulated depreciation	(11,481)	(1,124)	(92,449)	(114,231)	(864)	(2,136)	–	(222,285)
Net book amount	131,634	31,671	20,779	89,553	2,019	2,243	158	278,057
Six months ended 30 June 2025								
At 1 January 2025	131,634	31,671	20,779	89,553	2,019	2,243	158	278,057
Additions	–	–	2,239	35,430	–	1,851	–	39,520
Transfer out under finance lease arrangement *(Note 25)*	–	(2,678)	–	–	–	–	–	(2,678)
Depreciation charge	(2,387)	(272)	(6,434)	(25,244)	(347)	(796)	–	(35,480)
Closing net book amount	129,247	28,721	16,584	99,739	1,672	3,298	158	279,419
As at 30 June 2025								
Cost	143,115	29,997	115,467	239,214	2,883	6,230	158	537,064
Accumulated depreciation	(13,868)	(1,276)	(98,883)	(139,475)	(1,211)	(2,932)	–	(257,645)
Net book amount	129,247	28,721	16,584	99,739	1,672	3,298	158	279,419

Accounting policies of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Office buildings	30 years
Public rental houses	66 years
Leasehold improvement	Shorter of the lease terms or 3 years
Office and electronic equipment	3-5 years
Transportation equipment and vehicles	4 years
Tooling	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period.

Construction in progress mainly represents leasehold improvements under construction, which is stated at actual construction cost less accumulated impairment losses. Construction in progress is transferred to appropriate categories of property, plant and equipment upon the completion of their respective construction and depreciated over their respective estimated useful lives.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 45.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the consolidated statements of comprehensive loss.

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group

Right-of-use assets includes leased office buildings and electronic equipment.

(i) Amounts recognised in the consolidated balance sheets

The consolidated balance sheets show the following amounts relating to leases:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Leased office buildings	41,722	20,427	42,873	48,150
Electronic equipment	1,693	423	–	–
	43,415	20,850	42,873	48,150
Lease liabilities				
Current	30,360	12,407	20,130	26,819
Non-current	12,659	5,579	20,588	21,698
	43,019	17,986	40,718	48,517

(ii) Amounts recognised in the consolidated statements of comprehensive loss

The consolidated statements of comprehensive loss show the following amounts relating to leases:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets					
Leased office buildings	24,892	24,031	21,218	11,084	10,769
Electronic equipment	1,269	1,270	423	423	–
	26,161	25,301	21,641	11,507	10,769
Interest expense (included in finance cost – net)	1,982	1,311	1,185	351	866
Expense relating to short-term leases	3,541	4,172	12,133	4,013	21,347

The total cash outflow for leases including short-term leases for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 were RMB30,747,000, RMB32,657,000, RMB34,250,000, RMB14,651,000 and RMB30,460,000, respectively.

(iii) The Group's leasing activities and how these are accounted for:

The Group leases various offices buildings and electronic equipment. Rental contracts are typically made for fixed periods of 2 years to 3.5 years with no extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) The movement in right-of-use assets in the consolidated balance sheets are as follows:

	Leased office buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	53,485	2,962	56,447
Additions	12,975	–	12,975
Depreciation charge	(24,892)	(1,269)	(26,161)
Currency translation differences	154	–	154
Closing net book amount	41,722	1,693	43,415
As at 31 December 2022			
Cost	82,858	3,808	86,666
Accumulated depreciation	(41,136)	(2,115)	(43,251)
Net book amount	41,722	1,693	43,415
Year ended 31 December 2023			
Opening net book amount	41,722	1,693	43,415
Additions	7,342	–	7,342
Early termination	(4,646)	–	(4,646)
Depreciation charge	(24,031)	(1,270)	(25,301)
Currency translation differences	40	–	40
Closing net book amount	20,427	423	20,850
As at 31 December 2023			
Cost	69,554	3,808	73,362
Accumulated depreciation	(49,127)	(3,385)	(52,512)
Net book amount	20,427	423	20,850
Year ended 31 December 2024			
Opening net book amount	20,427	423	20,850
Additions	46,064	–	46,064
Early termination	(2,459)	–	(2,459)
Depreciation charge	(21,218)	(423)	(21,641)
Currency translation differences	59	–	59
Closing net book amount	42,873	–	42,873
As at 31 December 2024			
Cost	62,998	–	62,998
Accumulated depreciation	(20,125)	–	(20,125)
Net book amount	42,873	–	42,873

	Leased office buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2025			
Opening net book amount	42,873	–	42,873
Additions	4,075	–	4,075
Lease modification	11,978	–	11,978
Depreciation charge	(10,769)	–	(10,769)
Currency translation differences	(7)	–	(7)
Closing net book amount	48,150	–	48,150
As at 30 June 2025			
Cost	79,032	–	79,032
Accumulated depreciation	(30,882)	–	(30,882)
Net book amount	48,150	–	48,150

(a) During the Track Record Period, the amounts of depreciation expense charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Depreciation of right-of-use assets					
– Research and development expenses	15,217	14,536	14,077	7,032	6,922
– General and administrative expenses	10,019	9,800	7,389	4,393	3,773
– Selling and marketing expenses	925	965	175	82	74
	26,161	25,301	21,641	11,507	10,769

The Company

The movement in right-of-use assets in the consolidated balance sheets are as follows:

	Leased office buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	16,909	2,962	19,871
Additions	12,330	–	12,330
Depreciation charge	(9,330)	(1,269)	(10,599)
Closing net book amount	19,909	1,693	21,602
As at 31 December 2022			
Cost	33,162	3,808	36,970
Accumulated depreciation	(13,253)	(2,115)	(15,368)
Net book amount	19,909	1,693	21,602
Year ended 31 December 2023			
Opening net book amount	19,909	1,693	21,602
Depreciation charge	(11,053)	(1,270)	(12,323)
Closing net book amount	8,856	423	9,279
As at 31 December 2023			
Cost	33,162	3,808	36,970
Accumulated depreciation	(24,306)	(3,385)	(27,691)
Net book amount	8,856	423	9,279
Year ended 31 December 2024			
Opening net book amount	8,856	423	9,279
Additions	23,692	–	23,692
Depreciation charge	(11,574)	(423)	(11,997)
Closing net book amount	20,974	–	20,974
As at 31 December 2024			
Cost	36,022	–	36,022
Accumulated depreciation	(15,048)	–	(15,048)
Net book amount	20,974	–	20,974

	Leased office buildings	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2025			
Opening net book amount	20,974	–	20,974
Additions	3,697	–	3,697
Lease modification	14,334	–	14,334
Depreciation charge	(6,537)	–	(6,537)
Closing net book amount	32,468	–	32,468
As at 30 June 2025			
Cost	54,053	–	54,053
Accumulated depreciation	(21,585)	–	(21,585)
Net book amount	32,468	–	32,468

Accounting policies of leases

The Group as the lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

18 INTANGIBLE ASSETS

The Group

	IP license	Electronics Design Automation ("EDA") tools	Purchased computer software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Opening net book amount	119,207	73,091	99	192,397
Additions	–	58,721	5,625	64,346
Amortisation charge	(15,549)	(43,579)	(97)	(59,225)
Closing net book amount	103,658	88,233	5,627	197,518
As at 31 December 2022				
Cost	124,390	164,066	5,725	294,181
Accumulated amortisation	(20,732)	(75,833)	(98)	(96,663)
Net book amount	103,658	88,233	5,627	197,518

	IP license	Electronics Design Automation ("EDA") tools	Purchased computer software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Opening net book amount	103,658	88,233	5,627	197,518
Additions	–	4,890	7,861	12,751
Amortisation charge	(15,550)	(51,898)	(952)	(68,400)
Special losses made *(Note 7(i))*	–	(36,031)	–	(36,031)
Impairment *(i)*	(40,301)	–	–	(40,301)
Closing net book amount	47,807	5,194	12,536	65,537
As at 31 December 2023				
Cost	124,390	84,241	13,586	222,217
Accumulated amortisation	(36,282)	(79,047)	(1,050)	(116,379)
Accumulated impairment	(40,301)	–	–	(40,301)
Net book amount	47,807	5,194	12,536	65,537
Year ended 31 December 2024				
Opening net book amount	47,807	5,194	12,536	65,537
Additions	–	25,848	1,783	27,631
Amortisation charge	–	(7,420)	(1,348)	(8,768)
Closing net book amount	47,807	23,622	12,971	84,400
As at 31 December 2024				
Cost	124,390	110,089	15,369	249,848
Accumulated amortisation	(36,282)	(86,467)	(2,398)	(125,147)
Accumulated impairment	(40,301)	–	–	(40,301)
Net book amount	47,807	23,622	12,971	84,400
Six months ended 30 June 2025				
Opening net book amount	47,807	23,622	12,971	84,400
Additions	–	9,042	26,672	35,714
Amortisation charge	–	(11,379)	(1,486)	(12,865)
Closing net book amount	47,807	21,285	38,157	107,249
As at 30 June 2025				
Cost	124,390	119,131	42,041	285,562
Accumulated amortisation	(36,282)	(97,846)	(3,884)	(138,012)
Accumulated impairment	(40,301)	–	–	(40,301)
Net book amount	47,807	21,285	38,157	107,249

(i) In 2023, an impairment provision of RMB40,301,000 was provided based on the residual value on the IP license, which was not expected to be used due to change in the Group's business strategy. During the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, other than the impairment loss provision provided for the IP license, no additional impairment loss is required to be recognised on intangible assets.

During the Track Record Period, the amounts of amortisation expense charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Amortisation of intangible assets					
– Research and development expenses	59,156	67,757	7,823	1,457	11,995
– General and administrative expenses	56	620	923	333	859
– Selling and marketing expenses	13	23	22	11	11
	59,225	68,400	8,768	1,801	12,865

The Company

	EDA tools	**Purchased computer software**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	73,091	99	73,190
Additions	58,721	5,625	64,346
Amortisation charge	(43,579)	(97)	(43,676)
Closing net book amount	88,233	5,627	93,860
As at 31 December 2022			
Cost	164,066	5,725	169,791
Accumulated amortisation	(75,833)	(98)	(75,931)
Net book amount	88,233	5,627	93,860
Year ended 31 December 2023			
Opening net book amount	88,233	5,627	93,860
Additions	4,890	7,861	12,751
Amortisation charge	(51,898)	(952)	(52,850)
Special losses made *(Note 7(i))*	(36,031)	–	(36,031)
Closing net book amount	5,194	12,536	17,730

	EDA tools	Purchased computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023			
Cost	84,241	13,586	97,827
Accumulated amortisation	(79,047)	(1,050)	(80,097)
Net book amount	5,194	12,536	17,730
Year ended 31 December 2024			
Opening net book amount	5,194	12,536	17,730
Additions	25,848	1,783	27,631
Amortisation charge	(7,420)	(1,348)	(8,768)
Closing net book amount	23,622	12,971	36,593
As at 31 December 2024			
Cost	110,089	15,369	125,458
Accumulated amortisation	(86,467)	(2,398)	(88,865)
Net book amount	23,622	12,971	36,593
Six months ended 30 June 2025			
Opening net book amount	23,622	12,971	36,593
Additions	9,042	26,672	35,714
Amortisation charge	(11,379)	(1,486)	(12,865)
Closing net book amount	21,285	38,157	59,442
As at 30 June 2025			
Cost	119,131	42,041	161,172
Accumulated amortisation	(97,846)	(3,884)	(101,730)
Net book amount	21,285	38,157	59,442

Accounting policies of intangible assets

(a) Research and development expenditure

Research expenditure is recognised as an expense as incurred. Development cost is capitalized only if all of the following criteria are satisfied:

- It is technically feasible to complete the research and development project so that it will be available for use;
- Management intends to complete the research and development project and use or sell it;
- There is an ability to use or sell the research and development project;
- It can be demonstrated how the research and development project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- The expenditure attributable to the research and development project during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

(b) IP license

Separately acquired IP license is shown at historical cost. It is amortised using the straight-line method over its estimated finite useful life of 8 years and is subsequently carried at cost less accumulated amortisation, residual value and impairment losses.

(c) EDA Tools

Separately acquired EDA tools licenses are shown at historical cost. They are amortised using the straight-line method over their estimated finite useful life ranged from 1 to 10 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

(d) Purchased computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over the estimated useful lives ranged from 1 year to 10 years.

(e) Useful life

When determining the useful life, the Directors has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

The Group amortises intangible assets with a limited useful life, taking into account the residual value (if any), using the straight-line method over the following periods:

IP license	8 years
EDA tools	1-10 years
Purchased computer software	1-10 years

The intangible assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period.

19 INVESTMENT PROPERTIES

The Group

	Office buildings
	RMB'000
Year ended 31 December 2022	
Opening net book amount	2,283
Transfer in from property, plant and equipment *(Note 16)*	44,604
Depreciation charge	(1,170)
Closing net book amount	45,717
As at 31 December 2022	
Cost	47,539
Accumulated depreciation	(1,822)
Net book amount	45,717
Year ended 31 December 2023	
Opening net book amount	45,717
Transfer in from property, plant and equipment *(Note 16)*	22,717
Depreciation charge	(2,181)
Closing net book amount	66,253
As at 31 December 2023	
Cost	70,256
Accumulated depreciation	(4,003)
Net book amount	66,253
Year ended 31 December 2024	
Opening net book amount	66,253
Depreciation charge	(2,380)
Closing net book amount	63,873
As at 31 December 2024	
Cost	70,256
Accumulated depreciation	(6,383)
Net book amount	63,873
Six months ended 30 June 2025	
Opening net book amount	63,873
Depreciation charge	(1,191)
Closing net book amount	62,682
As at 30 June 2025	
Cost	70,256
Accumulated depreciation	(7,574)
Net book amount	62,682

Starting from 2021, the Group rent out office buildings to third parties. During the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, the rental income was RMB1,983,000, RMB3,757,000, RMB4,149,000, RMB2,068,000 and RMB1,896,000, respectively, which was recorded as "other income" (Note 9).

Depreciation of the investment properties was all included in the other expenses in the consolidated statements of comprehensive loss during the Track Record Period.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the fair value of the Group's investment properties was RMB79,050,000, RMB71,320,000 and RMB64,220,000 and RMB63,070,000 respectively. The fair value has been arrived at based on a valuation carried out by the valuer of the Group. The fair value was determined based on the income approach – term and reversion, which the directors of the Group are of the view that it is the best estimate of the fair value of these investment properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Company

In 2024 and 2025, the Company rent out one office building to a subsidiary, which recorded as investment properties and property, plant and equipment in the balance sheets of the Company and consolidated balance sheets, respectively.

Accounting policies of investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Investment properties are depreciated on a straight-line basis, taking into account their residual value, over their estimated useful lives as follows:

Office building	30 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period.

20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group

The amounts of investments accounted for using the equity method recognised in the consolidated balance sheets are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associate	–	–	–	15,000

The movements for investments in associates during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
At beginning of the year/period	–	–	–	–	–
Additions *(a)*	–	–	–	–	15,000
At end of the year/period	–	–	–	–	15,000

(a) In March 2025, Guangzhou Biren Integrated Circuit Co., Ltd., a subsidiary of the Group, invested 40% equity interests in Guangzhou Yuesheng Technology Development Co., Ltd. ("廣州岳昇科技發展有限公司", "Yuesheng") at a cash consideration of RMB15,000,000. The Group had significant influence on Yuesheng due to the voting rights and the Group treated it as an associate and accounted for by using the equity method.

The associate is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interests in associates.

21 DEFERRED INCOME TAX

The Group

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets:				
– to be recovered within 12 months	8,445	1,980	3,230	5,199
– to be recovered after more than 12 months	4,180	2,373	5,109	4,354
Offset by deferred income tax liabilities	(12,625)	(4,353)	(8,339)	(9,553)
Net deferred income tax assets	–	–	–	–
Deferred tax liabilities:				
– to be recovered within 12 months	(9,742)	(4,011)	(4,269)	(4,153)
– to be recovered after more than 12 months	(3,075)	(431)	(4,070)	(5,400)
Offset by deferred income tax assets	12,625	4,353	8,339	9,553
Net deferred income tax liabilities	(192)	(89)	–	–

The gross movements on the deferred income tax assets is as follows:

Deferred income tax assets	Tax losses carried forward	Impairment provision on assets	Lease liabilities	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	6	8,107	4,741	12,854
Credit/(charged) to the consolidated statements of comprehensive loss	10	5	(663)	419	(229)
At 31 December 2022	10	11	7,444	5,160	12,625
Credit/(charged) to the consolidated statements of comprehensive loss	15	1,674	(4,801)	(5,160)	(8,272)
As at 31 December 2023	25	1,685	2,643	–	4,353
(Charged)/credit to the consolidated statements of comprehensive loss	(25)	(667)	4,678	–	3,986
As at 31 December 2024	–	1,018	7,321	–	8,339
Credit/(charged) to the consolidated statements of comprehensive loss	11	(890)	2,093	–	1,214
As at 30 June 2025	11	128	9,414	–	9,553

The gross movements on the deferred income tax liabilities is as follows:

Deferred income tax liabilities	Fair value changes on financial assets carried at FVPL	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	(4,845)	(8,076)	(12,921)
(Charged)/credit to the consolidated statements of comprehensive loss	(640)	744	104
At 31 December 2022	(5,485)	(7,332)	(12,817)
Credit to the consolidated statements of comprehensive loss	3,867	4,508	8,375
As at 31 December 2023	(1,618)	(2,824)	(4,442)
Credit/(charged) to the consolidated statements of comprehensive loss	507	(4,404)	(3,897)
As at 31 December 2024	(1,111)	(7,228)	(8,339)
Credit/(charged) to the consolidated statements of comprehensive loss	855	(2,069)	(1,214)
As at 30 June 2025	(256)	(9,297)	(9,553)

The Company

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets:				
– to be recovered within 12 months	7,074	1,581	2,180	4,531
– to be recovered after more than 12 months	3,609	2,242	4,176	3,831
Offset by deferred income tax liabilities	(10,683)	(3,823)	(6,356)	(8,362)
Net deferred income tax assets	–	–	–	–
Deferred tax liabilities:				
– to be recovered within 12 months	(8,363)	(3,392)	(3,518)	(3,626)
– to be recovered after more than 12 months	(2,320)	(431)	(2,838)	(4,736)
Offset by deferred income tax assets	10,683	3,823	6,356	8,362
Net deferred income tax liabilities	–	–	–	–

The gross movements on the deferred income tax assets is as follows:

Deferred income tax assets	Impairment provision on assets	Lease liabilities	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	6	4,999	4,741	9,746
Credit to the Company statements of comprehensive loss	5	513	419	937
At 31 December 2022	11	5,512	5,160	10,683
Credit/(charged) to the Company statements of comprehensive loss	1,674	(3,374)	(5,160)	(6,860)
As at 31 December 2023	1,685	2,138	–	3,823
(Charged)/credit to the Company statements of comprehensive loss	(667)	3,200	–	2,533
As at 31 December 2024	1,018	5,338	–	6,356
(Charged)/credit to the Company statements of comprehensive loss	(890)	2,896	–	2,006
As at 30 June 2025	128	8,234	–	8,362

The gross movements on the deferred income tax liabilities is as follows:

Deferred income tax liabilities	Fair value changes on financial assets carried at FVPL	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	(4,778)	(4,968)	(9,746)
Charged to the Company statements of comprehensive loss	(504)	(433)	(937)
At 31 December 2022	(5,282)	(5,401)	(10,683)
Credit to the Company statements of comprehensive loss	3,779	3,081	6,860
As at 31 December 2023	(1,503)	(2,320)	(3,823)
Credit/(charged) to the Company statements of comprehensive loss	392	(2,925)	(2,533)
As at 31 December 2024	(1,111)	(5,245)	(6,356)
Credit/(charged) to the Company statements of comprehensive loss	866	(2,872)	(2,006)
As at 30 June 2025	(245)	(8,117)	(8,362)

Accounting policies of current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Current and deferred tax is recognised in consolidated statements of comprehensive loss statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

22 INVENTORIES

The Group

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	22,702	21,070	68,861	328,594
Work in progress	14,191	109,378	39,696	237,697
Finished goods	2,357	43,039	46,826	36,903
	39,250	173,487	155,383	603,194
Less: provision for impairment of inventories	–	(3)	(2,477)	(3,421)
	39,250	173,484	152,906	599,773

During the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, inventories recognised as cost of sales amounted to nil, RMB13,325,000, RMB140,126,000, RMB9,554,000 and RMB36,748,000, respectively, and provision for impairment of inventories charged to cost of sales and special losses on certain assets were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
General provision for inventories charged to cost of sales *(Note 7(ii))*	–	19	2,485	–*	944
Special losses made on inventories *(Note 7(i))*	–	15,819	–	–	–
	–	15,838	2,485	–	944

* represents that amount is less than 1,000.

The Company

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	22,702	21,070	68,938	328,670
Work in progress	14,191	109,378	39,696	237,697
Finished goods	2,357	43,039	46,826	36,903
	39,250	173,487	155,460	603,270
Less: provision for impairment of inventories	–	(3)	(2,477)	(3,421)
	39,250	173,484	152,983	599,849

Accounting policies of inventories

Inventories are referred to raw materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods comprises raw materials, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

23 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

The Group holds the following financial instruments:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at fair value through profit or loss:				
– Structured deposits *(Note 26(b))*	974,859	1,233,461	96,448	485,408
– Unlisted equity investments *(Note 26(a))*	42,579	43,212	44,000	40,616
Financial assets at amortised cost:				
– Financial assets included in trade and other receivables *(Note 24)*	17,612	53,792	122,787	50,281
– Finance lease receivables *(Note 25)*	43,541	69,328	75,641	78,691
– Restricted cash *(Note 28(b))*	–	620	620	65,868
– Bank deposits *(Note 27)*	565,765	587,871	606,868	284,682
– Cash and cash equivalents *(Note 28(a))*	983,326	659,335	1,100,694	1,285,098
	2,627,682	2,647,619	2,047,058	2,290,644

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
– Convertible debentures *(Note 35)*	–	–	262,037	–
Financial liabilities at amortised cost:				
– Lease liabilities *(Note 17)*	43,019	17,986	40,718	48,517
– Redemption liabilities *(Note 31)*	7,382,155	8,053,141	8,743,040	12,145,429
– Financial liabilities included in trade and other payables *(Note 33)*	163,281	237,409	316,088	331,889
– Borrowings *(Note 36)*	–	–	–	200,126
– Long-term payables *(Note 38)*	42,678	17,682	722	722
– Investment intention deposits *(Note 34)*	–	809,245	845,890	–
	7,631,133	9,135,463	10,208,495	12,726,683

The Company

The Company holds the following financial instruments:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at fair value through profit or loss:				
– Structured deposits *(Note 26)*	762,875	1,102,800	96,448	370,365
– Unlisted equity investments *(Note 26)*	42,579	43,212	44,000	40,616
Financial assets at amortised cost:				
– Financial assets included in trade and other receivables *(Note 24)*	67,245	202,218	391,492	309,882
– Finance lease receivables *(Note 25)*	43,541	69,328	75,641	78,691
– Restricted cash *(Note 28)*	–	620	620	65,148
– Bank deposits *(Note 27)*	565,765	587,871	606,868	256,048
– Cash and cash equivalents *(Note 28)*	922,197	533,642	739,726	1,154,623
	2,404,202	2,539,691	1,954,795	2,275,373

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities:				
Financial liabilities at fair value through profit or loss:				
– Convertible debentures *(Note 35)*	–	–	262,037	–
Financial liabilities at amortised cost:				
– Lease liabilities	20,249	7,484	18,332	33,213
– Redemption liabilities *(Note 31)*	7,382,155	8,053,141	8,743,040	12,145,429
– Financial liabilities included in trade and other payables *(Note 33)*	125,485	248,901	297,298	397,898
– Investment intention deposits *(Note 34)*	–	809,245	845,890	–
– Borrowings *(Note 36)*	–	–	–	200,126
– Long-term payables *(Note 38)*	9,162	312	722	722
	7,537,051	9,119,083	10,167,319	12,777,388

24 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

The Group

Current assets

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Gross trade receivables due from third parties *(i)*	96	45,197	87,509	38,566
Less: Provision for impairment	(1)	(1,093)	(839)	(444)
Net trade receivables	95	44,104	86,670	38,122
Other receivables:				
– Refundable rental and bidding deposits	10,877	9,555	7,927	8,060
– Receivables from server OEMs for toll manufacturing service	–	150	27,798	1,426
– Receivable for capital contributions due from related parties *(Note 41(c))*	6,773	–	–	–
– Others	115	209	700	2,913
Gross other receivables	17,765	9,914	36,425	12,399
Less: Provision for impairment	(248)	(226)	(308)	(240)
Net other receivables	17,517	9,688	36,117	12,159
Subtotal of financial assets	17,612	53,792	122,787	50,281
Non-financial assets:				
Prepayments *(ii)*	180,227	75,422	278,665	505,175
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT to be deducted	73,172	36,448	35,075	47,550
Subtotal of non-financial assets	253,399	116,505	326,078	562,669
Total trade, other receivables and prepayments	271,011	170,297	448,865	612,950

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the fair value of trade and other receivables of the Group, except for the prepayments, prepaid [**REDACTED**] expenses and input VAT to be deducted which are not financial assets, approximated to their carrying amounts.

The carrying amounts of the Group's trade, other receivables and prepayments, excluding provision for impairment, are denominated in the following currencies:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	102,802	121,824	439,106	605,122
HKD	–	585	2,101	832
USD	168,458	49,207	8,805	7,680
	271,260	171,616	450,012	613,634

(i) Trade receivables

The credit terms given to trade customers are determined on an individual basis with normal credit period ranged from 30-180 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 3 months	96	5,023	85,511	26,768
3 to 6 months	–	48	1,998	1,436
6 months to 1 year	–	40,126	–	10,362
	96	45,197	87,509	38,566

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors.

The impairment and risk exposure please refer to Note 3.1(b).

(ii) Prepayments

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– Prepayment for inventories and services *(a)*	180,227	75,422	278,665	505,175
Non-current assets				
– Prepayment for PP&E	4,402	–	772	11,605
– Prepayment for intangible assets	–	–	–	250
	4,402	–	772	11,855

(a) During the year ended 31 December 2023, special losses were made on prepayments with the amount of RMB45,785,000. For details, please refer to Note 7(i).

The Company

Current assets

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Trade receivables				
– Due from subsidiaries	1,974	3,436	7,413	8,848
– Due from third parties	96	45,197	87,412	38,566
Gross trade receivables	2,070	48,633	94,825	47,414
Less: Provision for impairment	(1)	(1,093)	(839)	(444)
Net trade receivables	2,069	47,540	93,986	46,970
Other receivables				
– Due from subsidiaries	54,083	150,491	265,101	254,276
– Receivables from server OEMs for toll manufacturing service	–	150	27,798	1,426
– Refundable rental and bidding deposits	4,313	3,994	4,208	4,702
– Receivable for capital contributions	6,773	–	–	–
– Others	109	144	646	2,679
Gross other receivables	65,278	154,779	297,753	263,083
Provision for impairment	(102)	(101)	(247)	(171)
Net other receivables	65,176	154,678	297,506	262,912
Subtotal of financial assets	67,245	202,218	391,492	309,882
Non-financial assets:				
Prepayments *(i)*	179,878	73,227	252,515	503,793
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Input VAT to be deducted	58,397	17,329	18,812	29,647
Subtotal of non-financial assets	238,275	95,191	283,665	543,384
Total trade, other receivables and prepayments	305,520	297,409	675,157	853,266

(i) Prepayments

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– Prepayment for inventories and services	179,878	73,227	252,515	503,793
Non-current assets				
– Prepayment for PP&E	4,402	–	–	11,605
– Prepayment for intangible assets	–	–	–	250
	4,402	–	–	11,855

Accounting policies of trade and other receivables

Trade receivables are amounts due from customers for products sold or services rendered in the ordinary course of business. Majority of other receivables are deposits, staff advance and receivables from server OEMs for toll manufacturing service. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment assessment.

25 FINANCE LEASE RECEIVABLES

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance lease receivables due from employees	43,546	69,338	75,652	78,702
Less: due within one year	–	–	–	–
Less: Provision for impairment	(5)	(10)	(11)	(11)
Non-current finance lease receivables	43,541	69,328	75,641	78,691

During the Track Record Period, the Group purchased public rental houses in Shanghai Caohejing Pujiang High-tech Park ("上海漕河涇開發區浦江高科技園"), and the Group provided rent-to-purchase arrangement on certain public rental houses to certain employees since July 2022 with a lease term of 10 years. All the employees under this arrangement have the right to purchase the public rental houses upon the lease term due if all the specified conditions can be fulfilled. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group recognized the finance lease receivables from renting out the public rental house to employees of RMB43,546,000 and RMB69,338,000 and RMB75,652,000 and RMB78,702,000, respectively. All leases are denominated in RMB.

	Minimum lease receivables			
	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,015	1,708	1,869	1,869
Over 1 year but less than 2 years	1,015	1,708	1,869	1,869
Over 2 years but less than 5 years	3,046	5,125	5,607	5,607
Over 5 years	48,199	75,507	79,536	82,661
Less: unearned finance income	(9,729)	(14,710)	(13,229)	(13,304)
Present value of minimum lease receivables	43,546	69,338	75,652	78,702

The interest rates inherent in the leases are fixed at the contract date for the entire lease terms of ten years. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the weighted average effective interest rate is approximately 2.76%, 2.63% and 2.75% and 2.98% per annum.

Please refer to Note 3.1(b) for the loss allowance of finance lease receivables.

Finance lease receivables were neither past due nor impaired. The directors of the Company considered that the carrying amount of the finance lease receivables approximated to their fair value as at 31 December 2022, 2023 and 2024 and 30 June 2025.

Accounting policies for the Group as the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as "other expense" over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheets based on their nature, details refer to Note 19.

A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. The lessor recognises assets held under a finance lease in its consolidated balance sheets at commencement date. It presents them as a receivable at an amount equal to the net investment in the lease. A lessor's net investment in a lease is its gross investment in the lease, discounted at the interest rate implicit in the lease. The gross investment in the lease is equal to the lease payments receivable by the lessor, plus any unguaranteed residual accruing to the lessor. The lessor uses the rate implicit in the lease to calculate the net investment in the lease. The implicit rate is the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

(i) Classification of financial assets at fair value through profit or loss

The Group classified the following financial assets at fair value through profit or loss (FVPL):

– Short-term investments that do not qualify for measurement at either amortised cost or FVOCI; and

– Long-term equity investments do not qualify for recognising fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Long-term equity investments *(a)*				
– Unlisted equity investments	42,579	43,212	44,000	40,616
Current assets				
Short-term investments *(b)*				
– Structured deposits	974,859	1,233,461	96,448	485,408
	1,017,438	1,276,673	140,448	526,024

(a) Long-term equity investments

The movement of the long-term equity investments during the Track Record Period are as follows,

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
At beginning of the year/period	50,287	42,579	43,212	43,212	44,000
Disposals	(19,696)	–	–	–	–
Fair value changes	11,988	633	788	745	(3,384)
At end of the year/period	42,579	43,212	44,000	43,957	40,616

The fair values of the unlisted securities are measured using a valuation technique with unobservable inputs. The major assumptions used in the valuation refer to Note 3.3.

(b) Short-term investments

Short-term investments represented the structured deposits issued by reputable banks in Chinese Mainland. The structured deposits were principal protected with maturity of less than 1 year.

The movement of the structured deposits during the Track Record Period are as follows,

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
At beginning of the year/period	1,579,092	974,859	1,233,461	1,233,461	96,448
Additions	3,057,000	2,768,000	1,591,000	832,000	1,615,000
Disposals	(3,700,278)	(2,534,167)	(2,746,463)	(1,361,936)	(1,228,519)
Fair value changes	39,045	24,769	18,450	12,684	2,479
At end of the year/period	974,859	1,233,461	96,448	716,209	485,408

The fair values of the structured deposits are measured using a valuation technique with unobservable inputs. The major assumptions used in the valuation refer to Note 3.3.

(c) Amounts recognised in the consolidated statements of comprehensive loss

During the Track Record Period, the following fair value gains/(losses) were recognised in the consolidated statements of comprehensive loss:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fair value gains on investments in:					
Long-term equity investments	11,988	633	788	745	(3,384)
Short-term investments	39,045	24,769	18,450	12,684	2,479
	51,033	25,402	19,238	13,429	(905)

(d) Risk exposure and fair value measurements

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value are set out in Note 3.3.

The Company

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Long-term equity investments – Unlisted equity investments	42,579	43,212	44,000	40,616
Current assets				
Short-term investments – Structured deposits	762,875	1,102,800	96,448	370,365
	805,454	1,146,012	140,448	410,981

27 BANK DEPOSITS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– Bank deposits with original maturities of over three months *(i)*	565,765	536,348	553,814	230,870
– Certificate of deposit *(ii)*	–	–	–	53,812
	565,765	536,348	553,814	284,682
Non-current assets				
– Certificate of deposit *(ii)*	–	51,523	53,054	–

(i) Bank deposits with original maturities of over three months were neither past due nor impaired. The interest rates were ranged from 1.45% to 5.51% during the Track Record Period. The directors of the Company considered that the carrying amount of the bank deposits with original maturities of over three months approximated to their fair value as at 31 December 2022, 2023 and 2024 and 30 June 2025.

(ii) Certificate of deposit was neither past due nor impaired. The directors of the Company considered that the carrying amount of the certificate of deposit approximated to its fair value as at 31 December 2023 and 2024 and 30 June 2025 as the discounting impact is not material. The maturity date of the certificate of deposit is 12 January 2026, accordingly the certificate of deposit is recorded as non-current assets as at 31 December 2023 and 2024 and as current assets as at 30 June 2025. The interest rate of the certificate of deposit is 3.15%.

Bank deposits are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– USD	565,765	536,348	553,814	230,870
– RMB	–	–	–	53,812
	565,765	536,348	553,814	284,682
Non-current assets				
– RMB	–	51,523	53,054	–

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– Bank deposits with original maturities of over three months	565,765	536,348	553,814	202,236
– Certificate of deposit	–	–	–	53,812
	565,765	536,348	553,814	256,048
Non-current assets				
– Certificate of deposit	–	51,523	53,054	–

Bank deposits are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– USD	565,765	536,348	553,814	202,236
– RMB	–	–	–	53,812
	565,765	536,348	553,814	256,048
Non-current assets				
– RMB	–	51,523	53,054	–

28 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

(a) Cash and cash equivalents

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	1,549,091	1,247,826	1,708,182	1,635,648
Less: bank deposits with original maturities of over three months (*Note 27*)	(565,765)	(536,348)	(553,814)	(230,870)
Certificate of deposit (*Note 27*)	–	(51,523)	(53,054)	(53,812)
Restricted cash *(b)*	–	(620)	(620)	(65,868)
Cash and cash equivalents	983,326	659,335	1,100,694	1,285,098

Cash and cash equivalents are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
– USD	459,277	381,969	608,713	769,897
– RMB	524,049	277,005	491,627	511,409
– SGD	–	361	338	333
– HKD	–	–	16	3,459
	983,326	659,335	1,100,694	1,285,098

(b) Restricted cash

Restricted cash are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– RMB *(i)*	–	620	620	40,620
– USD *(i)*	–	–	–	720
	–	620	620	41,340
Non-current assets				
– RMB *(ii)*	–	–	–	24,528

(i) Restricted cash of which RMB620,000 represented the cash pledged to bank to secure the office building lease arrangement in Hong Kong SAR as at 31 December 2023 and 2024 and 30 June 2025, RMB720,000 represented the cash pledged to bank to secure credit card as at 30 June 2025 and RMB40,000,000 represented the cash was restricted by the bank for the purpose of purchasing a structured deposit at 30 June 2025, the restricted cash of RMB40,000,000 was successfully used to purchase the structure deposit on 1 July 2025.

(ii) As at 30 June 2025, a bank deposit of RMB24,528,000 was pledged to the bank for issuance of letters of guarantee. The pledged bank deposit has a term of two years and cannot be withdrawn in advance.

The Company

(a) Cash and cash equivalents

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	1,487,962	1,122,133	1,347,214	1,475,819
Less: bank deposits with original maturities of over three months *(Note 27)*	(565,765)	(536,348)	(553,814)	(202,236)
Certificate of deposits *(Note 27)*	–	(51,523)	(53,054)	(53,812)
Restricted cash *(b)*	–	(620)	(620)	(65,148)
Cash and cash equivalents	922,197	533,642	739,726	1,154,623

Cash and cash equivalents are denominated in:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
– USD	457,003	356,315	461,241	677,113
– RMB	465,194	177,327	278,485	477,510
	922,197	533,642	739,726	1,154,623

(b) Restricted cash

Restricted cash are denominated in:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
– RMB	–	620	620	40,620
Non-current assets				
– RMB	–	–	–	24,528

Accounting policies of cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits with original maturities of over three months were included in the bank deposits with original maturities of over three months on the consolidated balance sheets.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

29 PAID-IN CAPITAL/SHARE CAPITAL

(a) Paid-in capital

The Group and the Company

A summary of movements in the Company's issued and fully paid paid-in capital is as follows:

	Paid-in capital
	RMB'000
At 1 January 2022	32,089
Capital contributions by investors *(i)*	702
At 31 December 2022	32,791
Capital contributions by investors *(i)*	125
Conversion into a joint stock company	(32,916)
At 31 December 2023, 2024 and at 30 June 2025	–

(i) From January to July 2022, the Company entered into a series of investment agreements and shareholder agreements with Series B+ investors, pursuant to which, total investment of RMB330,000,000 was committed to contribute into the Company. Proceeds of RMB280,000,000 were received by the Company in the year ended 31 December 2022, with RMB702,000 credited to the Company's paid-in capital and RMB279,298,000 credited to the Company's capital reserve (Note 30). Proceeds of RMB50,000,000 were received by the Company in the year ended 31 December 2023, with RMB125,000 credited to the Company's paid-in capital and RMB49,875,000 credited to the Company's capital reserve (Note 30). Certain preferred rights upon capital contribution were granted to Series B+ investors, details of which refer to Note 31.

(b) Share capital

	Number of shares	Share capital
	'000	*RMB'000*
At 1 January 2023	–	–
Conversion into a joint stock company with limited liability *(i)*	32,916	32,916
At 31 December 2023 and 2024	32,916	32,916
Capital contributions by investors *(ii)*	5,444	5,444
Share subdivision *(iii)*	1,879,640	–
At 30 June 2025	1,918,000	38,360

(i) On 8 September 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion base date were converted into 32,916,380 ordinary shares at RMB1.0 each, the difference of net assets converted over nominal value of the ordinary shares was included in the Company's capital reserve.

(ii) From February to June 2025, the Company entered into a series of investment contracts with certain investors ("Strategic Round Investors"), pursuant to which, the Strategic Round Investors agreed to subscribe for the Company's additional 5,444,000 ordinary shares with a total consideration of RMB2,396,732,000. Among which, (a) the convertible debentures holders converted all its convertible debentures of RMB261,673,000 as at the conversion dates for 595,000 ordinary shares as part of Strategic Round Financing (Note 35) and (b) two potential investors who made investment intention deposits to the Company during the year ended 31 December 2023 subscribed for 763,000 ordinary shares by deducting the investment intention deposits of RMB336,000,000 (Note 34).

(iii) On 25 June 2025, pursuant to the resolutions of the shareholders, the Company conducted a share subdivision under which each share of the Company was split on a 1 for 50 basis, and the nominal value of the shares of the Company was changed from RMB1.0 each to RMB0.02 each. The basic and diluted losses per share was calculated as if the share subdivision had been effective from the beginning of the Track Record Period.

Accounting policies of paid -in capital/share capital

Ordinary shares and paid-in capital are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

30 TREASURY STOCK AND RESERVES

The Group

		Reserves			
	Treasury stock	Capital reserve	Share-based payment expenses	Currency translation reserve (Note (a))	Total reserves
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	(4,661,162)	4,626,423	509,790	273	5,136,486
Capital contribution by investors *(Note 29(a))*	–	279,298	–	–	279,298
Recognition of redemption liabilities *(Note 31)*	(280,000)	–	–	–	–
Share-based payments *(Note 32)*	–	–	88,031	–	88,031
Currency translation differences	–	–	–	168	168
At 31 December 2022	(4,941,162)	4,905,721	597,821	441	5,503,983
At 1 January 2023	(4,941,162)	4,905,721	597,821	441	5,503,983
Capital contribution by investors *(Note 29(a))*	–	49,875	–	–	49,875
Recognition of redemption liabilities *(Note 31)*	(50,000)	–	–	–	–
Converted into a joint stock company with limited liability *(Note 29(b))*	–	(1,666,306)	–	–	(1,666,306)
Share-based payments *(Note 32)*	–	–	80,096	–	80,096
Currency translation differences	–	–	–	376	376
As at 31 December 2023	(4,991,162)	3,289,290	677,917	817	3,968,024

		Reserves			
	Treasury stock	Capital reserve	Share-based payment expenses	Currency translation reserve (Note (a))	Total reserves
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	(4,991,162)	3,289,290	677,917	817	3,968,024
Share-based payments *(Note 32)*	–	–	82,633	–	82,633
Currency translation differences	–	–	–	1,123	1,123
At 31 December 2024	(4,991,162)	3,289,290	760,550	1,940	4,051,780
At 1 January 2025	(4,991,162)	3,289,290	760,550	1,940	4,051,780
Capital contribution by investors *(Note 29(b))*	–	2,391,288	–	–	2,391,288
Recognition of redemption liabilities *(Note 31)*	(2,396,732)	–	–	–	–
Share-based payments *(Note 32)*	–	–	27,165	–	27,165
Currency translation differences	–	–	–	(152)	(152)
As at 30 June 2025	(7,387,894)	5,680,578	787,715	1,788	6,470,081
(Unaudited)					
At 1 January 2024	(4,991,162)	3,289,290	677,917	817	3,968,024
Share-based payments *(Note 32)*	–	–	58,242	–	58,242
Currency translation differences	–	–	–	63	63
At 30 June 2024	(4,991,162)	3,289,290	736,159	880	4,026,329

(a) Currency translation reserve represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group and the Company.

The Company

		Reserves		
	Treasury stock	**Capital reserve**	**Share-based payment expenses**	**Total reserves**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	(4,661,162)	4,626,423	449,882	5,076,305
Capital contribution by investors *(Note 29(a))*	–	279,298	–	279,298
Recognition of redemption liabilities *(Note 31)*	(280,000)	–	–	–
Share-based payments	–	–	73,271	73,271
At 31 December 2022	(4,941,162)	4,905,721	523,153	5,428,874
At 1 January 2023	(4,941,162)	4,905,721	523,153	5,428,874
Capital contribution by investors *(Note 29(a))*	–	49,875	–	49,875
Recognition of redemption liabilities *(Note 31)*	(50,000)	–	–	–
Converted into a joint stock company with limited liability *(Note 29(b))*	–	(1,666,306)	–	(1,666,306)
Share-based payments	–	–	59,431	59,431
As at 31 December 2023	(4,991,162)	3,289,290	582,584	3,871,874
At 1 January 2024	(4,991,162)	3,289,290	582,584	3,871,874
Share-based payments	–	–	50,088	50,088
As at 31 December 2024	(4,991,162)	3,289,290	632,672	3,921,962
At 1 January 2025	(4,991,162)	3,289,290	632,672	3,921,962
Capital contribution by investors *(Note 29(b))*	–	2,391,288	–	2,391,288
Recognition of redemption liabilities *(Note 31)*	(2,396,732)	–	–	–
Converted into a joint stock company with limited liability *(Note 29(b))*	–	–	–	–
Share-based payments	–	–	15,396	15,396
As at 30 June 2025	(7,387,894)	5,680,578	648,068	6,328,646
(Unaudited)				
At 1 January 2024	(4,991,162)	3,289,290	582,584	3,871,874
Share-based payments	–	–	35,790	35,790
As at 30 June 2024	(4,991,162)	3,289,290	618,374	3,907,664

Accounting policies of treasury stock

Where any group company purchases its equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury stock until the repurchase obligation is discharged or expired. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity. Treasury stock is also recorded to reflect the carrying amount of the redemption liabilities when it is initially reclassified from equity and will be reclassified to equity when the redemption liabilities are derecognized upon the Group's obligations in connection with those redemption liabilities are discharged, cancelled or expired.

31 REDEMPTION LIABILITIES

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Redemption liabilities	7,382,155	8,053,141	8,743,040	12,145,429

Redemption liabilities are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
– USD	2,702,835	2,943,084	3,204,044	3,809,304
– RMB	4,679,320	5,110,057	5,538,996	8,336,125
	7,382,155	8,053,141	8,743,040	12,145,429

Since its incorporation in 2019, the Company has completed several rounds of financing including Series Pre A, Series Pre A+, Series Pre A++, Series A, Series Pre B, Series Pre B+, Series B, Series B+ and Strategic Round Investors (the "Investors").

The details of financing undertaken in the Track Record Period are as follows.

Series B+ Financing

The Company and several investors entered into a series of investment agreements during the year ended 31 December 2022, pursuant to which, the investors agrees to subscribe additional ordinary shares issued by the Company with a total consideration of RMB330,000,000. This transaction led to the increase of share capital of and capital reserve of RMB827,000 and RMB329,173,000, respectively.

Strategic Round Financing

The Company and several investors entered into a series of investment agreements during the six months ended 30 June 2025, pursuant to which, the investors agree to subscribe additional ordinary shares issued by the Company with a total consideration of RMB2,396,732,000 (Note 29). This transaction led to the increase of share capital of and capital reserve of RMB5,444,000 and RMB2,391,288,000 respectively.

The Company granted Series B+ and Strategic Round Investors and all its other investors with certain preferred rights and other rights in a separate investment agreement. Details see below descriptions.

Key terms of preferred rights granted

Redemption right

The Investors have rights to require the Company to redeem their investments if:

(a) The Company fails to achieve a Qualified [**REDACTED**] (the Company's shares be [**REDACTED**] on a stock exchange within or outside the PRC (including the Shanghai Stock Exchange, Shenzhen Stock Exchange, New York Stock Exchange, NASDAQ, Stock Exchange of Hong Kong, and other stock exchanges approved by the Board of Directors in accordance with the shareholders' agreement) before 31 January 2026 (except where the Company has filed for [**REDACTED**] and is under review by such date), or is acquired in a manner and on terms unanimously approved in writing by the Investors. For the avoidance of doubt, if the Company files for [**REDACTED**] before 31 January 2026 but subsequently withdraws its [**REDACTED**] before the [**REDACTED**], the [**REDACTED**] becomes invalid, is returned by the relevant approval authority and fails to resubmit or supplement the [**REDACTED**] (limited to one time) within six (6) months or a shorter period stipulated by laws and regulations, or is rejected, such that the [**REDACTED**] is not successfully completed, the Investors' rights shall automatically reinstate upon the occurrence of any such circumstances without the need for additional measures or actions;

(b) The Company, any founder, or key personnel materially violates any of its representations and warranties, covenants, or other obligations under the shareholders' agreement and other transaction documents, fails to obtain the written waiver of such violation from the Investors, caused a significant adverse impact on the Company's operations or [**REDACTED**], and fails to cure such violation within a reasonable period agreed by the shareholders;

(c) Mr. Xiaoyao Liang ("梁曉嶢", "Mr. Liang"), a shareholder of the Company, fails to cooperate in properly handling certain matters, such as defects in ownership or disputes over intellectual property rights, which will cause a significant adverse impact on the Company's operations or [**REDACTED**]. A confirmation from related institution was obtained which confirmed no defect or dispute on these matters;

(d) The Company or any founder is subject to criminal penalties, or a founder violates the service period or employment requirements, causing a significant adverse impact on the normal operations of the Company or subsidiaries in the Group;

(e) The Company, any founder, the chairman, CEO or CFO has a material integrity issue, including but not limited to the Company having material or undisclosed off-book cash sales revenue, material fund occupation, financial fraud, undisclosed equity custodianship that fails to be lawfully restored or regulated, being listed as a dishonest executor, etc., which may constitute a material obstacle to the Company's [**REDACTED**];

(f) The Company repurchases all or part of the preferred rights held by any shareholders;

(g) The Company meets the Qualified [**REDACTED**] conditions stipulated by laws and regulations and approved by shareholders, but the [**REDACTED**] unable to be completed due to the Company or founders failing to provide reasonable cooperation.

(h) (i) Without the review and approval by the Company's board of directors and shareholders' meeting, if there is a change in the Company's controlling rights, which resulted in the Company being unable to achieve a Qualified [**REDACTED**] by 31 January 2026; or

(ii) if the change of the Company's key personnel exceeds one-third, and no suitable replacement candidates are identified and approved and appointed by the board of directors within six (6) months, and consequently (i) the business of the group company is suspended for more than six (6) months, or (ii) the [**REDACTED**] intermediaries reasonably believe that the Company will be unable to achieve a Qualified [**REDACTED**] by 31 January 2026.

The redemption amount is the higher of the: (i) redemption amount equivalent to the original investment amount plus annual compound interest rate of 8%, and minus dividends received in previous years (if any); and (ii) fair value of the shares with preferential rights held by the investors at the time of the Company's repurchase.

Amendments on redemption rights

Pursuant to the preferred rights termination agreement as entered into by the Company with the Investors of the Company on 25 June 2025, the redemption right of the shareholders agreement shall automatically terminate immediately before the Company submits the [**REDACTED**] documents for H-share [**REDACTED**] to the Stock Exchange of Hong Kong. (i) The "most-favored-nation clause", "non-competition" and "continuity of control" clauses under the investment agreement; and (ii) the clauses other than the redemption right of the shareholders agreement shall automatically terminate on the date of the Company's H-share [**REDACTED**].

For the redemption right, if any of the following circumstances occurs: (a) the Company's H-share [**REDACTED**] is withdrawn, becomes invalid, or the materials are returned by the relevant competent approval authority and the Company fails to resubmit or supplement the [**REDACTED**] within six (6) months or other periods agreed upon by all parties through consultation; (b) the Company's H-share [**REDACTED**] is rejected by the relevant competent approval authority, then as of the date when the circumstances in the foregoing (a) or (b) occur (the earlier date being the "Restoration Date"), the clauses and arrangements agreed in this agreement to automatically terminate before the submission of the H-share [**REDACTED**] documents shall automatically reinstate their effectiveness from the Restoration Date, and such resumption shall be retroactive.

Supplemental agreement to the preferred rights termination agreement

Pursuant to the supplemental agreement to the preferred rights termination agreement as entered into by the Company with the Investors of the Company in August 2025, all parties agreed and confirmed that, in the event of the resumption circumstances as stipulated in the termination agreement, the redemption right of the original shareholders' agreement shall automatically resume its effect. Meanwhile, the Qualified [**REDACTED**] and the relevant clauses under such article shall be automatically revised, adjusted and become effective simultaneously, and the Qualified [**REDACTED**] shall be extended to 31 July 2027 then. However, this shall be on the premise that the Company shall still make continuous efforts on the [**REDACTED**] arrangement.

Liquidation preference

If any of the following occurs: (a) the Company is liquidated, dissolved or cancelled (whether voluntary or involuntary); or (b) a Whole Business Sale Event (see below (i) Whole Business Sale Event) occurs, after paying liquidation expenses, employees' salaries, social insurance premiums and statutory compensation in accordance with applicable laws, settling outstanding taxes, and discharging the Company's debts, the remaining assets of the Company and/or the distributable assets under the Whole Business Sale Event shall be distributed in the sequence as stipulated in the shareholders' agreement.

(i) Whole Business Sale Event

The "Whole Business Sale Event" of the Company shall include the following events:

(1) Any form of acquisition, merger, reorganization, etc., transaction that results in a change of control of the Company;

(2) Transfer or sale of more than 50% of the Company's assets or business;

(3) Sale or transfer of more than 50% of the Company's equity interests;

(4) Assignment or exclusive license of all or more than 50% of the intellectual property of the Company and other Group Companies, or a substantial portion of their core intellectual property;

(5) Other Whole Business Sale Events approved by the Board of Directors; or

(6) Other circumstances that result in a change of control of the Company.

Anti-dilution rights

From the date of execution of the shareholders' agreement until the Company completes a Qualified [**REDACTED**], if the Company increases its share at a price lower than the price paid by the Investors on a per share basis, the Investors have a right to subscribe for the Company's capital increase at zero consideration to effect the price adjustment.

(ii) Presentation and classification

The redemption rights granted to the investors constitute as the Company's obligations to repurchase its own equity instruments. These obligations were recognized as redemption liabilities which are initially measured at fair value (representing the present value of the expected cash flows for settling the related obligations if these rights are exercised by the Investors) and subsequently measured at amortized cost. Interests from the redemption liabilities are charged in finance cost. The changing in the carrying value of redemption amount is the higher of the principal plus interest of 8% (compound) and the fair value, which is estimated by using valuation techniques.

The movements of redemption liabilities during the Track Record Period are:

	Series Pre A Financing	Series Pre A+ Financing	Series Pre A++ Financing	Series A Financing	Series Pre B Financing	Series Pre B+ Financing	Series B Financing	Series B+ Financing	Strategic Round Financing	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	478,669	203,068	288,465	1,399,528	1,280,679	1,346,370	1,670,484	–	–	6,667,263
Recognition of redemption liabilities	–	–	–	–	–	–	–	280,000	–	280,000
Charged to finance costs *(Note 11)*	25,045	10,993	16,318	75,642	72,319	70,066	61,617	16,030	–	348,030
Foreign exchange adjustments	–	–	–	–	–	–	86,862	–	–	86,862
At 31 December 2022	503,714	214,061	304,783	1,475,170	1,352,998	1,416,436	1,818,963	296,030	–	7,382,155
At 1 January 2023	503,714	214,061	304,783	1,475,170	1,352,998	1,416,436	1,818,963	296,030	–	7,382,155
Recognition of redemption liabilities	–	–	–	–	–	–	–	50,000	–	50,000
Charged to finance costs *(Note 11)*	38,720	16,653	24,352	120,478	115,455	116,428	143,819	27,662	–	603,567
Foreign exchange adjustments	–	–	–	–	–	–	17,419	–	–	17,419
At 31 December 2023	542,434	230,714	329,135	1,595,648	1,468,453	1,532,864	1,980,201	373,692	–	8,053,141
At 1 January 2024	542,434	230,714	329,135	1,595,648	1,468,453	1,532,864	1,980,201	373,692	–	8,053,141
Charged to finance costs *(Note 11)*	39,616	17,346	26,507	137,161	135,963	126,792	162,431	28,493	–	674,309
Foreign exchange adjustments	–	–	–	–	–	–	15,590	–	–	15,590
At 31 December 2024	582,050	248,060	355,642	1,732,809	1,604,416	1,659,656	2,158,222	402,185	–	8,743,040
At 1 January 2025	582,050	248,060	355,642	1,732,809	1,604,416	1,659,656	2,158,222	402,185	–	8,743,040
Recognition of redemption liabilities	–	–	–	–	–	–	–	–	2,396,732	2,396,732
Charged to finance costs *(Note 11)*	124,241	51,700	68,662	291,401	189,633	109,825	82,405	15,655	77,410	1,010,932
Foreign exchange adjustments	–	–	–	–	–	–	(4,396)	–	(879)	(5,275)
At 30 June 2025	706,291	299,760	424,304	2,024,210	1,794,049	1,769,481	2,236,231	417,840	2,473,263	12,145,429

Accounting policies of redemption liabilities

A contract that contains an obligation to repurchase the Company's own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to the investors in the Company's financing process, such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with changes charged in finance costs.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, cancelled or expired. The carrying amount of the redemption liabilities derecognized is then credited into equity.

32 SHARE-BASED COMPENSATION PLANS

(a) Pre-[REDACTED] Option Plan

In recognition the contributions from management and employees and to incentivize them for the further development in the Group, the Company adopted a share option plan as approved by the board of directors on 12 January 2020 (the "Pre-[**REDACTED**] Option Plan). The Pre-[**REDACTED**] Option Plan implemented equity incentives for management and employees of the Group through the grant of share options, aiming to attract and retain skilled and experienced personnel, and to provide additional incentives to management and employees of the Group. Wen Zhang, the controlling shareholder of the Group, transferred his own equity interest in the Company to Shanghai Biliren Enterprise Management Consulting Partnership (Limited Partnership) ("上海壁立仞企業管理諮詢合夥企業(有限合夥)", "Shanghai Biliren") as the underlying shares under the Pre-[**REDACTED**] Option Plan. The total share number of Shanghai Biliren after several equity interest transfer transactions was 4,163,775.

Pursuant to the Pre-[**REDACTED**] Option Plan, management and employees of the Group have the right to acquire equity interests in Shanghai Biliren after the share options become exercisable upon completion of the specified service period with the Group. The Group's management or employees are generally subject to a zero to five years service schedule from the date of grant. The terms and conditions of the share option grants are as follows:

- Type (i) 25% of the total granted share options shall become vested one year from the vesting commencement date and the remaining 75% vested on each year thereafter over the next three years; among which, 85,046 and 133,561 share options were accelerated vested in 2023 and 2024 respectively;
- Type (ii) 20% of the total granted share options shall become vested one year from the vesting commencement date and the remaining 80% vested on each year thereafter over the next four years;
- Type (iii) 20% of the total granted share options shall become vested two years from the vesting commencement date and the remaining 80% vested on each year thereafter over the next two years;
- Type (iv) 20% of the total granted share options shall become vested one year from the vesting commencement date, 20% of the total granted share options shall become vested two years from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;
- Type (v) 20% the total granted share options shall become vested two years from the vesting commencement date, 20% of the total granted share options shall become vested three years from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;
- Type (vi) 100% of the total granted share options shall become vested on the vesting commencement date.

Movements in the number of share options granted and their related weighted average exercise price during the Track Record Period are as follows:

	Year ended 31 December					
	2022		2023		2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
	(RMB)		*(RMB)*		*(RMB)*	
At beginning of the year	5.31	3,025,919	5.48	2,445,328	5.48	1,648,470
Granted	5.09	283,403	2.16	271,113	12.95	180,044
Vested	5.02	(797,288)	4.80	(960,643)	4.52	(500,734)
Forfeited	1.68	(66,706)	3.09	(107,328)	3.54	(15,823)
Unvested option converted to restricted share units plan ("RSUs")	–	–	–	–	6.90	(1,311,957)
At end of the year	5.48	2,445,328	5.48	1,648,470	–	–

No options expired during the three years ended 31 December 2022, 2023 and 2024.

As at 31 December 2022, 2023 and 2024, 1,348,342, 2,308,985 and nil options were vested but not exercised.

Share options outstanding at the end of the three years ended 31 December 2022, 2023 and 2024 have the following expiry date and exercise prices:

			Number of share options		
			As at 31 December		
Grant year	Expiry year	Exercise price	2022	2023	2024
		(RMB)			
2020	2030	1.00-9.10	2,976,713	2,902,434	–
2021	2030	1.00-26.34	533,554	500,505	–
2022	2030	1.00-22.95	283,403	283,403	–
2023	2030	1.00-49.36	–	271,113	–
			3,793,670	3,957,455	–

The weighted-average remaining contractual life for outstanding share options was 7.58 years and 6.78 years as at 31 December 2022 and 2023, respectively.

Based on fair value of the underlying shares of the Company, the Group has used binomial model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

	Year ended 31 December		
	2022	2023	2024
Fair value per ordinary share (RMB)	249.99- 259.75	263.70-278.47	285.52
Risk-free interest rates	2.75%-2.83%	2.56%-2.85%	2.29%
Dividend yield	0%	0%	0%
Expected volatility	43.81%-46.06%	47.26%-49.49%	50.70%
Expected terms	10 years	10 years	10 years

(b) Pre-[REDACTED] RSU Plan

On 24 April 2024, as approved by the board of directors, the Company adopted a Pre-[**REDACTED**] restricted share units plan (the "Pre-[**REDACTED**] RSU Plan") with the substantially same terms and conditions of the Pre-[**REDACTED**] Option Plan on 12 January 2020 as a replacement of the original plan. Under this plan, the Group's management or employees are required to acquire the respective equity interests in Shanghai Biliren at their exercise price before the date of submission of the [**REDACTED**] for all the share options (including the vested options and the unvested options). If the management or employees fail to fulfill the remaining service period with the Group as agreed in the Pre-[**REDACTED**] RSU Plan, the general partner of Shanghai Biliren has the right to acquire the equity interest held by this personnel at the price of total amount for exercise the share options. Before the share subdivision conducted by the Company on 25 June 2025, one RSU shall represented one portion of partnership interest in Shanghai Biliren, which in turn represent 1 share of the Company held by Shanghai Biliren, after share subdivision, one RSU shall represent one portion of partnership interest in Shanghai Biliren, which in turn represent 50 shares of the Company held by Shanghai Biliren. The principles of modification accounting are applied for this replacement and the Group accounts for any incremental fair value in addition to the grant-date fair value of the Pre-[**REDACTED**] RSU Plan as the cumulative amount of compensation cost, if any.

On 24 April 2024, after transition, the Pre-[**REDACTED**] RSU Plan information list as following:

	Numbers of underlying shares of the Company
Vested under Pre-[**REDACTED**] Option Plan	2,809,719
Granted but unvested under Pre-[**REDACTED**] Option Plan	1,311,957
Not granted yet	42,099
	4,163,775

For the year ended 31 December 2024 and the six months ended 30 June 2025, 136,938 and 60,765 RSUs were newly granted to the Group's certain management and employees at the price of RMB1.0 per share under the Pre-[**REDACTED**] RSU Plan.

The terms and conditions for the new granted RSUs are as below:

- Type (i) 20% of the total granted restricted shares shall become vested two years from the vesting commencement date, 20% of the total granted RSUs shall become vested three years from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;
- Type (ii) 100% of the total granted RSUs shall become vested on each month thereafter over the next year;
- Type (iii) 100% of the total granted RSUs shall become vested on the vesting commencement date.

- Type (iv) 20% of the total granted RSUs shall become vested one year from the vesting commencement date, 20% of the total granted RSUs shall become vested two years from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;

The performance evaluation for each vesting period includes individual performance evaluation requirement for the participants. If the participant fails the performance evaluation during a vesting period, all incentive rights corresponding to the proportion of the vesting period that has not yet been unlocked and vested shall not be unlocked or vested unless otherwise special approved provided.

Movements in the number of RSU during the Track Record Period are as follows:

	Year ended 31 December 2024	Six months ended 30 June 2025
At beginning of the year/period	–	912,678
Conversion from Pre-[**REDACTED**] Option Plan	1,311,957	–
Granted	136,938	60,765
Vested	(379,115)	(173,119)
Forfeited	(43,599)	(14,199)
Cancelled *(i)*	(113,503)	–
At end of the year/period	912,678	786,125

(i) In 2024, the Group cancelled 113,503 RSUs and the cancellation was accounted for as an acceleration of vesting, and therefore recognised share-based compensation expense of RMB9,089,000 immediately.

(ii) In June 2025, several employees waived 124,519 RSUs. The corresponding expenses had already been recorded in previous years and had no impact on the consolidated statements of comprehensive loss for the six months ended 30 June 2025. These RSUs were granted to employees of the Group subsequently.

In June 2025, Shanghai Biliren transferred 643,630 ordinary shares of the Company to several third party investors with a total cash consideration of RMB226,822,000 (before share subdivision). Shanghai Biliren hold 3,520,145 ordinary shares (before shares subdivision) of the Company after this transaction.

As of 30 June 2025, all the cash consideration for subscription of the equity interests in Shanghai Biliren was received from the management and employees of the Group.

The weighted-average remaining contractual life for outstanding RSU was 7.75 years and 7.84 years as at 31 December 2024 and 30 June 2025, respectively.

Key assumptions to determine the fair value of the share option as at the grant date are set as below:

	Year ended 31 December 2024	Six months ended 30 June 2025
Risk-free interest rates	1.46%-1.60%	1.10%-1.46%
Expected volatility	52.60%-55.18%	56.51%-66.38%

(c) Share-based compensation expenses recorded during the Track Record Period

During the Track Record Period, the amounts of share-based compensation expenses charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follow:

	Year ended 31 December			Six months ended 30 June	
	2022	*2023*	*2024*	*2024*	*2025*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Research and development expenses	41,327	43,591	46,665	32,462	13,953
General and administrative expenses	35,013	27,730	28,251	21,828	8,375
Selling and marketing expenses	11,691	8,775	7,717	3,952	4,837
	88,031	80,096	82,633	58,242	27,165

Accounting policies of share-based compensation expenses

(a) Equity-settled share-based payment transactions

The Group operates certain share incentive plans, under which it receives services from employees as consideration for equity instruments (including share options and restricted shares) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statement of comprehensive loss with a corresponding increase in equity.

In terms of the options and shares awarded to employees, the total amount to be expensed is determined by reference to the fair value of the options and shares granted:

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in calculation of the number of options and shares that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options and shares that are expected to vest based on the service and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

(b) Modifications

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

33 TRADE AND OTHER PAYABLES

The Group

Trade and other payables

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payable (ii)	3,521	9,436	33,324	73,103
Other payables (iii)	159,760	225,637	278,093	248,723
Payables for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Accrued taxes other than income tax	9,558	21,576	18,826	17,875
Advance from customers for lease	242	175	68	898
Staff salaries and welfare payables	120,586	110,433	89,411	104,019
VAT payables related to contract liabilities	24	–	–	1,698
	293,691	369,593	424,393	456,379

(i) The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature.

(ii) Aging analysis of the trade payables based on purchase date at the end of each year and period are as follows:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 1 year	3,521	9,436	32,524	72,379
1 to 2 year	–	–	800	724
	3,521	9,436	33,324	73,103

(iii) The details of other payables due to third parties at the end of each year and period are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of long-term assets *(a)*	107,120	129,948	169,447	148,789
Payables for research and development expense	8,508	15,071	21,259	30,922
Intention deposits for purchase of public rental houses	21,392	33,715	38,602	39,898
Others	22,740	46,903	48,785	29,114
	159,760	225,637	278,093	248,723

(a) Payable for purchase of long-term assets mainly consist of payables for the acquisition of intangible assets and PP&E.

Trade and other payables are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
– USD	79,112	75,000	288,479	84,131
– RMB	214,579	294,173	134,720	371,219
– HKD	–	420	1,194	1,029
	293,691	369,593	424,393	456,379

The Company

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– third parties	3,521	9,436	33,324	63,040
– subsidiaries	–	–	20,550	38,997
Other payables				
– third parties *(i)*	121,964	167,438	206,424	191,435
– subsidiaries	–	69,691	32,329	94,363
Payables for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Advance from customers for lease	–	–	–	637
Accrued taxes other than income tax	7,674	13,384	11,378	10,525
Staff salaries and welfare payables	91,589	69,302	64,315	72,413
VAT payables related to contract liabilities	24	–	–	1,698
	224,772	331,587	372,991	483,171

(i) The details of other payables due to third parties at the end of each year/period are as follows:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for purchase of long-term assets	72,054	79,146	119,679	99,129
Payables for research and development expenses	8,508	15,071	6,683	26,922
Intention deposits for purchase of public rental houses	21,392	33,715	38,602	39,898
Others	20,010	39,506	41,460	25,486
	121,964	167,438	206,424	191,435

34 INVESTMENT INTENTION DEPOSITS

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment intention deposits *(a)*				
– Principals	–	800,000	800,000	–
– Interests	–	9,245	45,890	–
	–	809,245	845,890	–

(a) As at 31 December 2023 and 2024, the investment intention deposits related to the cash received from two potential investors of RMB800,000,000 with an interest rate of 8% per annum, the accrued interest payable was RMB9,245,000 and RMB45,890,000 as at 31 December 2023 and 2024, respectively.

Subsequently in 2025, the Group partially returned the investment intention deposits to the potential investors with a total amount of RMB517,778,000, including the principal amounts and interests as at that time. The remaining balance of RMB336,000,000 was converted into 763,000 ordinary shares issued by the Company (Note 29(ii)).

The Group recorded the investment intention deposits as liabilities on the consolidated balance sheets because it may be refunded if certain investment conditions cannot be met. The investment intention deposits were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

35 CONVERTIBLE DEBENTURES

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible debentures	–	–	262,037	–

(a) The Company entered into convertible debentures agreements with certain holders in December 2024, that entitled holders an option to convert into a variable number of Company's own equity instruments or return of certain amount of cash. The convertible debentures are accounted for as financial liabilities at fair value through profit or loss in the consolidated balance sheets. The convertible debentures holders converted all its convertible debentures of RMB261,673,000 as at the conversion dates for 595,000 ordinary shares as part of Strategic Round Financing. Details of the movement of the convertible debentures were as follows:

	Convertible debentures
	RMB'000
As at 31 December 2023	–
Insurance of convertible debentures	262,037
Fair value changes	–
As at 31 December 2024	262,037

	Convertible debentures
	RMB'000
Fair value changes	(364)
Conversion into ordinary shares *(a)*	(261,673)
As at 30 June 2025	–

(b) Fair value valuation method

The Company has engaged an independent valuer to determine the total fair value of the convertible debentures. The discounted cash flow method was used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the convertible debentures as of the dates of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of convertible debentures are as follows:

	As at 31 December 2024
Expected volatility	62.27%
Discount rate	3.21%-7.25%
Risk-free rate	1.01%-4.39%

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of the convertible debentures. The changes in unobservable inputs including expected volatility, discount rate, risk-free rate will result in higher or lower fair value measurement. The increase in the fair value of the convertible debentures would increase the loss of fair value change in the consolidated statements of comprehensive loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs.

Accounting policies of convertible debentures

The Group has convertible debentures which are classified entirely as liabilities because they had convertible features and would be settled by the Company exchanging a variable number of its own equity instruments or return of cash, thus it has been designated as at fair value through profit or loss on initial recognition. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred.

36 BORROWINGS

The Group and the Company

	As at 30 June 2025
	RMB'000
Current:	
Bank borrowings – unsecured	200,000
Interest payables	126
	200,126

The bank borrowings were denominated in RMB with fixed interest rate. The weighted average effective interest rate of bank borrowings for the six months ended 30 June 2025 was 2.27%.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier were as follows:

	As at 30 June
	2025
	RMB'000
6 months or less	–
Between 6 and 12 months	200,126
Over 1 year	–
	200,126

37 DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants *(a)*	90,181	63,382	142,936	132,645

(a) The Group received government grants from local governments in PRC as support on operation, research and development expenses relating to innovation activities, or contributions to investments made in local business districts, these government grants were transferred from "deferred income" to "other income" when related expenses incurred or over the useful lives of the relevant assets.

(b) The amount of amortisation charged in other income was shown as follow:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	
Amortisation charged to other income *(Note 9)*	55,030	67,857	55,249	16,514	44,835

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	18,291	13,093	102,446	96,579

38 LONG-TERM PAYABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term payables *(i)*	42,678	17,682	722	722

(i) The long-term payables were related to purchase of IP license fee and EDA tools according to the payment term in the respective purchase contracts.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the carrying amounts of long-term payables were approximated their fair values at each year/period end as the discounting impact was immaterial.

Long-term payables are denominated in:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
- USD	33,516	17,370	–	–
- RMB	9,162	312	722	722
	42,678	17,682	722	722

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term payables	9,162	312	722	722

39 CASH FLOW INFORMATION

(a) Cash used in operations

	Year ended 31 December			Six months ended 30 June	
	2022	*2023*	*2024*	*2024*	*2025*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Loss before income tax	(1,474,187)	(1,744,058)	(1,538,189)	(888,427)	(1,600,526)
Adjustments for					
– Depreciation of property, plant and equipment *(Note 16)*	89,929	104,270	86,080	46,484	39,699
– Amortisation of intangible assets *(Note 18)*	59,225	68,400	8,768	1,801	12,865
– Depreciation of right-of-use assets *(Note 17)*	26,161	25,301	21,641	11,507	10,769
– Depreciation of investment properties *(Note 19)*	1,170	2,181	2,380	1,190	1,191
– Provision for impairment of financial assets *(Note 3.1(b))*	201	1,075	(171)	(656)	(463)
– General provision for inventories *(Note 22)*	–	19	2,485	–*	944
– Special losses on certain assets *(Note 7)*	–	108,692	–	–	–
– Provision for impairment of intangible assets *(Note 18)*	–	40,301	–	–	–
– Share-based compensation expenses *(Note 32)*	88,031	80,096	82,633	58,242	27,165
– Finance costs *(Note 11)*	352,129	615,737	713,136	415,557	1,021,907
– Finance income *(Note 11)*	(11,770)	(17,122)	(10,095)	(7,031)	(13,685)
– Interest income on bank deposits *(Note 9)*	(17,097)	(27,915)	(36,301)	(17,266)	(7,366)
– Fair value gains on short-term investments measured at fair value through profit or loss *(Note 10)*	(39,045)	(24,769)	(18,450)	(12,684)	(2,479)
– Fair value (gains)/losses on long-term investments measured at fair value through profit or loss *(Note 10)*	(11,988)	(633)	(788)	(745)	3,384
– Fair value gains on convertible debentures *(Note 35)*	–	–	–	–	(364)
– (Gains)/losses on disposal of property, plant and equipment *(Note 10)*	(31)	3,527	(229)	(148)	(120)
– Gains on early termination of leasing contracts *(Note 10)*	–	(595)	(218)	(218)	–
– Net foreign exchange (gains)/losses *(Note 10)*	(16,864)	3,658	4,853	1,965	(3,695)
	(954,136)	(761,835)	(682,465)	(390,429)	(510,774)
Changes in working capital					
– (Increase)/decrease in trade, other receivables and prepayments	(184,733)	47,265	(275,661)	(10,354)	(160,537)
– (Increase)/decrease in inventories	(39,250)	(150,072)	18,093	(26,665)	(447,811)
– Increase in provisions	5	620	3,162	393	583
– Increase/(decrease) in trade and other payables	46,233	32,880	15,062	(14,533)	50,946
– (Decrease)/increase in contract liabilities	(5)	34,856	(34,057)	109,652	27,990
– (Decrease)/increase in deferred income	(51,715)	(50,780)	(53,321)	(15,286)	(33,721)
Net cash used in operations	(1,183,601)	(847,066)	(1,009,187)	(347,222)	(1,073,324)

* represents that amount is less than 1,000.

(b) Non-cash financing activities

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Increase in right-of-use assets during the year/period	12,975	7,342	46,064	18,024	16,053
Decrease in convertible debentures *(Note 35)*	–	–	–	–	261,673
Decrease in investment intention fund *(Note 34)*	–	–	–	–	336,000
	12,975	7,342	46,064	18,024	613,726

(c) Net debt reconciliation

	Year ended 31 December			Six months ended 30 June	
	2022	*2023*	*2024*	*2024*	*2025*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash and cash equivalents *(Note 28)*	983,326	659,335	1,100,694	842,430	1,285,098
Lease liabilities *(Note 17)*	(43,019)	(17,986)	(40,718)	(23,301)	(48,517)
Long-term payables (including current portion)	(107,105)	(96,827)	(84,010)	(79,625)	(83,649)
Redemption liabilities *(Note 31)*	(7,382,155)	(8,053,141)	(8,743,040)	(8,442,722)	(12,145,429)
Investment intention deposits *(Note 34)*	–	(809,245)	(845,890)	(840,711)	–
Convertible debentures *(Note 35)*	–	–	(262,037)	–	–
Borrowings *(Note 36)*	–	–	–	–	(200,126)
Net debt	(6,548,953)	(8,317,864)	(8,875,001)	(8,543,929)	(11,192,623)

		Liabilities from financing activities						
	Other assets Cash and cash equivalents	Lease liabilities	Borrowings	Redemption liabilities	Convertible debentures	Long-term payables	Investment intention deposits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 January 2022	1,556,596	(55,114)	–	(6,667,263)	–	(114,948)	–	(5,280,729)
Cash flows	(681,277)	27,206	–	(280,000)	–	41,255	–	(892,816)
Additions	–	–	–	–	–	(27,127)	–	(27,127)
New leases	–	(12,975)	–	–	–	–	–	(12,975)
Interest expenses	–	(1,982)	–	(348,030)	–	(2,117)	–	(352,129)
Foreign exchange adjustments	108,007	(154)	–	(86,862)	–	(4,168)	–	16,823
Net debt as at 31 December 2022	983,326	(43,019)	–	(7,382,155)	–	(107,105)	–	(6,548,953)
Cash flows	(340,591)	28,485	–	(50,000)	–	14,395	(800,000)	(1,147,711)
New leases	–	(7,342)	–	–	–	–	–	(7,342)
Interest expenses	–	(1,311)	–	(603,567)	–	(1,614)	(9,245)	(615,737)
Foreign exchange adjustments	16,600	(40)	–	(17,419)	–	(2,503)	–	(3,362)
Other changes	–	5,241	–	–	–	–	–	5,241
Net debt as at 31 December 2023	659,335	(17,986)	–	(8,053,141)	–	(96,827)	(809,245)	(8,317,864)
Cash flows	426,388	22,117	–	–	(262,037)	19,362	–	205,830
Additions	–	–	–	–	–	(2,333)	–	(2,333)
New leases	–	(46,064)	–	–	–	–	–	(46,064)
Interest expenses	–	(1,185)	–	(674,309)	–	(997)	(36,645)	(713,136)
Foreign exchange adjustments	14,971	(59)	–	(15,590)	–	(3,215)	–	(3,893)
Other changes	–	2,459	–	–	–	–	–	2,459
Net debt as at 31 December 2024	1,100,694	(40,718)	–	(8,743,040)	(262,037)	(84,010)	(845,890)	(8,875,001)

		Liabilities from financing activities						
	Other assets Cash and cash equivalents	Lease liabilities	Borrowings	Redemption liabilities	Convertible debentures	Long-term payables	Investment intention deposits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows	186,501	9,113	(198,246)	(1,799,059)	–	312	517,778	(1,283,601)
New leases	–	(16,053)	–	–	–	–	–	(16,053)
Interest expenses	–	(866)	(1,880)	(1,010,932)	–	(341)	(7,888)	(1,021,907)
Changes in fair values	–	–	–	–	364	–	–	364
Foreign exchange adjustments	(2,097)	7	–	5,275	–	390	–	3,575
Conversion into ordinary shares	–	–	–	(597,673)	261,673	–	336,000	–
Net debt as at 30 June 2025	**1,285,098**	**(48,517)**	**(200,126)**	**(12,145,429)**	**–**	**(83,649)**	**–**	**(11,192,623)**
Net debt as at 31 December 2023	**659,335**	**(17,986)**	**–**	**(8,053,141)**	**–**	**(96,827)**	**(809,245)**	**(8,317,864)**
(Unaudited)								
Cash flows	177,953	10,638	–	–	–	18,405	–	206,996
New leases	–	(18,024)	–	–	–	–	–	(18,024)
Interest expenses	–	(351)	–	(383,077)	–	(663)	(31,466)	(415,557)
Foreign exchange adjustments	5,142	(37)	–	(6,504)	–	(540)	–	(1,939)
Other changes	–	2,459	–	–	–	–	–	2,459
Net debt as at 30 June 2024	**842,430**	**(23,301)**	**–**	**(8,442,722)**	**–**	**(79,625)**	**(840,711)**	**(8,543,929)**

40 CAPITAL COMMITMENTS

Significant capital expenditure commitments are set out below:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property plant and equipment	41,419	19,134	14,487	26,154
Intangible assets	–	–	–	925
	41,419	19,134	14,487	27,079

41 RELATED PARTY TRANSACTIONS

The founder of the Group is Mr. Wen Zhang.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Save as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group:

Name of related parties	Relationship with the Group
Mr. Wen Zhang	Founder and executive director of the Group
Shanghai Biliren	Act in concert with Mr. Wen Zhang

(b) Transactions with related parties:

(i) Key management compensations

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages, salaries and bonuses	16,332	16,404	12,540	6,796	6,266
Pension costs – defined contribution plans	50	102	194	88	111
Other social security costs, housing benefits and other employee benefits	71	101	190	119	133
Share-based compensation expenses	38,663	23,542	18,568	16,595	1,897
	55,116	40,149	31,492	23,598	8,407

(ii) Proceeds received from related parties for capital contribution

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Mr. Wen Zhang	–	2,609	–	–	–
Shanghai Biliren	–	4,164	–	–	–
	–	6,773	–	–	–

(c) Balances with related parties:

(i) Other receivables

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wen Zhang *(Note 24)*	2,609	–	–	–
Shanghai Biliren *(Note 24)*	4,164	–	–	–
	6,773	–	–	–

Other receivables represented receivable for capital contributions due from related parties for subscription of the Company's share capital, which was a non-trade receivable in nature. All the outstanding receivable balances were settled in cash in April 2023.

42 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 were set out below:

For the year ended 31 December 2022

Name of Directors	Fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:							
Mr. Wen Zhang (i)	–	500	–	–	–	–	500
Mr. Linglan Zhang (ii)	–	1,810	1,171	10,417	–	–	13,398
Mr. Bing Xiao (肖冰) (iii)	–	1,440	500	307	50	71	2,368
Mr. Zhou Hong (iv)	–	2,184	1,058	4,227	–	–	7,469
Mr. Luting Pan (v)	–	2,168	–	1,410	–	–	3,578
	–	8,102	2,729	16,361	50	71	27,313
Non- executive Director:							
Jingguo Liu (劉經國) (vi)	–	–	–	–	–	–	–
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	–	–	–	–	–	–	–
Mr. Siu Wing Lam (林兆榮) (viii)	–	–	–	–	–	–	–
Ms. Jin Liu (劉瑾) (ix)	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	8,102	2,729	16,361	50	71	27,313

For the year ended 31 December 2023

Name of Directors	Fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:							
Mr. Wen Zhang (i)	–	2,700	1,000	–	–	–	3,700
Mr. Linglan Zhang (ii)	–	3,761	804	5,120	–	–	9,685
Mr. Bing Xiao (肖冰) (iii)	–	1,454	425	2,015	43	63	4,000
Mr. Zhou Hong (iv)	–	2,067	1,324	1,795	–	–	5,186
Mr. Luting Pan (v)	–	1,819	505	938	26	38	3,326
	–	11,801	4,058	9,868	69	101	25,897
Non-executive Director:							
Jingguo Liu (劉經國) (vi)	–	–	–	–	–	–	–
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	–	–	–	–	–	–	–
Mr. Siu Wing Lam (林兆榮) (viii)	–	–	–	–	–	–	–
Ms. Jin Liu (劉瑾) (ix)	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	11,801	4,058	9,868	69	101	25,897

For the year ended 31 December 2024

Name of Directors	Fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:							
Mr. Wen Zhang (i)	–	2,067	–	–	–	–	2,067
Mr. Linglan Zhang (ii)	–	2,513	8	1,411	40	56	4,028
Mr. Bing Xiao (肖冰) (iii)	–	1,611	–	3,696	64	66	5,437
Mr. Zhou Hong (iv)	–	2,115	79	–	–	–	2,194
Mr. Luting Pan (v)	–	1,806	–	531	48	67	2,452
	–	10,112	87	5,638	152	189	16,178
Non-executive Director:							
Jingguo Liu (劉經國) (vi)	–	–	–	–	–	–	–
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	–	–	–	–	–	–	–
Mr. Siu Wing Lam (林兆榮) (viii)	–	–	–	–	–	–	–
Ms. Jin Liu (劉瑾) (ix)	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	10,112	87	5,638	152	189	16,178

For the six months ended 30 June 2025

Name of Directors	Fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:							
Mr. Wen Zhang (i)	–	1,125	–	–	–	7	1,132
Mr. Linglan Zhang (ii)	–	1,328	3	–	26	36	1,393
Mr. Bing Xiao (肖冰) (iii)	–	730	–	1,750	35	35	2,550
Mr. Zhou Hong (iv)	–	1,068	65	–	–	–	1,133
Mr. Luting Pan (v)	–	828	–	148	26	23	1,025
	–	5,079	68	1,898	87	101	7,233
Non- executive Director:							
Jingguo Liu (劉經國) (vi)	–	–	–	–	–	–	–
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	–	–	–	–	–	–	–
Mr. Siu Wing Lam (林兆榮) (viii)	–	–	–	–	–	–	–
Ms. Jin Liu (劉瑾) (ix)	–	–	–	–	–	–	–
	–	5,079	68	1,898	87	101	7,233

For the six months ended 30 June 2024 (Unaudited)

Name of Directors	Fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:							
Mr. Wen Zhang (i)	–	1,390	–	–	–	–	1,390
Mr. Linglan Zhang (ii)	–	1,157	4	1,411	16	29	2,617
Mr. Bing Xiao (肖冰) (iii)	–	880	–	1,962	31	32	2,905
Mr. Zhou Hong (iv)	–	1,058	41	–	–	–	1,099
Mr. Luting Pan (v)	–	978	–	292	23	33	1,326
	–	5,463	45	3,665	70	94	9,337
Non-executive Director:							
Jingguo Liu (劉經國) (vi)	–	–	–	–	–	–	–
Independent Non-executive Directors:							
Dr. Yuan Wang (王源) (vii)	–	–	–	–	–	–	–
Mr. Siu Wing Lam (林兆榮) (viii)	–	–	–	–	–	–	–
Ms. Jin Liu (劉瑾) (ix)	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	5,463	45	3,665	70	94	9,337

(i) Mr. Wen Zhang was appointed as executive director since October 2019. He was re-designated as an executive Director of the Company with effect from the [**REDACTED**].

(ii) Mr. Linglan Zhang was appointed as executive director in December 2019. Mr. Linglan Zhang was re-designated as an executive Director with effect from the [**REDACTED**].

(iii) Mr. Bing Xiao (肖冰) was appointed as a Director in May 2020, and Mr. Xiao was re-designated as an executive Director with effect from the [**REDACTED**].

(iv) Mr. Zhou Hong was appointed as a executive Director in July 2020 and re-designated as an executive Director with effect from the [**REDACTED**].

(v) Mr. Luting Pan was appointed as a executive Director in November 2020 and re-designated as an executive Director with effect from the [**REDACTED**].

(vi) Mr. Jingguo Liu was appointed as a non-executive Director in June 2025 and was re-designated as a non-executive Director with effect from the [**REDACTED**].

(vii) Mr. Yuan Wang was appointed as an independent non-executive Director in June 2025 with effect upon the [**REDACTED**].

(viii) Mr. Siu Wing Lam was appointed as independent non-executive director in June 2025 with effect upon the [**REDACTED**].

(ix) Ms. Jin Liu was appointed as independent non-executive director in June 2025 with effect upon the [**REDACTED**].

(a) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(b) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(c) Information about loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025.

43 CONTINGENCIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, there was no significant contingency item for the Group and the Company.

44 SUBSEQUENT EVENTS

(a) As approved by the general shareholders' meeting held 10 August 2025, Mr. Liang transferred 15,214,150 ordinary shares, equivalent to 304,283 share capital of the Company to Shanghai Biliren at a consideration of RMB304,000. The additional equity interest in Shanghai Biliren will be further granted to the Group's management and employees subsequently by issuing RSUs. The share-based compensation expenses arising from these new grants will be recorded in the respective financial reporting periods.

(b) Subsequently from July to August 2025, the Company further entered into a series of investment contracts with certain investors ("Pre-[**REDACTED**] Round Investors"), pursuant to which, the Pre-[**REDACTED**] Round Investors agreed to subscribe for the Company's additional issued 193,309,850 ordinary shares with a total consideration of RMB1,914,984,000, which will be treated as redemption liabilities due to certain preferred rights will be granted under certain circumstances. As the date of this report, the Pre-[**REDACTED**] Round financing has been completed, and all cash consideration has been received.

45 SUMMARY OF OTHER ACCOUNTING POLICIES

45.1 Principals of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive loss of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

45.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

45.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). As the major operations of the Group are within the Chinese Mainland, the Group determined to present the Historical Financial Information in RMB, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive loss on a net basis within "other (losses)/gains – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income ("OCI").

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

45.4 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

45.5 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/losses, net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive loss within other gains/losses, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statement of comprehensive loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis for the expected credit losses on financial assets (including trade receivables, other receivables, term bank deposits, restricted cash and cash and cash equivalents), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for details.

For others, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

45.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

45.7 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Majority of other payables are investment intention fund, deposits, payroll payables, [**REDACTED**] expense payable and other taxes payables etc. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

45.8 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 10 above. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 for details. Any other interest income is included in "other income".

45.9 Provision

Provisions for products and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

45.10 Dividend income

Dividend income is recognized as other income in profit or loss when the right to receive payment is established.

45.11 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs and expenses are deferred and recognised in the profit or loss over the period necessary to match them with the costs and expenses that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

45.12 Employee benefits

(a) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

45.13 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of fair value gain or loss associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

45.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

45.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

45.16 Investments accounted for using the equity method

(a) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(b) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2025 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2025.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this document received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2025 of the property interests held by the Company.

AVISTA Valuation Advisory
艾華迪評估諮詢

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[REDACTED]

The Board of Directors
Shanghai Biren Technology Co., Ltd. (上海壁仞科技股份有限公司)
Unit 1302, 13/F, Building 16,
No. 2388 Chenhang Road,
Minhang District,
Shanghai, PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Shanghai Biren Technology Co., Ltd. (上海壁仞科技股份有限公司) (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") for us to carry out the valuation of the property interests (the "Property") located in the People's Republic of China (the "PRC") held by the Company, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 September 2025 (the "Valuation Date").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

In valuing the Property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the RICS Valuation – Global Standards 2024 published by the Royal Institution of Chartered Surveyors ("RICS") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the Property in the PRC, we have relied on the information provided by the Group and have considered the advice given to the Group by the their legal advisors, being Fangda Partners (方達律師事務所) (the "PRC Legal Advisors"), regarding the titles to the Property.

In valuing the Property, we have made reference to a legal opinion regarding the Property provided by the PRC Legal Advisors dated [**REDACTED**] (the "PRC Legal Opinion"). Unless otherwise stated, the Group has legally obtained the land use rights of the Property.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

The Property has been valued by the income approach. The income approach takes into considerations of the term value of the property by capitalizing the rental income over the existing lease terms and the reversionary value by capitalizing the current market rental income of the property until the end of the land use right terms. The current market rent adopted in determining the reversionary value is based on the findings of rental comparables in the locality which share similar characteristics with the subject property. When determining the parameter of capitalization rate or market yield, reference has been made to the current sale price and rental income of the properties in the locality which share similar characteristics with the subject properties. The income approach estimates the value of the property by taking into consideration the existing rental level and current market condition, without specifically involving the forecasting of future profits.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property in the PRC. Where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrance that might be attached to the Property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have made reference to the PRC Legal Opinion given by the PRC Legal Advisors, concerning the validity of the title of the Property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject property. The site inspection was carried out on 19 June 2025 by Turman Cheung (Manager). He has more than 5 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject property is free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group, the PRC Legal Advisor, or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 15 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

VALUATION CERTIFICATE

Property interests held for investment by the Company in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2025 *RMB*
1.	Unit 2601-2624, North Tower of Hengqin International Commerce Center, No. 3018 Huandao East Road, Guangdong-Macao In-Depth Cooperation Zone in Hengqin, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC (中國廣東省珠海市香州區橫琴粵澳深度合作區環島東路3018號橫琴國際商務中心北座2601-2624室)	The property comprises 24 office units with a total gross floor area of approximately 2,796.81 sq.m. located on the 26th floor of a 33-storey office building within a commercial development, namely Hengqin International Financial Center (the "Development"). The property was held for investment as at the Valuation Date. As advised by the Group, the property was completed in 2020. The property is located in Guangdong-Macao In-Depth Cooperation Zone, with approximately 5.9 km to Zhuhai Changlong Railway Station, 38.4 km to Zhuhai Jinwan Airport and 18.0 km to Hong Kong-Zhuhai-Macau Bridge Zhuhai Port. The land use rights of the property have been granted for a term expiring on 29 June 2052 for business and financial use.	The property was leased to a tenant for office use as at the Valuation Date.	62,850,000 (100% interest attributable to the Company: 62,850,000)

Notes:

1. Pursuant to a sale and purchase agreement dated 3 August 2021 between Hengqin International Commerce Center Development Co., Ltd. (橫琴國際商務中心開發有限公司) and Zhuhai Biren Integrated Circuits Co., Ltd. (珠海壁仞集成電路有限公司, "Zhuhai Biren"), in which the Company holds a direct ownership stake of 100%, the property was contracted to be purchased by Zhuhai Biren at a total consideration of RMB72,717,060.

2. Pursuant to 24 Real Estate Ownership Certificates issued by Zhuhai Real Estate Registration Center (珠海市不動產登記中心), the land use rights and building ownership of the property have been vested in Zhuhai Biren with the details as follows:

No.	Certificate No.	Land Usage	Building Usage	Expiry Date	Site Area *(sq.m.)*	Gross Floor Area *(sq.m.)*
1	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051865	Business and Finance	Office	29 June 2052	3.27	89.15
2	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051934	Business and Finance	Office	29 June 2052	3.30	89.92
3	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051921	Business and Finance	Office	29 June 2052	3.33	90.69
4	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051913	Business and Finance	Office	29 June 2052	3.36	91.46
5	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051891	Business and Finance	Office	29 June 2052	3.39	92.24
6	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051908	Business and Finance	Office	29 June 2052	7.55	205.60
7	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051910	Business and Finance	Office	29 June 2052	4.34	118.25
8	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051907	Business and Finance	Office	29 June 2052	3.40	92.62
9	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051882	Business and Finance	Office	29 June 2052	3.40	92.62
10	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051909	Business and Finance	Office	29 June 2052	4.34	118.25
11	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051906	Business and Finance	Office	29 June 2052	7.55	205.60
12	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051903	Business and Finance	Office	29 June 2052	3.40	92.62
13	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051868	Business and Finance	Office	29 June 2052	3.40	92.62
14	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051900	Business and Finance	Office	29 June 2052	3.40	92.62
15	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051898	Business and Finance	Office	29 June 2052	3.40	92.62
16	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051871	Business and Finance	Office	29 June 2052	3.40	92.62
17	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051893	Business and Finance	Office	29 June 2052	3.40	92.62
18	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051890	Business and Finance	Office	29 June 2052	7.55	205.60

No.	Certificate No.	Land Usage	Building Usage	Expiry Date	Site Area *(sq.m.)*	Gross Floor Area *(sq.m.)*
19	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051876	Business and Finance	Office	29 June 2052	4.64	126.49
20	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051887	Business and Finance	Office	29 June 2052	3.62	98.69
21	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051884	Business and Finance	Office	29 June 2052	3.62	98.69
22	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051883	Business and Finance	Office	29 June 2052	4.64	126.49
23	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0051880	Business and Finance	Office	29 June 2052	7.55	205.60
24	Yue (2022) Zhu Hai Shi Bu Dong Chan Quan Di No. 0052731	Business and Finance	Office	29 June 2052	3.42	93.13
Total:					**102.67**	**2,796.81**

3. Pursuant to a tenancy agreement, the property had been leased to an independent third party with a total monthly rent of RMB307,906, exclusive of value-added tax, management fees and utility fees, for a term with the expiry date on 30 April 2028.

4. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:–

   a. Zhuhai Biren has obtained the land use rights of the property under the Real Estate Ownership Certificates; and

   b. There are certain legal deficiencies, as Zhuhai Biren has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 3. The relevant government authorities may require Zhuhai Biren to rectify the situation and may impose fines. The following facts are pertinent to this matter:

      i. Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid;

      ii. According to credit reports issued on 14 February 2025 and 15 August 2025, Zhuhai Biren has no records of administrative penalties in the field of construction market supervision during the periods from 1 January 2022 to 31 December 2024, and from 1 July 2024 to 1 July 2025, respectively; and

      iii. According to written confirmation provided by the Company, Zhuhai Biren has not been ordered to rectify the matter. The Company has further confirmed that Zhuhai Biren will complete the lease registration and filing within a specified timeframe if so required by the relevant government authorities.

5. In the course of our valuation, we assume that the property is transferable without legal impediment.

6. Our valuation has been made on the following basis and analysis:

   In the course of our valuation of the property, we have made reference to various relevant rental evidence in the locality with characteristics similar to those of the subject property such as nature, use, size, and accessibility. The adjusted unit rents of the comparables range from RMB100 to RMB150 per sq.m. per month for office units. The market yield assumed by us is 4.75% for office units, which is consistent with the prevailing market yields of the property sector, typically ranging from 4.5% to 4.9%.

This Appendix is mainly providing [**REDACTED**] with an overview on the Articles of Association of our Company. The following information is only a summary, not covering all the information that may be material to [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The issuance of the shares of our Company shall be conducted in the principle of fairness and justness, and each share of the same class shall be entitled to equal rights. For shares issued at the same time and within the same class, it shall be issued in the same conditions and price; and subscribers shall pay the same price for each share they subscribe. The domestic unlisted shares issued by our Company shall be deposited at a domestic securities depository and settlement agency. The overseas [**REDACTED**] shares issued by our Company may be deposited in accordance with applicable laws of Hong Kong and the general practice of securities registration and depository.

INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Decrease of Shares

According to the needs for the operation and development of our Company, and subject to applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules, and requirements by relevant regulatory authorities upon resolution by a Shareholders' meeting, our Company may increase its registered capital by any of the following means:

(1) issuing shares to non-specific objects;

(2) issuing shares to specific objects;

(3) distribution of bonus shares to existing Shareholders;

(4) converting the reserved funds into share capital; or

(5) other means stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and approved by or filed with the relevant domestic and overseas securities regulatory authorities.

To reduce its registered capital, our Company shall proceed in compliance with the PRC Company Law, the Listing Rules, other relevant applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

Repurchase of Shares

In any of the following circumstances, our Company may repurchase its issued shares in accordance with the PRC Company Law, the Listing Rules and other relevant applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association and subject to the registration or filing with the relevant domestic and overseas securities regulatory authorities:

(1) reducing the registered capital of our Company;

(2) merging with another company holding shares of our Company;

(3) using shares for stock incentive plans and employee stock plans;

(4) acquiring the shares of Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of our Company and request our Company to acquire their shares;

(5) using shares for converting corporate bonds issued by our Company convertible into shares;

(6) as required for our Company to maintain corporate value and Shareholders' interests; or

(7) other circumstances approved by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and regulatory authorities.

Any repurchase under circumstances (3), (5) or (6) above, subject to the requirements of the Listing Rules and the regulatory rules and guidelines of the Hong Kong Stock Exchange, shall be conducted through open and centralized trading.

A resolution of a Shareholders' meeting is required for repurchasing shares under circumstances (1) or (2) above. In accordance with the provisions of the Articles of Association or the authorization of the Shareholders' meeting, repurchase of shares under circumstances (3), (5) or (6) above may be resolved by a resolution of a meeting of the Board with a quorum of two thirds or more of Directors, unless otherwise provided by the Listing Rules. In compliance with securities regulatory provisions of the stock exchange [**REDACTED**] venue, the shares acquired under the above circumstance (1), shall be de-registered within ten days from the date of repurchase; the shares acquired under the above circumstances (2) or (4), shall be transferred or de-registered within six months; and the shares acquired under the above circumstances (3), (5) or (6), shall be transferred or de-registered within three years, and the shares held in total by our Company shall not exceed 10% of total shares issued by our Company. Where applicable laws, administrative regulations, departmental rules, normative

documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and domestic and overseas securities regulatory authorities provide otherwise regarding the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail.

Where our Company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the relevant requirements of domestic and overseas securities regulatory authorities.

Transfer of Shares

Unless otherwise required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association, the fully paid shares of our Company may be transferred freely. The transfer of overseas [**REDACTED**] shares shall be registered with the local Hong Kong share registrar entrusted by our Company.

Shares issued by our Company prior to the [**REDACTED**] shall not be transferred within one year from the date our Company's shares are [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

The Directors and senior management of our Company shall report their shareholding in our Company and changes thereof to our Company, and during their tenure determined at the time of taking office, the shares transferred by them each year shall not exceed 25% of the total number of Company shares held by them; the shares held by them shall not be transferred within one year from the date when the shares of our Company are [**REDACTED**] and [**REDACTED**]; within half a year from departure from our Company, the aforesaid persons shall not transfer our Company shares held by them. If applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue provide otherwise, such rules shall apply in the principle of strictness.

All transfers of overseas [**REDACTED**] shares shall adopt the written transfer instrument in general or common format or any other form acceptable to the Board (including the standard transfer format or transfer form prescribed by Hong Kong Stock Exchange from time to time); the written transfer documents may only be manually signed with signatures, or (if the transferor or the transferee is a corporation) stamped with valid seals. If the transferor or transferee of the shares of our Company is a recognized clearing house or its nominee as defined by the relevant regulations in force from time to time under the laws of Hong Kong, the written transfer documents may be signed by hand or machine printing. All transfer documents must be placed at the legal address of our Company, the address of the transfer office or such other place as the Board may designate from time to time. If our Company refuses to register the transfer of shares, our Company shall, within two months from the date of the formal application for transfer, provide the transferor and transferee with a notice of refusal to register the transfer of the shares.

Directors, senior management and Shareholders holding 5% or more of our Company's shares who sell shares or other securities of equity nature of our Company held by them within six months after purchase of the same, or purchase such shares or securities again within six months after sale of the same, shall have the profits gained returned to our Company, and the Board shall reclaim such profits. However, this does not apply under circumstances where securities companies hold 5% or more of the shares due to underwriting and purchasing remaining shares after sale, or other circumstances stipulated by the CSRC and other domestic and overseas securities regulatory authorities.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

Our Company establishes its register of Shareholders based on certificates provided by the securities registration and clearing institution registrar and the register of Shareholders shall be the prima facie evidence of share ownership, unless there is evidence to the contrary. Shareholders enjoy rights and assume obligations according to the class of shares they hold; each share of the same class shall bear the same rights and obligations.

The Shareholders of our Company shall be entitled to the following rights:

(1) receiving dividends and other forms of interest distribution in proportion to their shareholdings;

(2) requiring to hold, convening, chairing, attending by person or by proxy a Shareholders' meeting pursuant to the laws, and exercising the relevant speaking right, inquiry right and voting right at the meeting;

(3) supervising, presenting suggestions on or making inquiries about the business operation of our Company;

(4) transferring, gifting or pledging the shares held by them, in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(5) accessing and replicating the Articles of Association, the register of Shareholders, minutes of Shareholders' meeting, resolutions of Board and publicly disclosed financial data and accounting reports;

(6) participating in the distribution of residual assets of our Company in proportion to their shareholdings, upon termination or liquidation of our Company;

(7) for Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of our Company, requesting our Company to acquire its shares; and

(8) any other rights stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association.

In the event that any resolution by the Shareholders' meeting or the Board meeting violates applicable laws and administrative regulations, the Shareholders may request people's court to invalidate such a resolution. In the event that the convening procedures or voting means of the Shareholders' meeting or the Board meeting violate applicable laws, administrative regulations or the Articles of Association, or any resolution violates the Articles of Association, Shareholders may request people's court to withdraw such resolution within sixty days from the date of resolution, unless there are only minor defects in the convening procedures or voting means of the Shareholders' meeting or the Board meeting, which do not have a material impact on the resolutions. If there is a dispute among the Board, Shareholders, or the relevant parties regarding the validity of a Shareholders' meeting resolution, the concerned parties shall promptly file a lawsuit with the people's court. Before the people's court issues a judgment or ruling to withdraw such resolution, the relevant parties shall implement the resolution. Our Company, the Directors and senior management shall diligently perform their duties to ensure normal operations of our company.

If the people's court has made a judgment or ruling on relevant matters, our Company shall perform information disclosure obligations pursuant to the provisions of applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, and domestic and foreign securities regulatory requirements, fully explain the impact and actively cooperate with the execution after the judgment or ruling takes effect. If any prior matters require rectification, our Company shall promptly address them and fulfill corresponding information disclosure obligations.

The Shareholders of our Company shall undertake the following obligations:

(1) abiding by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(2) making payment according to the number of shares subscribed for and the manners of subscription;

(3) not withdrawing the shares, unless otherwise stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association;

(4) not abusing Shareholder's rights to harm the interests of our Company or other Shareholders; not abusing the independent legal person status of our Company and the limited liability of Shareholders to harm the interests of our Company's creditors; and

(5) any other obligations stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

Any Shareholder who abuses Shareholder's rights causing losses to our Company or other Shareholders shall be liable for compensation pursuant to the laws. Any Shareholder who abuses the independent legal person status of our Company and the limited liability of Shareholders to evade debts and severely infringe upon the interests of our Company's creditors shall be held jointly and severally liable for our Company's debts.

Controlling Shareholder and Actual Controller

The controlling Shareholder and actual controller of our Company shall exercise their rights and perform their obligations pursuant to the provisions of applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, and domestic and foreign securities regulatory requirements, protect the interests of our Company.

The controlling Shareholder and actual controller of our Company shall comply with the following provisions:

(1) exercise shareholder rights in accordance with the law, and shall not abuse controlling rights or use connected relationships to harm the legitimate rights and interests of our Company or other shareholders;

(2) strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or waive them;

(3) strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with our Company in information disclosure work, and promptly inform our Company of any major events that have occurred or are planned to occur;

(4) shall not occupy Company's funds in any form;

(5) shall not compel, direct, or require our Company and its personnel to provide illegal or non-compliant guarantees;

(6) shall not use our Company's undisclosed material information for personal gain, disclose any undisclosed material information related to our Company in any form, or engage in illegal or non-compliant activities such as insider trading, short-swing trading, or market manipulation;

(7) shall not harm the legitimate rights and interests of our Company and other Shareholders through non-arm's length connected transactions, profit distribution, asset restructuring, external investments, or any other means;

(8) ensure our Company's asset integrity, personnel independence, financial independence, organizational independence, and business independence, and shall not affect our Company's independence in any way; and

(9) Other provisions stipulated by applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

If our Company's controlling shareholder or actual controller does not serve as a director but de facto manages our Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary duties and duty of diligence shall apply. If our Company's controlling shareholder or actual controller instructs a director or senior management personnel to engage in conduct that harms the interests of our Company or its Shareholders, such controlling shareholder or actual controller shall bear joint and several liability with such director or senior management personnel.

General Rules for Shareholders' Meetings

The Shareholders' meeting is composed of all shareholders. The Shareholders' meeting is the organ of authority of our Company, and shall duly exercise the following functions and powers:

(1) to elect and remove any Director (not including employee representative(s)), and to determine the remuneration of the relevant Directors;

(2) to review and approve the reports of the Board;

(3) to review and approve our Company's profit distribution plans and loss recovery plans;

(4) to resolve on our Company's increase/decrease of registered capital;

(5) to resolve on our Company's issuance of bonds or any class of shares, warrants and other similar securities as well as the [**REDACTED**];

(6) to resolve on our Company's merger, division, spin-off, dissolution, liquidation or change of its corporate form;

(7) to amend the Articles of Association;

(8) to decide on the engagement or dismissal of the accounting engaged for the Company's audit services firm and the audit fee of the accounting firm;

(9) to review and approve the motions proposed by Shareholder(s) individually or jointly holding at least 1% voting shares of our Company;

(10) to review and approve the relevant transactions and guarantee matters required to be resolved by the Shareholders' meeting as specifically provided in the Articles of Association;

(11) to review and approve transactions between our Company and its connected persons that meet the requirements for approval by the Shareholders' meeting under Listing Rules;

(12) to review and approve our Company's purchase or disposals of material assets accumulated within one year in the amount exceeding 30% of the latest audited total assets of our Company;

(13) to review and approve the change in the use of raised proceeds;

(14) to review and approve the stock incentive plans and employee stock plans;

(15) to adopt resolutions on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association; and

(16) other matters to be decided by Shareholders' meeting under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

There are two types of Shareholders' meetings, namely annual Shareholders' meeting and extraordinary Shareholders' meeting. The annual Shareholders' meeting shall be convened once a year and shall be held within six months from the end of last accounting year.

The extraordinary Shareholders' meeting shall be convened within two months from the date of occurrence of any of the following events:

(1) the number of Directors is less than two-thirds of the quorum required by the PRC Company Law, or less than two-thirds of the quorum required by the Articles of Association;

(2) the outstanding losses of our Company account for one-third of our Company's total paid-up share capital;

(3) Shareholder(s) individually or jointly holding at least 10% shares of our Company send(s) a written request for meeting;

(4) the Board deems necessary;

(5) the Audit Committee proposes to convene the meeting;

(6) two or more independent non-executive Directors propose to convene the meeting; or

(7) other circumstances under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association.

The motions proposed by the convener shall be included in the agenda of the Shareholders' meeting under circumstances (3), (4) or (5) above.

Convening of Shareholders' Meetings

The Board shall convene the Shareholders' meeting within the prescribed time limit. With the consent of a simple majority of all independent non-executive Directors, independent Non-Executive Directors may propose to convene an extraordinary Shareholders' meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' meeting within ten days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions. In the event that the Board declines to convene an extraordinary Shareholders' meeting, the Board shall specify the reasons and make an announcement.

The Audit Committee may propose in writing to convene an extraordinary Shareholders' meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' meeting within ten days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original proposal in such notice shall be agreed upon by the Audit Committee. In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond within ten days, it shall be deemed to be unable or to fail to fulfill its duty to convene a Shareholders' meeting and then the Audit Committee may convene and preside over the meeting on its own.

Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' meeting to the Board and specify the subject of the meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, the Articles of Association and the relevant rules of procedure for the meeting, the Board shall provide written feedback on whether to agree or disagree with the request to convene such extraordinary Shareholders' meeting within ten days after receiving the request. In the event the Board agrees to convene an extraordinary Shareholders' meeting, the Board shall issue an extraordinary Shareholders' meeting notice within five days of making its resolutions, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Board declines to convene an extraordinary Shareholders' meeting or fails to respond in writing within ten days after receiving the request, Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' meeting to the Audit Committee. In the event the Audit Committee agrees to convene an extraordinary Shareholders' meeting, the Audit Committee shall issue an extraordinary Shareholders' meeting notice within five days of receiving such request, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). In the event that the Audit Committee fails to issue the notice within the time limit, it shall be deemed to fail to convene and chair a Shareholders' meeting, and then the Shareholder(s) individually or collectively holding 10% or more of shares for at least ninety consecutive days may convene and chair the meeting on its/their own.

In the event of the Audit Committee or the Shareholder(s) convening and holding a Shareholders' meeting on its/their own, the necessary expenses incurred for such meeting shall be borne by our Company, which may be recovered by deducting the amount from any sums due to any defaulting director(s) by our Company.

Notice of Shareholders' Meetings

To hold an annual Shareholders' meeting, the convener shall notify all Shareholders by announcement twenty-one days in advance. To hold an extraordinary Shareholders' meeting, the convener shall notify all Shareholders by announcement ten business days or fifteen days (whichever is longer) in advance. If applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association provide otherwise, such rules shall apply. The period shall exclude the date on which the meeting is convened.

The notice of Shareholders' meeting shall be made in writing (including paper documents or electronic documents that meet the requirements of the relevant regulatory rules of the [**REDACTED**] venue) and include the following:

(1) the time, place and duration of meeting;

(2) convening method of the meeting;

(3) matters and proposals submitted to the meeting for review;

(4) If any Director, general manager or other senior officer has a material interest in the matter to be discussed at the meeting, the nature and degree of interest shall be disclosed; if the influence of the matter to be discussed on such a Director, general manager or other senior officer in their capacity as Shareholders is different from the influence on other Shareholders, such difference shall be explained;

(5) meeting materials necessary for Shareholder's voting;

(6) explain in conspicuous words that all Shareholders have the right to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and participate in the vote, and the Shareholder proxy need not be a Shareholder of our Company;

(7) state the time and address of delivery of the power of attorney for the voting proxy;

(8) share registration date of the Shareholders entitled to attend the Shareholders' meeting;

(9) the convener and chair of a meeting, the proposer of an extraordinary Shareholders' meeting and the proposer's written proposal;

(10) name and telephone number of the permanent contact person for conference affairs;

(11) time and voting procedures for online or other method of voting; and

(12) the notice and supplementary notice shall contain information as required by Listing Rules and the Articles of Association and shall fully, completely and accurately disclose the specific contents of all proposals and all the information or explanations necessary for the Shareholders to make reasonable judgment on the proposed matters. In case the opinions of independent non-executive Directors are necessary for matters to be discussed, the opinions and reasons given by independent non-executive Directors shall be disclosed at the same time when the Shareholders' meeting notice or supplementary notice is issued.

Proposals at Shareholders' Meetings

When our Company convenes a Shareholders' meeting, the Shareholder(s) individually or jointly holding 1% or more of shares of our Company are entitled to put forward new proposals to our Company and submit them in writing to the convener ten days in advance, and the convener of the Shareholders' meeting shall issue a supplemental notice of Shareholders' meeting, announcing the contents of the new proposals, within two days after receiving such proposals, and submit the new proposals to the Shareholders' meeting for deliberation; provided however, that this shall not apply if the interim proposals contravene the provisions of applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, or the Articles of Association or fall outside the scope of authority of the Shareholders' meeting.

Proxy at Shareholders' Meetings

A Shareholder may appoint one or more persons (such persons need not be Shareholders) as proxies to attend and vote within the authorization scope on the Shareholders behalf.

The power of attorney issued by any Shareholder for appointing a proxy to attend the Shareholders' meeting shall include the instructions to vote for, vote against or abstain from each matter to be discussed as listed in the agenda of the Shareholders' meeting etc..

Where the appointing Shareholder dies, loses the capacity to act, withdraws the power of attorney, withdraws the authorization to sign the power of attorney or where the relevant shares have been assigned before voting, the vote made by the proxy so appointed shall be still valid, as long as our Company did not receive a notice in writing of such events before meeting.

Resolutions of Shareholders' Meetings

There are two kinds of resolutions made at Shareholders' meeting, namely ordinary resolutions and special resolutions. Ordinary resolutions shall be approved by more than half of voting rights held by the Shareholders attending the Shareholders' meeting. Special resolutions shall be approved by above two-thirds of the voting rights held by Shareholders attending the Shareholders' meeting.

A Shareholder or proxy shall exercise its voting rights pertaining to the voting shares held by it when voting at Shareholders' meeting, and each share shall have one vote. When voting on shares, Shareholders (including their proxies) with two or more voting rights are not required to cast all their votes in favor, against or in abstention on a proposal. However, there is no voting rights attached to the shares held by our Company, and such portion of shares shall not be included in the total number of shares with voting rights at Shareholders' meeting.

When the matters of connected transactions (as defined in the Listing Rules) are reviewed at Shareholders' meeting, connected Shareholders or their close associates (as defined in the Listing Rules) shall not vote, and the number of voting shares held by them shall not be included in the total number of valid votes. The announcement on resolution of Shareholders' meeting shall fully disclose the voting results of non-connected Shareholders. Before the Shareholders' meeting reviews connected transactions, our Company shall determine the scope of connected Shareholders in accordance with applicable laws, administrative regulations, departmental rules, normative documents, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue. Connected Shareholders or their proxies may attend the Shareholders' meeting and express their views to the attending Shareholders in accordance with the meeting procedures.

The following matters shall be approved by ordinary resolutions at the Shareholders' meeting:

(1) the work report of the Board;

(2) the profit distribution plan and plan for covering losses formulated by the Board;

(3) the election and removal of members of the Board (not being employee representative(s)) and their remunerations and the method of payment thereof;

(4) the engagement or dismissal of the accounting firm and the audit fee of the accounting firm;

(5) the relevant transactions and guarantee matters required to be resolved by the Shareholders' meeting as specifically provided in the Articles of Association;

(6) connected transactions between our Company and its connected persons that meet the requirements for approval by the Shareholders' meeting under the Listing Rules;

(7) change in the use of raised proceeds;

(8) the equity stock incentive plans and employee stock plans; and

(9) other matters to be decided by the Shareholders' meeting other than those required to be approved by a special resolution under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

The following matters shall be approved by special resolutions at the Shareholders' meeting:

(1) the increase or decrease of share capital of our Company;

(2) the issuance of any class of shares, warrants and other similar securities as well as the [**REDACTED**] of our Company (provided that such matters have not been delegated to the Board by the Shareholders' meeting);

(3) the division, spin-off, merger, or the change of corporate form of our Company;

(4) the termination, dissolution or liquidation of our Company;

(5) the amendment to the Articles of Association;

(6) the purchase, disposals of material assets or provision of guarantees to others accumulated within one year in the amount exceeding 30% of latest audited total assets of our Company;

(7) resolutions on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association; and

(8) any other matters to be approved by extraordinary resolutions as required by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association as well as other matters that are determined by the ordinary resolutions of the Shareholders' meeting to have a significant impact on our Company and require to be approved by special resolutions.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

The Directors of our Company shall be natural persons.

Non-employee representative Directors shall be elected or replaced at Shareholders' meeting, for a tenure of three years. Employee representatives on the Board shall be democratically elected by the Company's employees through employee representative assemblies, employee general meeting or other forms. Upon the expiration of his tenure, a Director may be re-elected and serve consecutive terms.

The tenure of a Director shall be from the date of appointment to the expiry of tenure of the current Board. If a Director's tenure expires but an alternate Director is not elected in time, then before the alternate Director holds office, the original Director shall still perform the duties as Director, in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

A Director may propose resignation before expiry of tenure, by filing a resignation report in writing to our Company. The resignation is effective on the date our Company receives the resignation report, and our Company will disclose the relevant information within the time limit specified by applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue. Directors shall not evade their responsibilities through resignation or other means. If the resignation of a Director causes the number of board members to be less than the quorum, then before the alternate Director holds office, the original Director shall still perform the duties as Director under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

A Shareholders' meeting may resolve to remove a Director. The removal takes effect on the date of the resolution made. If, without proper reason, a Director is removed before expiry of tenure, he/she may request compensation from our Company.

Chairman

The Board shall have one chairman and may have vice chairmen, who shall be elected by more than half of Directors with a tenure of three years and may be re-elected and serve consecutive terms.

The chairman of the Board shall exercise the following powers and functions:

(1) leading the Board and ensuring the effective operation of the Board;

(2) presiding over Shareholders' meetings, convening and presiding over Board meetings, formulating and approving the agenda for each Board meeting, taking into account any matters proposed to be added to the agenda by other Directors where appropriate, and ensuring that all Directors at the Board meeting are properly informed of such matters;

(3) supervising and inspecting the implementation of resolutions of the Board;

(4) signing the securities issued by our Company;

(5) nominating candidates for our Company's general manager, chief executive officer (CEO), co-chief executive officer (Co-CEO), chief technology officer (CTO), secretary to the Board, and other senior officers excluding executive deputy general manager and chief financial officer to the Board, provided that all such appointments shall be subject to the final decision of the Board;

(6) ensuring that Directors receive adequate information in a timely manner and that such information is accurate, clear, complete and reliable;

(7) ensuring that appropriate measures are taken to maintain effective liaison with Shareholders and ensuring that Shareholders' opinions can be conveyed to the entire Board;

(8) ensuring that good corporate governance practices and procedures are formulated by our Company;

(9) encouraging dissenting Directors to express their concerned matters, providing adequate time to discuss these matters, and ensuring that the resolutions of the Board can fairly reflect the consensus of the Board;

(10) examining and approving other matters beyond the scope of authorities of the Shareholders' meeting, the Board and the general manager prescribed by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue or the Articles of Association; and

(11) other duties granted by the Board.

Where the chairman is incapable of performing or fails to perform its duties, such duties shall be performed by the vice chairman (if there are two or more vice chairmen, the vice chairman jointly elected by a majority of Directors shall perform its duties); where the vice chairman is incapable of performing of fails to perform its duties, such duties shall be performed by a Director jointly elected by a majority of Directors.

Board

Our Company sets up the Board, composed of 9 Directors. Directors of our Company shall be divided into executive Directors, non-executive Directors and independent non-executive Directors. The number of independent non-executive Directors shall account for at least one-third of the total number of the Board and shall be no less than three.

The Board shall exercise the following functions and powers:

(1) convening the Shareholders' meeting and submitting work reports to the Shareholders' meetings;

(2) implementing resolutions of the Shareholders' meetings;

(3) determining the operating plans and investment schemes of our Company;

(4) formulating the profit distribution plan and loss makeup plan of our Company;

(5) formulating our Company's plans for increase or decrease of the registered capital, issuance of corporate bonds or other securities, or [**REDACTED**] plans;

(6) contemplating the plans for major acquisitions, share repurchase, merger, division, dissolution or change of corporate form of our Company;

(7) deciding, to the extent authorized by the Shareholders' meeting, our Company's external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, connected transactions, external donations and other matters;

(8) deciding on the setup of internal management bodies of our Company;

(9) deciding on the appointment or dismissal of our Company's general manager, chief executive officer (CEO), co-chief executive officer (Co-CEO), chief technology officer (CTO), secretary to the Board, and other senior officers excluding executive deputy general manager and chief financial officer according to the nomination by the chairman; and deciding on their remuneration, reward and punishment; deciding on the appointment or dismissal of the executive deputy general manager, chief financial officer, according to the nomination by the general manager, and deciding on their remuneration, reward and punishment;

(10) formulating the fundamental management systems of our Company;

(11) formulating the stock incentive plans and employee stock plans;

(12) formulating the modification plan of the Articles of Association;

(13) managing the information disclosure of our Company;

(14) proposing to the Shareholders' meeting the engagement or replacement of the accounting firm which provides audit services to our Company;

(15) hearing the work reports by the general manager of our Company and inspecting the work performed by the general manager;

(16) resolving on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association; and

(17) any other functions and powers granted by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, the Articles of Association or the Shareholders' meeting.

Upon the consent of more than half of the Board, the chairman may be authorized to exercise certain functions and powers of the Board when it is not in session, which shall be determined by the Board resolutions. However, major matters of our Company shall be decided collectively by the Board. The statutory functions and powers that should be exercised by the Board shall not be delegated to the chairman, the general manager or others.

The Board shall explain to Shareholders' meeting about the non-standard audit opinions issued by the CPA firm against the financial statements of our Company.

The Board may hold two kinds of meetings, namely regular meetings and interim meetings. The Board shall hold at least four regular meetings per year, approximately once every quarter, convened by the chairman. The chairman shall hold at least one meeting annually with the independent non-executive Directors without the presence of other Directors. The notice and relevant documents for the regular meeting shall be delivered to all Directors at least fourteen days prior to the date of regular meetings (excluding the day on which the meeting is held) for the purpose of enabling all Directors to attend the meeting.

The notice of interim meetings shall be sent to all Directors five days prior to the date of interim meetings by fax, e-mail, or other means. In an emergency requiring the Board to hold an interim meeting as soon as possible, the notice of meeting may be given by telephone or other oral means, provided that the convener shall make explanations at the meeting. With the consent of all Directors of our Company, the notification time limit specified as the foregoing may be waived.

A meeting of the Board may not be held without more than half of Directors being present. To determine whether a quorum of the meeting exists, any Director who or whose close associates (as defined in the Listing Rules) has an interest in or has a connection with any matter to be resolved at the meeting or is required to abstain from voting according to the Listing Rules shall not be counted.

Every Director may cast one vote. A motion at the meeting of the Board may be passed as resolution by a simple majority of all Directors unless otherwise required by the Articles of Association, and any Director who or whose close associates (as defined in the Listing Rules) has an interest in or has a connection with any matter to be resolved at the meeting, or is required to abstain from voting according to the Listing Rules shall abstain from voting, nor shall they exercise voting rights on behalf of other Directors.

Where there is a tie of votes cast both for and against a resolution, the chairman shall have the right to cast one more vote.

Directors shall attend Board meetings in person or actively participate in Board meetings through electronic means. A Director who is unable to attend a meeting for any reason shall appoint another Director to attend a Board meeting on its behalf in writing, and the appointed Director shall issue the power of attorney to the Board. The appointed Director shall exercise the rights as Director within the scope of authorization. The failure of a Director to attend a Board meeting in person or by proxy shall be deemed as forfeiting his/her voting rights at such meeting.

The independent non-executive Directors shall perform their duties seriously pursuant to the provisions of applicable laws, administrative regulations, department rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, the Articles of Association, and domestic and foreign securities regulatory requirements, play a role of participation in decision-making, supervision, checks and balances and professional consultancy in the Board, safeguard our Company's overall interests and protect the legitimate rights and interests of minority Shareholders.

Board Special Committees

Audit Committee

The Board shall establish an Audit Committee to exercise the powers and functions of the supervisory committee as prescribed by the PRC Company Law. The Audit Committee shall comprise at least three members, all of whom must be non-executive Directors and may not serve as senior management of our Company. A majority shall be independent non-executive Directors, and at least one member shall be an independent non-executive Director who possesses either (i) an appropriate professional qualification recognized under the Hong Kong Listing Rules or (ii) appropriate accounting or related financial management expertise. The chairman must be an independent non-executive Director. In addition, more than half of the members may not hold any position in our Company other than that of Director and may not have any relationship with our Company that could affect their independent and objective judgment. Employee representative Directors on the Board may serve on the Audit Committee. A former partner of our Company's current external auditor is ineligible to serve on the Audit Committee for two years from the later of (1) the date he or she ceased to be a partner of the audit firm, or (2) the date he or she no longer holds any financial interest in the firm.

Nomination Committee and Remuneration Committee

The Board shall establish a Nomination Committee and a Remuneration Committee, which shall perform their duties in accordance with the Articles of Association and the Board's authorisation. Proposals adopted by these committees shall be submitted to the Board for decision. The Board shall adopt detailed rules governing each committee's work.

The Nomination Committee shall be chaired by the Chairman of the Board or an independent non-executive Director; a majority of its members shall be independent non executive Directors and it shall include at least one Director of a different gender.

The Remuneration Committee shall be chaired by an independent non-executive Director; a majority of its members shall be independent non-executive Directors.

General Manager and Other Senior Management

Our Company shall have one general manager and may have executive deputy general manager(s) who shall be appointed or dismissed by the Board. Our Company's senior management is composed of general manager, executive deputy general manager, chief executive officer (CEO), co-chief executive officer (Co-CEO), chief technology officer (CTO), chief financial officer and secretary to the Board.

The term of office of the general manager shall be three years and may be re-elected and serve consecutive terms.

The general manager shall be responsible to the Board, and exercises the following functions and powers:

(1) take charge of the production, operation and management of our Company, organize the implementation of resolutions made at Board meetings and report to the Board;

(2) organize the implementation of the annual operation plan and investment plan of our Company;

(3) contemplate the internal management setup plan of our Company;

(4) contemplate the fundamental management system of our Company;

(5) formulate the specific rules and regulations of our Company;

(6) propose to the Board the appointment or dismissal of the executive deputy general manager or the chief financial officer;

(7) appoint or dismiss a manager other than those who should be appointed or dismissed by the Board; and

(8) other duties authorized by the Articles of Association or the Board;

The general manager and secretary to the Board shall attend Board meetings.

The senior management shall faithfully perform his/her duties and safeguard the maximum interest of our Company and all Shareholders. If the senior management fails to faithfully perform their duties or violate their integrity obligations, causing damage to the interest of our Company and the public Shareholders, they shall bear compensation liability in accordance with the law.

Eligibility and Obligations of Directors, and Senior Management

Any of the following persons shall not act as Director, general manager or other senior management of our Company:

(1) who has no or limited civil capacity;

(2) who was sentenced for corruption, bribery, embezzlement or misappropriation of properties or destruction of the order of socialist market-oriented economy; or who was deprived of political rights due to any crime, and the execution of such deprivation has expired for no more than five years, and for those who have been declared on probation, the probation period has expired for no more than two years;

(3) who acted as director, factory manager, manager of a company or enterprise in bankruptcy liquidation, and was personally liable for the bankruptcy of such a company or enterprise, and a three-year period has not elapsed since the completion of bankruptcy liquidation of such company or enterprise;

(4) who acted as the legal representative of a company or enterprise whose business license was revoked, or which was ordered to close down due to violation of law and who is personally liable, and a three-year period has not elapsed since the revocation of the business license or the closure of such company or enterprise;

(5) who has a significant amount of due and outstanding debts and was listed as dishonest person subjected to enforcement by the people's court;

(6) who has been barred from the securities market by the CSRC for a certain period of time and such period has not expired yet;

(7) who has been publicly determined by the stock exchange of the [**REDACTED**] venue to be not suitable to serve as a Director or senior management of a [**REDACTED**] company, and the period has not expired; or

(8) any other circumstances stipulated by applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue.

The Directors shall comply with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association and assume the duty of loyalty to our Company. The Directors shall take steps to avoid their own interests conflicting with our Company's interests and may not take advantage of position to seek improper benefits. Such duties of loyalty include:

(1) shall not offer bribery or accept other illegal income by using his or her powers and position

(2) shall not embezzle our Company's property or misappropriate our Company's funds;

(3) shall not open accounts in his/her own name or in the names of others to deposit funds or assets of our Company;

(4) shall not lend our Company's funds to others or pledge Company's properties in favor of others in violation of the Articles of Association or without the approval of the Shareholders' meeting or the Board;

(5) shall not accept commission for transactions with our Company as personal gains;

(6) shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to our Company, except for those that our Company may not take the advantage of as resolved by the Board or the Shareholders' meeting or as stipulated by applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

(7) shall not engage in business similar to those of our Company for themselves or others, without the approval of the Board or the Shareholders' meeting in accordance with the Articles of Association;

(8) shall not conclude any contract or trade directly or indirectly with our Company without the approval of the Board or the Shareholders' meeting in accordance with the Articles of Association; these provisions shall apply to the close relatives of Directors or enterprises directly or indirectly controlled by their close relatives, as well as connected persons with other connections with Directors where they conclude contracts or conduct transactions with our Company;

(9) shall not disclose any confidential information involving our Company without authorization;

(10) shall not impair the interests of our Company through connected relationship; and

(11) other loyalty obligations provided under applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

The senior management assume the aforementioned duty of loyalty.

The Directors shall comply with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association and assume the duty of diligence to our Company. When performing duties, the Directors shall exercise reasonable care as a manager for the best interest of our Company. Such duties of diligence include:

(1) shall exercise the powers granted by our Company carefully, faithfully and diligently to ensure the business carried out by our Company is in compliance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and economic policies of the state, and such business activities are within the scope of business scope specified in our Company's business license;

(2) shall treat all Shareholders equally;

(3) shall stay informed with the business and operation of our Company timely;

(4) shall sign the written confirmation opinions on our Company's regular reports, and ensure that the information disclosed by our Company is true, accurate, and complete;

(5) shall provide relevant information and materials to the Audit Committee truthfully and shall not hinder the Audit Committee from performing their duty; and

(6) other diligence obligations in accordance with applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue and the Articles of Association.

The senior management assume the aforementioned obligations.

FINANCIAL ACCOUNTING POLICY

Our Company formulates the financial and accounting system according to applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue.

The Board shall submit the financial reports prepared by our Company as required by applicable laws, administrative regulations, departmental rules, normative documents as well as securities regulatory provisions of the stock exchange [**REDACTED**] venue to Shareholders at each annual Shareholders' meeting. Our Company shall not establish other accounting books other than those required by laws. Our Company's assets shall not be deposited into any account opened in the name of any individual person.

The financial report shall be made available for Shareholders' inspection twenty days prior to the annual Shareholders' meeting. The foregoing financial report shall include the Board report, the balance sheet (including various documents as required to be attached by the PRC or other applicable laws, administrative regulations, department rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue) and the profit and loss statement (income statement) or income and expenditure statement (cash flow statement) or a financial summary report approved by the Hong Kong Stock Exchange (provided that there will be no violation of applicable PRC laws, administrative regulations, departmental rules or normative documents).

Our Company shall publish the financial reports at international or Hong Kong accounting standards twice each accounting year, that is, publish the annual report within four months from the end of said accounting year, and publish the interim report within three months from the end of the first six months of an accounting year. Our Company shall publish the annual performance announcement within three months from the end of an accounting year and publish the interim performance announcement within two months from the end of the first six months of an accounting year. Our Company shall prepare the above-mentioned annual report and interim report in accordance with applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory provisions of the stock exchange [**REDACTED**] venue, and report, disclose and/or submit the annual report and interim report and other documents to Shareholders. If the relevant laws, administrative

regulations, departmental rules, normative documents, securities regulatory provisions of the stock exchange [**REDACTED**] venue, or the domestic and overseas securities regulatory authorities provide otherwise, such provisions shall prevail.

PROFITS DISTRIBUTION

To distribute after-tax profits for the current year, our Company shall allocate 10% of profits for the statutory reserves of our Company. If the cumulative amount of statutory reserves exceeds 50% of the registered capital of our Company, no further allocation is required. If the statutory reserves are insufficient to make up for previous losses, then our Company shall firstly make up for previous losses with current profits, before any allocation is made to the statutory reserves in accordance with the preceding sentence.

After foregoing provision for statutory reserves, our Company may also draw discretionary reserves from after-tax profits, subject to the resolution of the Shareholder's meeting.

The remaining after-tax profits after loss makeup and provisions for reserves shall be distributed to Shareholders in proportion to their shareholding percentages, except for those that are not distributed in proportion to the shareholding percentages as stipulated in the Articles of Association.

If the Shareholder's meeting breaches the PRC Company Law and distributes profits to Shareholders before losses are made up and the statutory reserves are drawn, then Shareholders shall refund the distributed profits to our Company in violation of the foregoing provisions. Where such violation causes losses to our Company, Shareholders and duty-bound Directors and senior officers shall be jointly and severally liable for compensation.

The shares held by our Company per se shall not participate in the profit distribution.

The reserves of our Company are used to make up losses, expand business, or increase the registered capital of our Company. To make up for our Company's losses, the discretionary reserves and statutory reserves should be used first; if it is still unable to make up for it, the capital reserves can be used in accordance with relevant provisions.

When the statutory reserves are converted into capital, the remaining amount of said reserves shall not be less than 25% of the registered capital of our Company before such conversion.

After the Shareholders' meeting of the Company has resolved on the profit distribution plan, the Board shall complete the distribution of dividends within six months from the date of the Shareholders' meeting.

The holder of any shares shall be entitled to interest on amounts paid in advance of a call by our Company, provided that no Shareholder shall have the right to participate in dividends declared after such advance payment in respect of the prepaid amount.

Our Company shall appoint a collection agent for the holders of overseas [**REDACTED**] shares, who shall receive the dividends and other payables of our Company in respect of overseas [**REDACTED**] shares, on behalf of said Shareholders.

The collection agent appointed by our Company shall meet the requirements of laws of Hong Kong and the relevant regulations of Hong Kong Stock Exchange.

The collection agent appointed by our Company for the holders of overseas shares [**REDACTED**] in Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and Listing Rules, our Company may forfeit any dividend unclaimed, provided that such power of forfeiture shall not be exercised before the expiration of its applicable limitation period.

Our Company also has the power to terminate the delivery of a dividend warrant by post to a holder of offshore [**REDACTED**] shares; provided that our Company may exercise such power of termination only if the cash on such dividend warrant is not withdrawn consecutively two times or more. However, our Company may also exercise this power if the dividend warrant has been returned undelivered to the recipient on the first attempt.

Our Company has the right to issue warrants to bearer holders. No new warrant shall be issued to replace a lost warrant unless it is reasonably assured that the original warrant has been lost. Our Company shall have the power to sell the shares of offshore [**REDACTED**] Shareholders who have been unable to contact in such a manner as the Board may think appropriate, provided, however, that:

(1) dividends are distributed onto such shares at least three times within twelve years, but such dividends are unclaimed in such period; and

(2) upon expiration of the twelve-year period, our Company shall publish a public announcement on one or more newspapers in Hong Kong, specifying the intention to sell such shares, and shall notify the Hong Kong Stock Exchange.

ENGAGEMENT OF ACCOUNTING FIRM

Our Company shall engage an independent accounting firm in compliance with relevant state regulations, to conduct accounting statement auditing, net asset verification and other related consulting services. The engagement period is one year and can be renewed.

The accounting firm engaged by our Company is entitled to the following rights:

(1) to access the books of accounts, records, or vouchers of our Company at any time, and require the Directors, general manager, or other senior management of our Company to provide related information and explanations;

(2) to require our Company to take all reasonable measures to obtain from its subsidiaries all information and notes required for said accounting firm to perform its duties; and

(3) to attend Shareholders' meeting, receive the notice of meeting accessible to any Shareholder, or other information related to the meeting, and make a speech at any Shareholders' meeting in respect of any matter involving its role as the accounting firm of our Company.

If any position of the accounting firm is vacant, the Board may appoint an accounting firm to fill up such a vacancy before the convening of the Shareholders' meeting. Any other accounting firm which has been engaged by our Company may continue to act during the period when such a vacancy exists.

The Shareholders' meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of office, notwithstanding the terms in the contract between the accounting firm and our Company, but without prejudice to such accounting firm's right, if any, to claim damages from our Company in respect of such dismissal.

The engagement, removal or dismissal of an accounting firm and the remuneration of the accounting firm shall be decided by an ordinary resolution of the Shareholders' meeting. The Board shall not engage an accounting firm prior to the decision by the Shareholders' meeting.

Our Company shall send fifteen-day prior notice to the accounting firm, in order to dismiss or not to reappoint the accounting firm, and the said accounting firm is entitled to give opinions when the Shareholders' meeting votes on the dismissal of the same. The accounting firm, in order to resign, shall make representations regarding whether our Company has any improper affairs to the Shareholders' meeting.

MERGER AND DIVISION OF OUR COMPANY

The merger of our Company may take two forms: merger by absorption or merger by new establishment.

If our Company merges with a company in which it holds ninety percent or more of the shares, the merger does not require a resolution of the shareholders' meeting of the merged company, but other shareholders must be notified and have the right to request our Company to purchase their shares at a reasonable price.

If the consideration for the merger does not exceed ten percent of our Company's net assets, a resolution of the Shareholders' meeting is not required, unless otherwise provided by the Articles of Association, securities regulatory provisions of the stock exchange [**REDACTED**] venue and domestic and foreign securities regulatory authorities.

Mergers conducted in accordance with the preceding two paragraphs without a resolution of the Shareholders' meeting must be approved by a resolution of the Board.

In a merger of our Company, all parties to the merger shall sign the merger agreement and shall prepare their respective balance sheets and inventory lists of assets. Our Company shall notify its creditors within ten days from the date of passing the merger resolution and make a public announcement in newspaper or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days from the date of passing the merger resolution. Upon the merger, the creditors' rights and the indebtedness of each merging party shall be assumed by the surviving entity or the newly established company resulting from the merger.

Where our Company is to be divided, its assets shall be divided accordingly. In the event of the division of our Company, the parties to such division shall prepare a balance sheet and a list of assets. Our Company shall notify its creditors within ten days from the date of the resolution on such division and shall make a public announcement in newspaper or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days from the date of the resolution on such division. The post-division company shall be jointly and severally liable for the pre-division debts of our Company, unless provided otherwise in a written agreement pertaining to the payment of debts between our Company and its creditors prior to the division.

Where our Company undergoes a merger or division, changes in the particulars of our Company shall be registered with our Company registration authorities in accordance with the laws. Where our Company is dissolved, cancellation of its registration shall be conducted in accordance with the laws. Where a new company is established, it shall be registered in accordance with the laws.

DISSOLUTION AND LIQUIDATION OF OUR COMPANY

Our Company shall be dissolved upon the occurrence of any of the following events:

(1) expiry of the valid term of the business or the occurrence of other events of dissolution as stated in the Articles of Association;

(2) a resolution for dissolution is passed by a Shareholders' meeting;

(3) dissolution is necessary due to a merger or division of our Company;

(4) our Company is revoked of business license, ordered to close or canceled according to law; or

(5) serious difficulties arise in the operation and management of our Company and its continued existence would cause material loss to the interests of the Shareholders and such difficulties cannot be resolved through other means, in which case Shareholders holding at least 10% of the voting rights may petition a people's court to dissolve our Company.

Where our Company is dissolved in accordance with the provisions of items (1), (2), (4) and (5) above, it shall be liquidated. The Directors shall be the obligors of our Company's liquidation and shall form a liquidation committee to carry out the liquidation within fifteen days from the date on which the cause of dissolution arises. The members of the liquidation committee shall comprise Directors, unless otherwise provided in the Articles of Association or as resolved by a Shareholders' meeting to elect others persons. If a liquidation committee is not established within the time period or a liquidation is not carried out after the establishment of the liquidation committee, the interested parties may apply to the people's court to designate relevant personnel to establish a liquidation committee to proceed with the liquidation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(1) to dispose of the property of our Company, and to prepare a balance sheet and a list of properties;

(2) to inform creditors by notice and public announcement;

(3) to dispose of unfinished business of our Company relating to the liquidation;

(4) to pay up all outstanding taxes and tax arising during the liquidation process;

(5) to clear up claims and debts;

(6) to distribute the residual properties of our Company after the full settlement of debts; and

(7) to represent our Company in civil litigation.

The liquidation committee shall notify the creditors within ten days after its establishment and publish announcements in the newspaper or on the National Enterprise Credit Information Publicity System within sixty days. Creditors shall, within thirty days from the date of receiving the notice; or for creditors who do not receive the notice, within forty-five days from the date of the public announcement, declare their claims to the liquidation committee.

The creditor shall provide a description and supporting evidence of matters relating to their claims. The liquidation committee shall register the creditors' claims.

The liquidation committee shall not make any debt settlement during the period of declaration of claims.

A liquidation plan shall be formulated by the liquidation committee after the stocktaking of our Company's assets has been carried out and the balance sheet and a detailed inventory of assets have been formulated and shall be submitted to the Shareholders' meeting or people's court for confirmation.

The assets of our Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of our Company's debts. The residual assets of our Company after settlement of all liabilities in accordance with the provisions of the preceding sentence shall be distributed to the Shareholders of our Company in proportion to their shareholdings.

During the liquidation period, our Company shall continue to exist but shall not carry out business activities unrelated to the liquidation. Before our Company's debts have been fully repaid in accordance with the provisions of the preceding paragraph, no assets of our Company shall be distributed to its Shareholders.

Where the liquidation committee, having examined our Company's assets and having prepared a balance sheet and an inventory of assets, discovers that our Company's assets are insufficient to pay its debts in full, it shall immediately apply to the people's court for a bankruptcy liquidation. Once the people's court has accepted a bankruptcy application, the liquidation committee shall turn over any matters regarding the liquidation to the bankruptcy administrator designated by the people's court.

Following the completion of liquidation, the liquidation committee shall formulate a report on liquidation, which shall be submitted to the Shareholders' meeting or the people's court for confirmation. The liquidation committee shall also submit the aforesaid documents to our Company registration authority and apply for cancellation of registration of our Company.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under one of the following circumstances, our Company shall amend the Articles of Association:

(1) when the Articles of Association contradict the newly implemented amendments of PRC Company Law, the Listing Rules and any other applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue;

(2) due to any change, when the information of our Company is inconsistent with the matters set forth in the Articles of Association; or

(3) when the Shareholders' meeting has made a resolution to amend the Articles of Association.

In the event that the amendment to the Articles of Association adopted by the Shareholders' meeting needs to be approved by the competent authority, our Company shall seek approval from relevant authority and if it involves company registration matters, change registration shall be handled in accordance with the law. The Board shall follow such resolutions by the Shareholders' meeting and the approval opinions of relevant authority when amending the Articles of Association.

In the event that an amendment to the Articles of Association qualifies as required disclosure under applicable laws, administrative regulations, departmental rules, normative documents and securities regulatory provisions of the stock exchange [**REDACTED**] venue, such amendment should be publicly announced.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation

Our Company was established as a limited liability company in the PRC on September 9, 2019 and was converted into a joint stock limited company on September 8, 2023 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB42,225,702.

Our Company has established a place of business in Hong Kong at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on August 24, 2023. Mr. Chun Ho TSANG (曾俊豪) has been appointed as our authorized representative in Hong Kong and agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix IV – Summary of Articles of Association."

Changes in Share Capital of Our Company and Our Subsidiaries

On September 9, 2019, our Company was incorporated with a registered capital of RMB10 million.

The following sets out the changes in the share capital of our Group during the two years immediately preceding the date of this Document:

(a) On June 13, 2024, the registered capital of Shanghai Biren Info increased from RMB60,000,000 to RMB150,000,000.

(b) On July 26, 2024, the registered capital of Shanghai Biren Info increased from RMB150,000,000 to RMB220,000,000.

(c) On February 24, 2025, (i) the registered capital of Beijing Biren increased from RMB50,000,000 to RMB100,000,000; (ii) the registered capital of Hangzhou Biren increased from RMB20,000,000 to RMB50,000,000; and (iii) the registered capital of Guangzhou Biren increased from RMB20,000,000 to RMB30,000,000.

(d) On March 20, 2025, the registered capital of Guangzhou Biren increased from RMB30,000,000 to RMB60,000,000.

(e) On June 11, 2025, the issued share capital of our Company increased from 32,916,380 shares to 36,571,086 shares.

(f) On June 20, 2025, the issued share capital of our Company increased from 36,571,086 shares to 38,359,505 shares.

(g) On June 25, 2025, our Company resolved to conduct a share subdivision pursuant to which each share of the Company was split on a one-for-fifty basis, and the nominal value of the shares of the Company was changed from RMB1.0 each to RMB0.02 each. Immediately after the share subdivision, the registered share capital of the Company was changed to RMB38,359,505 with 1,917,975,250 Shares in a nominal value of RMB0.02 each.

(h) On August 22, 2025, the issued share capital of our Company increased from 1,917,975,250 Shares to 2,111,285,100 Shares.

For more details, see "History, Development and Corporate Structure – Corporate Development and Major Shareholding Changes". Save as aforesaid, as of the Latest Practicable Date, there had been no alterations of the share capital of our Company and subsidiaries within the two years preceding the date of publication of this Document.

A summary of the corporate information and the particulars of our subsidiaries in Note 12 to the Accountant's Report set out in Appendix I to this Document.

Corporate Reorganization

Our Company has not gone through any corporate reorganization. For details of the history and development of our Company, see "History, Development and Corporate Structure."

Resolutions of our Shareholders

Pursuant to a general meeting held on June 25, 2025, among other things, our Shareholders resolved that:

(a) the issuance by our Company of the H Shares of nominal value of RMB0.02 each and such H Shares being [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) authorization of the Board to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of the H Shares;

(d) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total number of H Shares in issue as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any);

(e) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the H Shares in issue as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any); and

(f) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the [**REDACTED**] confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholders as a whole.

(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase Shares at annual general meetings, the Board will be granted general mandate to repurchase Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company to be held after the [**REDACTED**] of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(ii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of [**REDACTED**] H Shares in issue as of the [**REDACTED**] and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the next annual general meeting to be held after the [**REDACTED**]) would result in a maximum of [**REDACTED**] H Shares being repurchased by the Company during the relevant period, being the maximum of 10% of the H Shares in issue as of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any).

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC. The Company is empowered by its Articles of Association to repurchase its Shares. Any Shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A [**REDACTED**] company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii)

the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

(f) Status of repurchased Shares

Any Shares to be repurchased will be cancelled or kept as treasury shares, subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations.

(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) General

On the basis of the current financial position as disclosed in this Document and taking into account the current working capital position, the Directors consider that, if the general mandate to repurchase Shares were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this Document. However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

The Directors will exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and the laws of the PRC. The explanatory statement nor the general mandate to repurchase Shares has any unusual features.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that are or may be material:

[**REDACTED**]

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, our Group has registered the following material trademarks which we consider to be or may be material to our business:

No.	Trademark
1.	BIREN
2.	Birentech
3.	BIREN TECHNOLOGY
4.	
5.	
6.	壁仞
7.	壁仞科技
8.	壁砺
9.	壁立仞

No.	Trademark
10.	BIRENLINK
11.	壁千仞
12.	BIRENSUPA
13.	suLIB
14.	suProfiler
15.	suDNN
16.	suBLAS
17.	
18.	壁万仞
19.	suInfer
20.	
21.	Hearten
22.	海玄

Patents and software copyrights

See "Business – Intellectual Property" for patents and software copyrights registered as of the Latest Practicable Date which we consider to be or may be material to our business.

Domain Name

As of the Latest Practicable Date, the Company had registered the following internet domain name which we consider to be or may be material to our business:

No.	Domain Name
1.	birentech.com
2.	birentech.cn
3.	biren.cn
4.	biren.com.cn
5.	biren.cloud
6.	biren.info
7.	birensupa.com
8.	birensupa.cn

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors, or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests in our Company

Name	Nature of interest	Number and class of Shares held	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED][(1)] *(%)*	Approximate percentage of shareholding in the total share capital of our Company after the [REDACTED] *(%)*
Mr. Zhang[(2)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Unlisted Shares and [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**], and assuming that the [**REDACTED**] is not exercised.

(2) Pursuant to the AIC Agreement, Shanghai Biliren and Mr. Zhang confirmed and acknowledged they have been acting in concert to control the decision-making and operational management of our Company in its shareholders' meetings. In the event they are unable to reach consensus on matters of our Company, Shanghai Biliren shall act in accordance with the instructions of Mr. Zhang. Further, Mr. Zhang is in a position to control Shanghai Biliren as a result of the voting proxy agreement entered into, among others, Shanghai Zhuoren (as the general partner of Shanghai Biliren) and the general partners of all limited partners of Shanghai Biliren. For details, see "History, Development and Corporate Structure – Acting in Concert Agreement and Voting Proxy Agreement". As such, under the SFO, Mr. Zhang is deemed to be interested in the Shares held by Shanghai Biliren.

Interests in associated corporations

Our Directors are not interested in the Shares of any associated corporation of our Company.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders."

So far as set out above, our Directors are not aware of any persons (other than our Directors, or chief executive) will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Service Contracts

We have entered into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Our Directors have entered into service contracts with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Director's Remuneration

Save as disclosed in "Directors and Senior Management" and Note 40 of the Accountant's Report in in Appendix I to this Document, for the three financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, none of our Directors received other remunerations of benefits in kind from us.

5. Pre-[REDACTED] Employee Incentive Scheme

The following is a summary of the principal terms of the Pre-[**REDACTED**] Employee Incentive Scheme approved and adopted by our Board on April 24, 2024. The terms of the Pre-[**REDACTED**] Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-[**REDACTED**] Employee Incentive Scheme does not involve the grant of awards or options by our Company after the [**REDACTED**]. Given the underlying Shares under the Pre-[**REDACTED**] Employee Incentive Scheme had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Shares under the Pre-[**REDACTED**] Employee Incentive Scheme. For details of the awards granted to the grantees under the Pre-[**REDACTED**] Employee Incentive Scheme, see "History, Development and Corporate Structure – Pre-[**REDACTED**] Employee Incentive Scheme".

Purpose

The purpose of the Pre-[**REDACTED**] Employee Incentive Scheme is to promote the development and enhance the cohesion of the Group, to attract outstanding talents and to reward and motivate participants who have made significant contributions to the Group.

Administration of the Pre-*[REDACTED] *Employee Incentive Scheme

Subject to applicable laws and regulations and the rules of the Pre-[**REDACTED**] Employee Incentive Scheme (the "**Scheme Rules**"), the Board has the authority to approve the following matters, and upon approval by the Board, the administrator of the Pre-[**REDACTED**] Employee Incentive Scheme (the "**Scheme Administrator**") shall assist in the implementation of the below matters:

(1) Approving, establishing or modifying the grant limit of the Pre-[**REDACTED**] Employee Incentive Scheme;

(2) Approving modifications, adjustments or termination of the Pre-[**REDACTED**] Employee Incentive Scheme;

(3) Approving the grant of awards to key personnel of the Group or external parties;

(4) Appointing the Scheme Administrator; and

(5) Other circumstances as provided for in the Pre-[**REDACTED**] Employee Incentive Scheme or as determined by resolution of the Board.

The Scheme Administrator should be the Chairman (i.e. Mr. Zhang), who should be responsible for the general administration and implementation of the Pre-[**REDACTED**] Employee Incentive Scheme, including but not limited to, formulating the plan for the amendment, modification or termination of the Pre-[**REDACTED**] Employee Incentive Scheme; determining the eligibility of the participants; interpreting the terms of the Pre-[**REDACTED**] Employee Incentive Scheme and other relevant documents; and such other matters as may be provided for in the Pre-[**REDACTED**] Employee Incentive Scheme or as may be determined by resolution of the Board.

Maximum number of Awards

The maximum number of Awards to be granted under the Pre-[**REDACTED**] Employee Incentive Scheme shall not exceed [**REDACTED**] (with the underlying Shares of [**REDACTED**] Shares, representing approximately [**REDACTED**]% of the issued share capital as of the Latest Practicable Date). One Award shall represent one portion of partnership interest in Shanghai Biliren, which in turn represent 50 Shares held by Shanghai Biliren.

Eligibility

Employee, core technical personnel, core business personnel, director and senior management of the Group or other person as determined by the Board or the Scheme Administrator (as the case may be) in accordance with the Scheme Rules are eligible to participate in the Pre-[**REDACTED**] Employee Incentive Scheme.

Grant of Awards

The Scheme Administrator shall be entitled to grant any eligible participant awards (the "**Award(s)**") in the form of restricted share awards ("**Restricted Share Award(s)**") or Share Options to subscribe for indirect limited partnership interests in Shanghai Biliren (i.e. limited partnership interests in certain limited partners of Shanghai Biliren) corresponding to underlying Shares pursuant to the Pre-[**REDACTED**] Employee Incentive Scheme.

Grant of Awards shall be made in accordance with the Pre-[**REDACTED**] Employee Incentive Scheme and in compliance with applicable laws and regulations. Each grantee of an Award shall enter into an Award agreement and any other agreements as determined by the Scheme Administrator in accordance with the Scheme Rules. The date of grant of an Award and the terms of the Awards granted will be stated in the Award agreement.

The Scheme Administrator shall be entitled to determine the grant price of the Restricted Share Awards and the exercise price of the Share Options.

Vesting and exercise of Awards

Any Share Options granted will become vested and exercisable, and any Restricted Share Awards granted will be vested and be settled according to the terms set out in the Pre-[**REDACTED**] Employee Incentive Scheme, and under such conditions as set forth in the relevant Award agreement.

Subject to the Scheme Rules and unless otherwise determined by the Scheme Administrator, the vesting schedules of the Awards under the Pre-[**REDACTED**] Employee Incentive Scheme are as follows: (i) 20% to be vested after 2 years from the date of grant; (ii) 20% to be vested after 3 years from the date of grant; (iii) 30% to be vested after 4 years from the date of grant; and (iv) 30% to be vested after 5 years from the date of grant. The grantees should also fulfil the relevant vesting conditions as stipulated in the Scheme Rules, including, among others, continuing provision of services to the Group by the relevant grantee, the passing of the annual performance review with the assessment results of at least grade B+ by the relevant grantee, and any other vesting conditions as provided in the Award agreement.

The participants under the Pre-[**REDACTED**] Employee Incentive Scheme shall comply with the lock-up period and restriction requirements under the Scheme Rules and the relevant laws and regulations. During such lock-up and restriction period, the grantees shall not sell, pledge, transfer, encumber or create any third-party interest in, or otherwise dispose of part or all of the Awards or underlying interests.

Rights of grantees

The grantees shall only be entitled to the right to share profit as a limited partner of the relevant employee incentive platform subject to the Scheme Rules, and shall not be entitled to any other rights, including but not limited to, voting rights or decision-making rights in respect of the matters of the relevant employee incentive platform. Such rights shall be exercised by the Scheme Administrator or the managing partner of the relevant employee incentive platform, subject to the requirements of any applicable laws and regulations and/or listing rules of stock exchange (including but not limited to the Listing Rules). For the avoidance of doubt, the grantee shall not be entitled to any right in respect of the partnership interests of Shanghai Biliren or Shares directly.

Duration

The Pre-[**REDACTED**] Employee Incentive Scheme shall be in effect for a period of 10 years from the date of its adoption by the Board.

Amendment and interpretation of the Pre-*[**REDACTED**] *Employee Incentive Scheme

The Scheme Administrator shall be responsible for the interpretation of the Scheme Rules. The Pre-[**REDACTED**] Employee Incentive Scheme may be altered or amended in any respect with the approval of the Board.

Details of Share Options granted

As of the Latest Practicable Date, (i) no Restricted Share Award had been granted by the Company under the Pre-[**REDACTED**] Employee Incentive Scheme; (ii) our Company had granted Share Options to 752 grantees (including four Directors and 748 other employees), whom had exercised the Share Options in exchange for the indirect limited partnership interests in 31 limited partners of Shanghai Biliren, details of which are as follows:

Name of limited partners of Shanghai Biliren	Date of establishment of the partnership	General partner of the partnership	Percentage of partnership interests held by any Directors, senior management or connected person *(%)*	Percentage of partnership interests held by employees *(%)*	Person who holds 30% or more of the partnership interests of the limited partner of Shanghai Biliren	Number of employees *(Note 1)*	Corresponding percentage of partnership interests of Shanghai Biliren held by the relevant limited partner *(%)*
Limited Partnership 1	July 13, 2023	Mr. Luting PAN	35.32%, 22.91% and 1.28% held by Mr. Zhou HONG, Mr. Linglan ZHANG and Mr. Luting PAN (each of whom is an executive Director) respectively	40.49%	Mr, Zhou HONG (35.32%)	25	46.54%

Name of limited partners of Shanghai Biliren	Date of establishment of the partnership	General partner of the partnership	Percentage of partnership interests held by any Directors, senior management or connected person *(%)*	Percentage of partnership interests held by employees *(%)*	Person who holds 30% or more of the partnership interests of the limited partner of Shanghai Biliren	Number of employees *(Note 1)*	Corresponding percentage of partnership interests of Shanghai Biliren held by the relevant limited partner *(%)*
Limited Partnership 2	May 14, 2025	Mr. Xiao	2.53% of the partnership interests held by Mr. Xiao (an executive Director)	97.47%	N/A	19	9.08%
Limited Partnership 3	April 3, 2024	Mr. Xiao	66.89% of the partnership interests held by Mr. Xiao (an executive Director)	33.11%	Mr. Xiao (66.89%)	30	1.95%
Limited Partnership 4	August 22, 2023	Shanghai Zhuoren	None	100%	N/A	30	1.06%
Limited Partnership 5	August 17, 2023	Shanghai Zhuoren	None	100%	N/A	29	0.51%
Limited Partnership 6	April 11, 2024	Shanghai Zhuoren	None	100%	N/A	37	1.17%
Limited Partnership 7	August 17, 2023	Shanghai Zhuoren	None	100%	N/A	33	0.84%
Limited Partnership 8	August 16, 2023	Shanghai Zhuoren	None	100%	N/A	31	0.34%
Limited Partnership 9	May 14, 2025	Shanghai Zhuoren	None	100%	Guangning FU (30.68%)	10	2.65%
Limited Partnership 10	April 2, 2024	Shanghai Zhuoren	None	100%	N/A	31	1.83%
Limited Partnership 11	April 9, 2024	Shanghai Zhuoren	None	100%	N/A	28	1.10%
Limited Partnership 12	April 3, 2024	Shanghai Zhuoren	None	100%	N/A	31	1.05%
Limited Partnership 13	August 17, 2023	Shanghai Zhuoren	None	100%	N/A	29	0.73%
Limited Partnership 14	April 2, 2024	Shanghai Zhuoren	None	100%	Shan TANG (32.70%)	30	3.79%
Limited Partnership 15	April 11, 2024	Shanghai Zhuoren	None	100%	N/A	5	1.83%
Limited Partnership 16	August 17, 2023	Shanghai Zhuoren	None	100%	N/A	25	2.17%
Limited Partnership 17	May 28, 2021	Shanghai Zhuoren	None	100%	Lingjie XU (100%)	1	6.98%
Limited Partnership 18	August 22, 2023	Shanghai Zhuoren	None	100%	Dong QIN (67.13%)	29	0.33%

Name of limited partners of Shanghai Biliren	Date of establishment of the partnership	General partner of the partnership	Percentage of partnership interests held by any Directors, senior management or connected person *(%)*	Percentage of partnership interests held by employees *(%)*	Person who holds 30% or more of the partnership interests of the limited partner of Shanghai Biliren	Number of employees *(Note 1)*	Corresponding percentage of partnership interests of Shanghai Biliren held by the relevant limited partner *(%)*
Limited Partnership 19	April 3, 2024	Shanghai Zhuoren	None	100%	N/A	35	0.93%
Limited Partnership 20	April 2, 2024	Shanghai Zhuoren	None	100%	N/A	30	0.93%
Limited Partnership 21	August 21, 2023	Shanghai Zhuoren	None	100%	N/A	32	1.35%
Limited Partnership 22	August 17, 2023	Shanghai Zhuoren	None	100%	N/A	28	0.70%
Limited Partnership 23	April 2, 2024	Shanghai Zhuoren	None	100%	N/A	36	1.35%
Limited Partnership 24	April 3, 2024	Shanghai Zhuoren	None	100%	Zhaoqing WANG (32.99%)	29	1.02%
Limited Partnership 25	August 21, 2023	Shanghai Zhuoren	None	100%	N/A	27	1.02%
Limited Partnership 26	August 17, 2023	Shanghai Zhuoren	None	100%	N/A	18	3.93%
Limited Partnership 27	August 17, 2023	Shanghai Zhuoren	None	100%	Dongcai LI (32.00%)	24	1.36%
Limited Partnership 28	April 11, 2024	Shanghai Zhuoren	None	100%	N/A	26	0.52%
Limited Partnership 29	April 12, 2024	Shanghai Zhuoren	None	100%	N/A	23	0.06%
Limited Partnership 30	April 11, 2024	Shanghai Zhuoren	None	100%	N/A	23	0.05%
Limited Partnership 31	May 30, 2025	Mr. Luting PAN	17.23% held by Mr. Luting PAN (an executive Director)	82.77%	Gang LIANG (38.28%)	10	2.83%

Note:

1. Including current and ex-employees, but excluding Directors, senior management or connected person.

OTHER INFORMATION

Disclaimers

Saved as disclosed in this Document:

(a) none of our Directors or any of the parties listed in "Qualification of Experts" of this Appendix is:

  (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

  (ii) materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in "Qualification of Experts" of this Appendix:

  (i) is interested legally or beneficially in any shares in any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiary.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an [**REDACTED**] on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

China International Capital Corporation Hong Kong Securities Limited and BOCI Asia Limited satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Ping An Insurance (Group) Company of China, Ltd. ("**Ping An Group**") (stock code: 02318.HK and 601318.SH) is the holding company of both Ping An Insurance Overseas (Holdings) Company of China Co., Ltd. ("**Ping An Insurance**") and Ping An of China Capital (Hong Kong) Company Limited ("**Ping An Capital**"). Subsidiaries of Ping An Group have been our Group's suppliers and customers since 2024 and therefore Ping An Capital may be viewed to have a business relationship with our Group. As such, Ping An Capital does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will be paid by the Company a total fee of US$800,000 to act as the sponsors in connection with the [**REDACTED**].

Preliminary Expenses

Our Company did not incur any material preliminary expenses.

Qualification of Experts

The qualifications of the experts who have given opinions or advice in this Document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation to conduct 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 as defined under the SFO
Ping An of China Capital (Hong Kong) Company Limited	Licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
BOCI Asia Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)
Fangda Partners	PRC legal advisor
China Insights Industry Consultancy Limited	Independent industry consultant
AVISTA Valuation Advisory Limited	Independent property valuer
Jacobson Burton Kelley PLLC	Legal advisors as to U.S. sanctions and export control laws

Consents of Experts

Each of the experts referred to in "Qualification of Experts" in this Appendix has given and has not withdrawn its respective written consent to the issue of this Document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any of our shareholding interests or rights (whether legally enforceable or not) or any of our members to subscribe for or to nominate persons to subscribe for our securities or any of our member.

Compliance Adviser

We have appointed Maxa Capital Limited as our Compliance Adviser upon the [**REDACTED**] in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that, as of the date of this Document, there has been no material adverse change in our financial position or prospects since June 30, 2025 and there has been no event that materially and adversely affected the data set out in the Accountant's Report in Appendix I to this Document since June 30, 2025.

Binding Effect

This Document shall have the effect, if any [**REDACTED**] is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Miscellaneous

Save as disclosed in this Document:

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently [**REDACTED**] on or dealt in on any stock exchange or [**REDACTED**] system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

Restrictions on Share Repurchases

For details, see "Appendix IV – Summary of Articles of Association."

Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Promoters

The promoters of our Company are all of the then Shareholders of our Company as at September 8, 2023 before our conversion into a joint stock limited liability company. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this Document.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix V – Statutory and General Information – Other Information – Consents of Experts"; and

(b) a copy of the material contracts referred to in "Appendix V – Statutory and General Information – Further Information about our Business – Summary of Material Contracts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.birentech.com** during a period of 14 days from the date of this Document:

(1) the Articles of Association;

(2) the Accountant's Report prepared by PricewaterhouseCoopers on the historical financial information of our Group for each of the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, the text of which is set forth in Appendix I to this Document;

(3) the audited consolidated financial statements of our Company for the three financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025;

(4) the report prepared by PricewaterhouseCoopers on the unaudited [**REDACTED**] financial information of our Group as at June 30, 2025, the text of which is set forth in Appendix II to this Document;

(5) the property valuation report prepared by AVISTA Valuation Advisory Limited, the text of which is set out in Appendix III to this Document;

(6) the material contracts in "Appendix V – Statutory and General Information – Further Information about our Business – Summary of Material Contracts";

(7) the written consents referred to in "Appendix V – Statutory and General Information – Other Information – Consents of Experts";

(8) the service contracts referred to in "Appendix V – Statutory and General Information – Further Information about our Directors, Senior Management and Substantial Shareholders – 3. Service Contracts";

(9) the legal opinions issued by Fangda Partners, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under PRC law;

(10) the industry report issued by CIC;

(11) the legal opinion issued by Jacobson Burton Kelley PLLC, our legal advisors as to U.S. sanctions and export control laws, summarizing the legal opinions in respect of U.S. sanctions and export control compliance matters; and

(12) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Guidelines for Articles of Association of Listed Companies.