Axera
愛芯元智

Axera Semiconductor Co., Ltd.
愛芯元智半導體股份有限公司

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

Stock code: 600

2025 Annual Report

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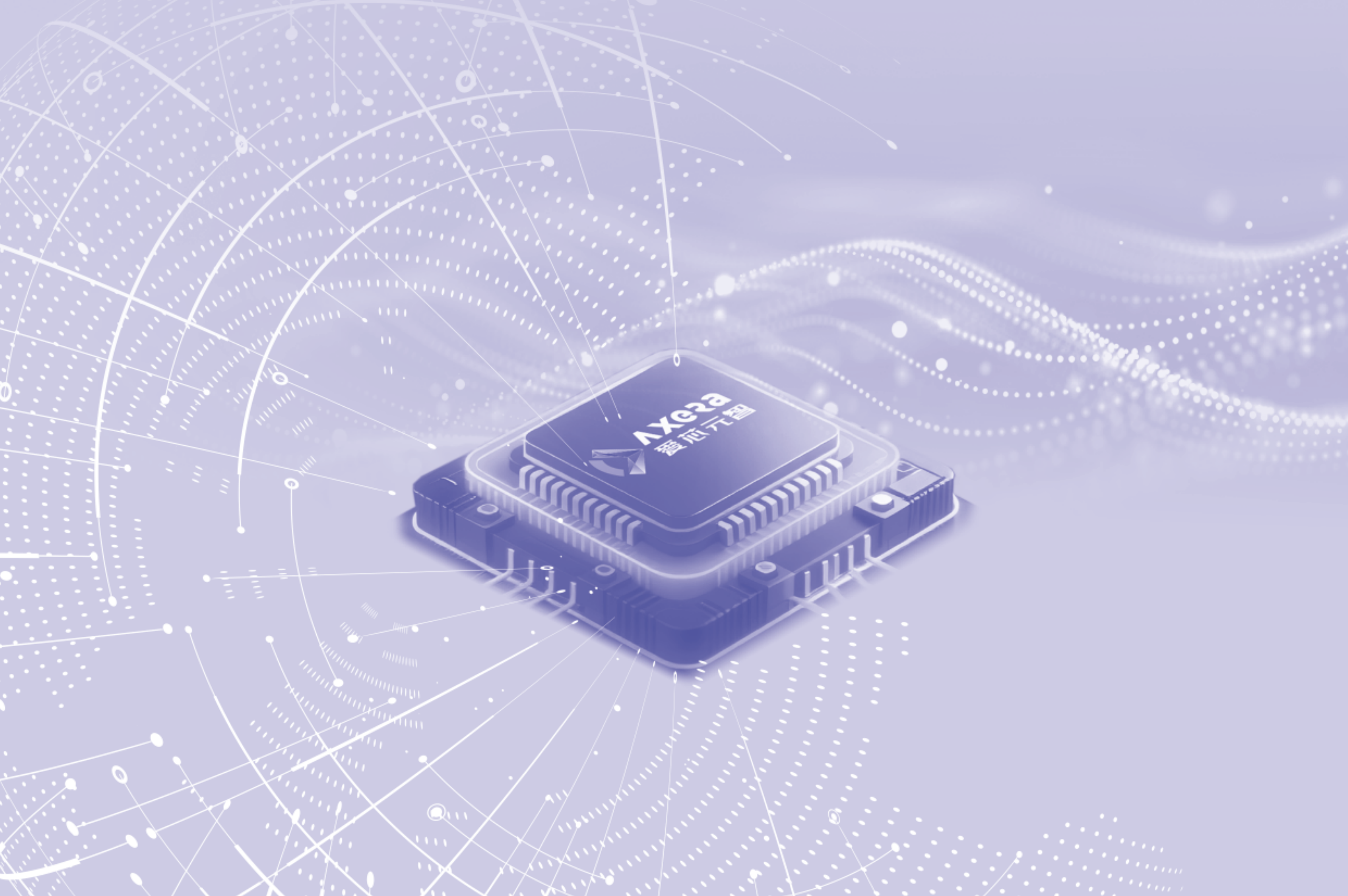

CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr. QIU Xiaoxin *(Chairperson of the Board)*
Mr. SUN Weifeng *(Chief Executive Officer)*
Mr. SHI Xiaoye
Mr. WANG Yuan

Non-executive Directors

Mr. ZHOU Siyuan
Mr. GU Kaining
Ms. BAI Ting
Mr. WANG Chen

Independent Non-executive Directors

Ms. TAN Ren
Mr. LI Jun
Dr. WANG Xin
Prof. CHEN Xin

Audit Committee

Ms. TAN Ren *(Chairperson)*
Mr. ZHOU Siyuan
Dr. WANG Xin

Remuneration and Appraisal Committee

Mr. LI Jun *(Chairperson)*
Mr. SUN Weifeng
Prof. CHEN Xin

Nomination Committee

Dr. QIU Xiaoxin *(Chairperson)*
Mr. LI Jun
Prof. CHEN Xin

Joint company secretaries

Mr. SHI Xiaoye
Ms. CHU Cheuk Ting

Authorized representatives

Mr. SHI Xiaoye
Ms. CHU Cheuk Ting

Principal place of business in the PRC

Room 59, 17th Floor, Kechuang Building
No. 777 Zhongguan West Road
Zhuangshi Subdistrict, Zhenhai District
Ningbo
Zhejiang, PRC

Principal place of business in Hong Kong

31/F., Tower Two
Times Square, 1 Matheson Street
Causeway Bay, Hong Kong

Hong Kong share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Compliance adviser

BOCOM International (Asia) Limited
9/F Man Yee Building
68 Des Voeux Road Central
Hong Kong

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building, 10 Chater Road
Central, Hong Kong

Hong Kong legal adviser

Kirkland & Ellis
26th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

Company website

www.axera-tech.com

Stock code

00600

Principal banks

China Merchants Bank Co., Ltd. Shanghai Branch
2F, North Tower, China Merchants Bank Tower
No. 1088, Lujiazui Ring Road
Pudong New Area
Shanghai
PRC

China Minsheng Bank Co., Ltd.
Shanghai Zhangjiang Sub-Branch
No. 6, Lane 2889, Jinke Road
Shanghai Pilot Free Trade Zone
Shanghai
PRC

Bank of China Limited Hangzhou Changhe Sub-Branch
Room 102, Building 5
No. 768, Jianghong Road
Changhe Subdistrict, Binjiang District
Hangzhou
Zhejiang
PRC

FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2025	2024
	RMB in thousands	
Revenue	**561,689**	472,892
Gross profit	**121,287**	99,403
Loss for the year	**(1,184,207)**	(904,197)
Loss attributable to equity shareholders of the Company	**(1,149,347)**	(860,915)
Non-IFRS Measure: [Note]		
Adjusted loss for the year	**(634,510)**	(627,723)

Note: Please refer to section headed "Non-IFRS Measure" in this annual report for more details.

BUSINESS REVIEW AND OUTLOOK

Business Review

Since 2025 the AI industry has accelerated rapidly. Competition among major players has shifted beyond cloud-based models and massive server clusters to the broader realm of physical AI, driven by the belief that "the ultimate form of AI will manifest in the physical world." AI computing power architecture has matured into a collaborative "cloud-edge-on-device" model. Fueled by surging demand in two core areas, smart vehicles and edge AI inference, accompanied by the continuous deepening of self-reliance and control over semiconductors, the Company is capitalizing on historic opportunities. Committed to self-developed core technologies, the Company has strategically focused on three business areas: on-device computing, smart vehicles, and edge AI inference, and is executing a plan to become a top tier, internationally scaled, and well-capitalized industrial leader.

During the Reporting Period, all three core business segments posted growth: 1) Smart vehicles: Momentum and visibility remained strong. Regulatory-led adoption in key markets is accelerating demand for L2 ADAS chips that comply with standards, while premium smart driving features are penetrating faster, increasing steady demand for automotive-grade, highly reliable, and energy-efficient driving chip solutions. 2) Edge computing: With the surging demand for applications such as industrial agents and personal agents, along with the need to reduce cloud Token costs and enable low-latency, high-security inference services, the market demand for edge inference chips continues to grow. 3) On-device computing: The main control chip with high computing power and low power consumption has entered the upgrade and replacement cycle.

Focused on three core business segments, the Company has made major breakthroughs in two key areas: 1) R&D and products: The Company continued to invest in core technologies including automotive functional safety, high efficiency NPUs, low power inferencing architecture, and smart multi-camera vision processing. The Company has completed the upgrade and iterative development of over five platform-based chip series and established a differentiated and comprehensive product matrix across on-device computing, smart vehicles, and edge AI inference, with industry-leading energy efficiency, cost competitiveness, and stability. 2) Ecosystem and delivery: The Company enhanced its automotive-grade development toolchains and edge-computing SDKs, substantially shortening customer development cycles. It also established a stable wafer and assembly/test supply chain to ensure mass-delivery capacity and support rapid volume growth.

In 2025, seizing the explosive opportunities in the three core tracks, the Company achieved a rapid increase in the proportion of emerging businesses to total revenue, realizing high-quality and rapid development with a clearer business structure, strengthened customer barriers and continuously fortified technological moats.

- **Strengthened market position of on-device computing:** Leveraging our proprietary Axera Proton (愛芯智眸) AI-ISP technology, our visual perception SoCs "Night Vision" series recorded a significant year-on-year increase in sales volume. This product series saw rapid adoption in both commercial and consumer markets, emerging as a mainstream standard feature. Our technological expertise effectively empowered domestic brands in their overseas expansion, facilitating the rapid deployment of this series in the international markets. Benefiting from our technological advantages, the market share of our on-device computing products steadily increased, further consolidating our leadership in the global visual on-device chip sector.

- **Key breakthrough in smart vehicle business:** In the context of accelerated automotive intelligence, our smart vehicle product line made substantial progress. Specifically, the installation volume and design wins of our smart driving chips rose rapidly, positioning us among the leading players in China's smart driving chip industry. We established partnerships with several leading original equipment manufacturers (OEMs) and Tier-1 suppliers, including several internationally renowned Tier-1 suppliers. Some of the projects arising from these new design wins have entered the final development stages prior to mass production, laying a solid foundation for future growth. Our smart vehicle SoC M97, designed for high-level smart driving, was taped out in October 2025 and successfully brought up upon chip return in February 2026.

- **Deep expansion in edge AI inference:** During the Reporting Period, the edge AI inference business achieved milestone progress in product iteration and scenario-based applications. We achieved a record high in the number of "Design-in" secured in emerging market segments such as industrial cameras, mobile robots, and drones, accumulating strong growth momentum.

In 2025, shipment volumes across our product lines increased steadily. The cumulative shipments of SoCs reached a new high, exceeding 212 million units, with 86 million units shipped in 2025. The shipments of smart vehicle SoCs reached 630,000 units in 2025. In 2025, we recorded revenue of RMB561.7 million, representing an 18.8% year-on-year increase. The proportion of revenue contributed by emerging businesses in smart vehicles and edge AI inference continued to grow. Gross profit continued to improve, reaching RMB121.3 million, with a gross profit margin of 21.6%. Benefiting from enhanced R&D efficiency and refined operational management, we effectively controlled expense growth. The annual R&D expenses amounted to RMB596.4 million, representing a modest year-on-year increase of 1.3%. With stable R&D investment, the Company substantially enhanced R&D efficiency, achieved a leap in R&D capability, and effectively supported the simultaneous R&D of multiple high-end SoCs, gathering sustained momentum for the Company's next stage of development. We believe that our robust financial and operational performance demonstrates our ability to execute our strategy and achieve sustainable development in a fast-changing market.

Products and solutions

On-device computing products: During the Reporting Period, sales volume and market share of our "Night Vision" series (including the AX630C and AX620Q series) continued to rise substantially. Our product portfolio now comprehensively covers mainstream application scenarios such as long-term continuous power supply, battery-powered, 4G/Wi-Fi, multi-camera, and AOV (Always-On-Video), catering to diverse customer requirements. The newly launched AX615 series, featuring the next-generation AI-ISP and video encoder, rapidly gained market recognition thanks to its exceptional "Night Vision" video performance. This success has secured project approvals from multiple leading customers, laying a foundation for growth in 2026.

Smart vehicle solutions: Our M55H chip has entered mass production and achieved meaningful deployment across multiple OEMs. M57, the next-generation L2 chip solution, successfully completed tape-out and secured design wins from several leading OEMs, establishing it as a primary platform solution for these customers. Targeting the global market, our M57 chip has been selected as a designated platform by several internationally renowned Tier-1 suppliers and will be deployed in mass production for overseas markets, marking the official commencement of our globalization of smart vehicle business. Our smart vehicle SoC M97 for high-level smart driving was taped out in

October 2025, successfully brought up upon wafer return in February 2026, and delivered computing power of over 700 TOPS. The development of our second advanced driver-assistance system (ADAS) chip and our first intelligent cockpit computing acceleration chip has officially commenced, with tape-out scheduled for the first half of 2026. This marks the completion of the product matrix for Axera's smart vehicle business, positioning the Company in the first tier of domestic smart vehicle chip suppliers.

Edge AI inference products: Leveraging the advanced architecture and computing power strength of our AX8850N chip, we pioneered the edge-side adaptation of large language models (LLMs), including DeepSeek R1 Distill and Qwen 2.5. The development of our next-generation edge inference chip series with high computing power has been officially launched. We helped our customers to deploy computing power at the device side, allowing AI Agents to perform reasoning and decision-making locally. This offered the following core advantages: ultra-low latency, enhanced data privacy protection, optimized operating costs, and strong adaptability to diverse network environments.

Business outlook

In 2026, solutions driven by next-generation on-device , in-vehicle and edge AI chips are expected to be deployed across a wider range of smart devices and vehicles. Accordingly, we will continue to ramp up our R&D investments, focusing on enhancing computing power, energy efficiency, and software usability to cater to the stringent requirements of next-generation AI applications on computing platforms.

On-device computing: Building upon our established development strategy, we will further expand our "Night Vision" series product portfolio, targeting both the high-end segment and the excellent cost-effective market to address diverse market requirements to grow our market share. We will sustain investment in and advance our AI-ISP technology to deliver optimal solutions across various low-light scenarios.

Smart vehicle: We will work on the mass production deployment of our M57 chip in both the Chinese and overseas markets, while accelerating the commercialization of our next-generation smart vehicle AI chip, M97. The M97 chip is designed to deliver higher-performance computing power for perception and decision-making, enabling more advanced smart driving functions. We will continue to deepen collaborations with existing OEMs and expand our customer base to consolidate and broaden our leadership in the smart driving chip market. We will complete the development and customers outreach of our second ADAS chip and our first intelligent cockpit computing acceleration chip, thereby strengthening the product matrix of our smart vehicle chip.

Edge AI inference: Building upon our 8830 series and 8850 series SoCs, we will continue to develop next-generation Edge LLM AI inference chip featuring higher operating frequencies and higher computing power, catering to the AI upgrade requirements of diverse intelligent terminals. In addition, to address the multi-modal fusion processing needs of embodied intelligent robots, we are advancing the R&D of new SoCs integrating high-performance Transformer engines, maintaining our technological leadership at the edge.

We will continue to deepen collaborations with leading customers across various industries, focusing on key verticals including smart vision, smart driving, edge inference and embodied intelligence. By delivering more competitive chips, toolchain and underlying software platforms, we empower our customers and partners to build their terminal solutions. The deep integration of AI with the real economy is reshaping the global technological development. We believe that our technological expertise and commercialization capabilities in dedicated AI computing will position us to capitalize on this opportunity and make intelligent computing more accessible, while delivering long-term value for our Shareholders.

Recent Developments after the Reporting Period

Accelerated commercialization and product iteration of on-device computing products

Since the end of the Reporting Period, the on-device computing business line has further accelerated the commercialization of the AX620A, AX630C, and AX620Q series products, supported by a comprehensive SDK software stack. The newly launched AX615 series, featuring the next-generation AI-ISP and video encoder, rapidly gained market recognition thanks to its exceptional "Night Vision" video performance. This success has secured project approvals from multiple leading customers, and some projects have already achieved rapid mass production, laying a foundation for growth in 2026.

Progress in mass production of smart vehicle solutions

Since the beginning of 2026, major OEMs have begun accelerating the selection and deployment of the latest generation of smart driving solutions in response to upcoming smart driving regulations in China, creating broader opportunities for the smart driving market. The rapid growth in the export volume of Chinese automakers have further amplified the market for smart driving. Our latest-generation smart driving chip M57, designed to meet both Chinese and global regulatory requirements, has emerged as one of the primary solutions for multiple leading OEMs. Since the end of the Reporting Period, it has secured multiple mass-production vehicle model design wins, with the first mass-produced vehicle already launched in March 2026, laying the foundation for growth in 2026. The smart vehicle SoC M97, designed for ADAS, was taped out in February 2026 and successfully brought up, with development progressing smoothly and engineering sample deliveries already underway.

Continuous product iteration in edge AI inference

While our existing chip customers have already entered mass production, the Company continues to invest in the R&D of next-generation on-device large model AI inference chips featuring higher operating frequencies and higher computing power. This series of chips represents the optimal edge computing platform for the deployment of AI agents exemplified by OpenClaw. In parallel, we are advancing the commercialization of platforms with high computing power targeting large enterprise customers and various embodied robotics applications.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

The following table sets forth the comparative figures for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Revenue	**561,689**	472,892
Cost of sales	**(440,402)**	(373,489)
Gross profit	**121,287**	99,403
Other income	**20,563**	47,103
Other net gains/(losses)	**4,953**	(1,090)
Sales and marketing expenses	**(77,707)**	(65,496)
General and administrative expenses	**(231,457)**	(136,224)
Research and development expenses	**(596,364)**	(588,952)
Reversal of expected credit losses/(expected credit losses) on financial assets	**2,663**	(11,032)
Loss from operations	**(756,062)**	(656,288)
Changes in the carrying amount of redemption liabilities	**(410,364)**	(224,995)
Other finance costs	**(20,343)**	(26,132)
Finance costs	**(430,707)**	(251,127)
Finance income	**2,562**	3,218
Net financial costs	**(428,145)**	(247,909)
Loss before taxation	**(1,184,207)**	(904,197)
Income tax	**—**	—
Loss for the year	**(1,184,207)**	(904,197)
Loss attributable to equity shareholders of the Company	**(1,149,347)**	(860,915)
Adjusted loss for the year (non-IFRS measure)	**(634,510)**	(627,723)

Financial Review

Revenue

Our revenue increased by 18.8% from RMB472.9 million in 2024 to RMB561.7 million in 2025, with the proportion of revenue from emerging businesses in smart vehicles and edge AI inference rising from 5.3% in 2024 to 16.4% in 2025. The following table sets forth our revenue breakdown by product and service type for the years indicated.

	For the year ended December 31,			
	2025		2024	
	RMB	**%**	RMB	%
	(RMB in thousands, except for percentages)			
On-device computing products	**468,491**	**83.4**	447,036	94.5
Edge AI products	**43,601**	**7.8**	18,582	3.9
Smart vehicle solutions	**48,171**	**8.6**	6,707	1.4
Others	**1,426**	**0.2**	567	0.2
Total	**561,689**	**100.0**	472,892	100.0

Our revenue from on-device computing products increased by 4.8% from RMB447.0 million in 2024 to RMB468.5 million in 2025, primarily due to the continuous business expansion across our major product categories.

Our revenue from edge AI products significantly increased by 134.6% from RMB18.6 million in 2024 to RMB43.6 million in 2025, primarily due to the rapidly expanding market. For example, the breakthrough success of large models, such as DeepSeek, in early 2025 acted as a significant market catalyst, which accelerated adoption of industry-scale large models for deployment on edge and on-device products. Our 8850 series products are uniquely positioned to capture this demand, as they are among the few on the market that natively support the essential transformer architecture. This key feature enables customers to efficiently deploy advanced AI functions in applications such as edge inference.

Our revenue from smart vehicle solutions significantly increased by 618.2% from RMB6.7 million in 2024 to RMB48.2 million in 2025, primarily due to the fact that vehicle models from our end customers, for which we had previously secured design wins, commenced mass production phase in 2025, leading to a substantial ramp-up in our shipment volume of chips.

Cost of sales

Our cost of sales increased by 17.9% from RMB373.5 million in 2024 to RMB440.4 million in 2025, primarily due to higher sales volumes across our major product categories, which resulted in increased procurement of raw materials and outsourced processing services.

Gross profit and gross profit margin

Our gross profit increased by 22.0% from RMB99.4 million in 2024 to RMB121.3 million in 2025. Our gross profit margin increased from 21.0% in 2024 to 21.6% in 2025, primarily due to the increased revenue contribution from the Company's high-margin smart vehicle solutions and edge computing products.

Other income

Our other income decreased by 56.3% from RMB47.1 million in 2024 to RMB20.6 million in 2025, primarily due to a decrease in government grants.

Other net gains

Our net gains were RMB5.0 million in 2025, compared to net losses of RMB1.1 million in 2024, primarily due to an increase in net realized and unrealized gains on financial assets measured at FVPL, as well as a shift from net foreign exchange losses to net foreign exchange gains as a result of the fluctuation of foreign exchange rate.

Research and development expenses

Our research and development expenses increased by 1.3% from RMB589.0 million in 2024 to RMB596.4 million in 2025, primarily due to an increase in material consumption to support our ongoing R&D projects, partially offset by a decrease in employee compensation expenses, which mainly reflected our efforts to optimize the unified R&D team and improve operational efficiency.

General and administrative expenses

Our general and administrative expenses increased by 69.9% from RMB136.2 million in 2024 to RMB231.5 million in 2025, primarily due to (i) an increase in employee compensation expenses, which mainly reflected the equity settled share-based payment for our employees as well as an increase in headcount of our general and administrative personnel, and (ii) listing expenses of RMB23.8 million recorded during the Reporting Period.

Sales and marketing expenses

Our sales and marketing expenses increased by 18.6% from RMB65.5 million in 2024 to RMB77.7 million in 2025, primarily due to an increase in employee compensation expenses, mainly reflecting the equity settled share-based payment for our employees as well as an increase in headcount of our sales and marketing personnel.

Net finance costs

Our net finance costs increased by 72.7% from RMB247.9 million in 2024 to RMB428.1 million in 2025, primarily due to an increase of changes in carrying amount of redemption liabilities, primarily due to an increase in the redemption amount of shares with preferred rights held by our Pre-IPO Investors associated with our Series C financing.

Loss for the year

As a result of the foregoing, our loss for the year was RMB1,184.2 million for the year ended December 31, 2025 (for the year ended December 31, 2024: RMB904.2 million).

Non-IFRS measure

We define adjusted loss for the year (non-IFRS measure) as loss for the year adjusted by adding back (i) changes in the carrying amount of redemption liabilities, representing the carrying amounts changes of the redemption rights granted by us, which is non-cash in nature and will be reclassified to equity after the termination of the investors' redemption rights, (ii) equity settled share-based payment, which was non-cash in nature and represented the employee benefit expenses incurred in connection with our award to management and key employees, and (iii) Listing expenses, which represented expenses in relation to the Global Offering.

To supplement our consolidated financial statements, we also use adjusted loss for the year (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS Accounting standards. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted loss for the year (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting standards.

The following table reconciles our adjusted loss for the year (non-IFRS measure) for the years presented in accordance with IFRS Accounting standards, which is loss for the year:

	For the year ended December 31,			
	2025	**% of revenue**	2024	% of revenue
	(RMB in thousands, except for percentages)			
Reconciliation of loss for the year to adjusted loss (non-IFRS measure)				
Loss for the year	**(1,184,207)**	**(210.8)**	(904,197)	(191.2)
Add:				
Changes in the carrying amount of redemption liabilities	**410,364**	**73.0**	224,995	47.6
Equity settled share-based payment	**115,537**	**20.6**	51,479	10.9
Listing expenses	**23,796**	**4.2**	—	—
Adjusted loss for the year (non-IFRS measure)	**(634,510)**	**(113.0)**	(627,723)	(132.7)

Liquidity and capital resources

In 2025, we funded our cash requirements principally through sales of our products, capital contributions from equity holders and bank borrowings. Our deemed cash position, which includes cash and cash equivalents, time deposits, and financial assets at FVPL, increased by 8.0% from RMB876.4 million as of December 31, 2024 to RMB946.1 million as of December 31, 2025.

Pledge of assets

As of December 31, 2025, our total secured bank borrowings amounted to RMB132.9 million and were pledged by the RMB26,000,000 paid-in-capital of Zhejiang Huatu.

Gearing ratio

As of December 31, 2025, our gearing ratio (equals total liabilities divided by total assets, in percentage) was 233.6%, as compared to 179.0% as of December 31, 2024.

Foreign exchange risk exposure

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and JPY. To manage such risks, we closely monitor exchange rate movements and may, on a needed basis, implement measures like entering into forward contract to minimize the exposures. During the Reporting Period, we did not experience any material impact on our operations resulting from fluctuation in exchange rates.

Contingent liabilities

The Group had no material contingent liabilities as of December 31, 2025.

Capital expenditure

During the Reporting Period, our capital expenditure was RMB359.5 million, as compared to RMB46.2 million during the year ended December 31, 2024, mainly related to our payment for the purchase of property, plant and equipment and intangible assets.

Capital commitment

As of December 31, 2025, our capital commitment was RMB96.0 million, as compared to RMB14.0 million as of December 31, 2024, mainly related to capital expenditure on intangible assets, property, plant and equipment.

Employees and remuneration

As of December 31, 2025, the Group had a total of 635 full-time employees. The total employee remuneration expenses for 2025, including equity settled share-based payment, were RMB605.5 million in 2025, as compared to RMB565.0 million in 2024.

Our employees' remuneration mainly comprises salaries, bonuses, social security contributions, equity settled share-based payment and other employee benefits. We participate in housing fund and various employee social security schemes organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We also purchase commercial health insurance for our employees.

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 also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We have also established the Restricted Share Incentive Scheme to incentivize our employees, details of which are set out in the Prospectus.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. QIU Xiaoxin, aged 58, is our founder, the chairperson of the Board, and an executive Director. Dr. QIU has been serving as the chairperson of the Board of our Group since March 2021 and served as the chief executive officer of our Company from May 2019 to April 2024. She was redesignated as an executive Director on June 23, 2025. She is mainly responsible for overall Corporate strategy, technological innovation and fundraising of our Group.

Dr. QIU has accumulated over 20 years of experience in chip and the R&D of related technologies by her proactive participation in various positions in technical R&D and management in the semiconductor industry throughout her career path. From July 1996 to July 2001, Dr. QIU worked at AT&T Labs where she conducted scientific research in relation to 2G/3G wireless network performance optimization and protocol design. From January 2001 to July 2016, Dr. QIU held progressively senior positions at Broadcom Inc., a U.S. multinational semiconductor and infrastructure software company listed on the Nasdaq Stock Exchange (ticker symbol: AVGO), including: (i) a manager and senior manager at the systems engineering department, where she was responsible for algorithm development, hardware/software integration and customer support for all mobile communication chips; (ii) the senior director and vice president at the wireless communications department, where she led multinational teams in mobile communication chip development; and (iii) the vice president at the internet of things (IoT) department, where she was responsible for chip definition, architecture design, firmware software development and platform integration. From July 2016 to September 2018, Dr. QIU successively served as: (i) the head of the US technology center, (ii) the vice president of technology marketing, and (iii) the chief software technology officer at Wistron NeWeb Corporation (啓基科技股份有限公司), a Taiwan-based multinational telecommunications equipment manufacturer listed on the Taiwan Stock Exchange (stock code: 6285), where she led the company's transformation from hardware original equipment manufacturer (OEM) to system original design manufacturer (ODM) provider by establishing its platform architecture while driving its 5G strategic projects and key account development in North America and Europe. From September 2018 to May 2019, Dr. QIU worked at Unisoc (Shanghai) Technologies Co., Ltd. (紫光展銳(上海)科技股份有限公司), a Chinese semiconductor designer, as chief technology officer.

Dr. QIU obtained a bachelor's and master's degree in engineering, majoring in automation, from Tsinghua University (清華大學) in the PRC in January 1990 and June 1991, respectively. Dr. QIU further obtained her doctor's degree in electrical engineering from the University of Southern California in the United States in June 1996. Dr. QIU was honored as "the most promising female entrepreneurs to watch in 2021" by CYZone (創業邦) in March 2021, and was honored as one of "the most influential businesswomen in 2024" by the Fortune magazine in October 2024. In March 2025, Dr. QIU was listed among China's 100 power businesswomen by Forbes China.

Mr. SUN Weifeng (孫微風), aged 58, is an executive Director and the chief executive officer of our Company. Mr. SUN joined our Group in April 2024 and was appointed as a Director in March 2025, and was further redesignated as an executive Director on June 23, 2025. He is primarily responsible for overall strategic planning, business direction and management, the defining, planning, R&D control and legal affairs of our Group.

Mr. SUN brings decades of expertise in semiconductor design, integrated circuit development, and information and communications technology solutions to our Company, significantly enriching our technical leadership and industry vision. From the periods from July 1989 to July 1993 and from July 1996 to July 1998, he served as an integrated circuits design engineer at China Electronics Technology Group Corporation 24th Research Institute (中國電子科技集團公司第二十四研究所) (currently known as China Electronics Technology Group Corporation (中國電子科技集團有限公司)), where he developed mixed-signal integrated circuits. From July 1998 to February 2005, Mr. SUN worked at Huawei Technologies Co., Ltd. (華為技術有限公司) as an operations director, where he directed integrated product development (IPD) and hardware configuration management (HCMM) processes for transmission and data communication products while spearheading quality management system optimizations and new product introduction initiatives. From July 2005 to January 2022, Mr. SUN held progressively senior roles at HiSilicon Semiconductor Co., Ltd. (海思半導體有限公司), including: (i) the head of the technical service department from July 2005 to October 2009, where he established customer engineering frameworks and intellectual property centric service platforms, (ii) a director of the East China representative office from November 2009 to August 2016, where he managed the regional operations including application engineering support and key account strategies, and (iii) the head of the sales & technical service department from December 2017 to January 2022, where he led the global business expansion and the team capability building.

Mr. SUN obtained a bachelor's degree in semiconductor physics and devices, from Xi'an University of Technology (西安理工大學) in the PRC in July 1989 and a master's degree in semiconductor devices and microelectronics from the University of Electronic Science and Technology of China (電子科技大學) in the PRC in April 1996.

Mr. SHI Xiaoye (施曉燁), aged 44, is an executive Director and the chief financial officer of our Company. Mr. SHI joined our Group as the chief financial officer in February 2023 and was appointed as a Director in June 2023, he was redesignated as an executive Director on June 23, 2025. He is mainly responsible for managing financial affairs, investment and financing, as well as investor relations of our Group.

Mr. SHI possesses a wealth of experience across financial management, corporate strategy, and investment operations. His career began at Ernst & Young where he successively served as senior auditor in the audit department and a manager in the advisory department from July 2003 to May 2010. From June 2010 to June 2011, Mr. SHI served as the investment manager at Beijing Hongyi Yuanfang Investment Consulting Co.,Ltd. (北京弘毅遠方投資顧問有限公司). From August 2011 to December 2012, Mr. SHI served as the senior investment manager at ICBC International Capital (工銀國際融通資本). From January 2013 to March 2018, Mr. SHI worked at Trango Capital as a partner, where he oversaw the fundraising initiatives and investment management. From April 2018 to July 2021, Mr. SHI worked at Megvii Technology Co., Ltd. (北京曠視科技有限公司) as senior director of strategy, playing a pivotal role in corporate development and strategic planning. From August 2021 to February 2023, Mr. SHI served as general manager of strategic investment department at Beijing Jigan Technology Co., Ltd. (北京極感科技有限公司), where he was responsible for strategic planning and decision-making.

Mr. SHI obtained a bachelor's degree in finance from Fudan University (復旦大學) in the PRC in July 2003.

Mr. WANG Yuan (王遠), aged 45, is an executive Director and the vice president of our Company. Mr. WANG joined our Group in December 2020 and has been serving as the vice president of since then.

Mr. WANG was appointed as a Director in April 2021 and was redesignated as an executive Director on June 23, 2025. Mr. WANG is mainly responsible for overall management, overseeing the Company's SoCs design and development.

Mr. WANG has over 20 years of experience in the semiconductor industry, especially the R&D, manufacturing, and design. From April 2003 to July 2019, Mr. WANG held various positions at Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信（上海）有限公司), with his last role as a vice president in charge of R&D for 5G communication technology.

Mr. WANG obtained a bachelor's degree in communications engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2001. He was granted the First Prize of National Award for Progress in Science and Technology (國家科學技術進步一等獎) by the State Council, the PRC (中華人民共和國國務院) in 2006 and 2012, respectively.

Non-Executive Directors

Mr. ZHOU Siyuan (周思遠), aged 51, is a non-executive Director. Mr. ZHOU was appointed as a Director in March 2024 and was redesignated as a non-executive Director on June 23, 2025. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. ZHOU has extensive experience in finance, taxation, and investment management. His career began as a deputy director of the finance department at Qingdao Haihui Certified Public Accountants Co., Ltd. (青島海暉有限責任會計師事務所) from August 1996 to July 2008. From July 2008 to September 2010, he joined Haier Group Corporation (海爾集團公司) as tax and finance specialist for the China region. From September 2010 to March 2011, Mr. ZHOU served as a finance director at Haier Smart Home Co., Ltd. (青島海爾家居股份有限公司) (currently known as Qingdao Haili Residential Technology Co., Ltd. (青島海驪住居科技股份有限公司)). He returned to Qingdao Haihui Certified Public Accountants Co., Ltd. (青島海暉有限責任會計師事務所) and assumed the leadership responsibilities as deputy director from June 2011 to December 2017. From January 2018 to December 2018, Mr. ZHOU served as a finance director at Intelligeek Semiconductors (Tianjin) Co., Ltd. (英特格靈芯片（天津）有限公司). From January 2019 to July 2020, Mr. ZHOU served as an investment director at Xianyun (Shanghai) Investment Management Co., Ltd. (顯鋆（上海）投資管理有限公司). Since August 2020, Mr. ZHOU has been serving as an executive director of Shanghai Inno-Chip Investment Management Co., Ltd. (上海韋豪創芯投資管理有限公司). Mr. ZHOU has also been serving as a director of Gettop Acoustic Co., Ltd. (共達電聲股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002655), since April 2024.

Mr. ZHOU obtained a bachelor's degree in accounting from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) (currently known as Hangzhou Dianzi University (杭州電子科技大學)) in the PRC in July 1996.

Mr. GU Kaining (顧愷寧), aged 38, is a non-executive Director. Mr. GU was appointed as a non-executive Director on November 17, 2025. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. GU brings deep understanding of financial markets and investment strategies to our Company. From April 2014 to May 2016, he served as a senior product planner at NetEase (Hangzhou) Network Co., Ltd. (網易（杭州）網絡有限公司). From May 2016 to February 2018, he served as an investment manager at Kunshan Shengshi Hongsheng Venture Investment Management Co., Ltd. (崑山盛世鴻升創業投資管理有限公司). From February 2018 to February 2026, he has been working at Ningbo Zhenhai Industrial Investment Private Fund Management Co., Ltd. (寧波市鎮海產業投資私募基金管理有限公司) successively serving as a manager of investment management department, a vice general manager and a director. From July 2022 to March 2026, he concurrently served as a director of Ningbo Zhenhai Industrial Investment and Development Co., Ltd. (寧波市鎮海產業投資發展有限公司). Since February 2026, he has served as the legal representative, Chairman, and general manager of Ningbo Zhenhai Industrial Investment Private Fund Management Co., Ltd. (寧波市鎮海產業投資私募基金管理有限公司). Currently, he has also served as the legal representative, chairman, and general manager of Ningbo Zhenhai Industrial Investment and Development Co., Ltd. since March 2026, and concurrently as a director at UNi Semiconductor Corporation (睿晶半導體有限公司) since March 2026.

Mr. GU obtained a bachelor's degree in accounting from Shanghai Jiao Tong University (上海交通大學） in the PRC in July 2011 and later obtained a master's degree in international finance and economic policy from the University of Glasgow in the United Kingdom in December 2013.

Ms. BAI Ting (白婷), aged 37, is a non-executive Director. Ms. BAI was appointed as a Director of our Company in December 2024 and was redesignated as a non-executive Director on June 23, 2025. She is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Ms. BAI has extensive experience in investment, financial advisory, and audit services. She began her career at Deloitte Touche Tohmatsu Certified Public Accountants LLP from September 2011 to April 2016 with her last position as a senior auditor. From April 2016 to February 2017, she served as the head of investment and financing at Tongjing Group Co., Ltd. (同景集團有限公司) (formerly known as Tongjing Development Co., Ltd. (同景發展有限公司)). From September 2017 to December 2021, Ms. BAI served as an investment manager at Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產股份有限公司) (formerly known as Chongqing Jinke Industrial Group Dongcheng Property Development Co., Ltd. (重慶金科實業集團東成物業發展有限公司) and Chongqing Dongcheng Property Development Co., Ltd. (重慶東成物業發展有限公司)). Ms. BAI then served as a project manager at BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所（特殊普通合夥）) from June 2022 to April 2023. Ms. BAI has been serving as an investment manager at Chongqing Liangjiang Equity Investment Management Co., Ltd. (重慶兩江股權投資基金管理有限公司) since April 2023, where she is mainly in charge of equity investments in the automotive and electronic information sectors.

Ms. BAI obtained a bachelor's degree in accounting, from Jinan University (暨南大學) in the PRC in June 2011 and later earned a master's degree in accounting, from Chongqing University (重慶大學) in the PRC in December 2020.

Mr. WANG Chen (王晨), aged 42, is a non-executive Director. Mr. WANG was appointed as a Director of our Company in November 2020 and was redesignated as a non-executive Director on June 23, 2025. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. WANG possesses extensive experience in private equity, investment management, and corporate strategy. From January 2007 to October 2011, he served as an analyst and then a senior manager at Dubai Investment Co., Ltd. Shanghai Representative Office (迪拜投資股份有限公司上海代表處). From November 2011 to June 2013, Mr. WANG worked at Shanghai Fosun High Technology Group Co., Ltd (上海復星高科技（集團）有限公司) as a senior manager/deputy director. From December 2015 to November 2018, he held the positions of vice president and then executive director at Shanghai Cedarlake Investment Management Co., Ltd. (上海沄柏投資管理有限公司). Since December 2018, he has been serving as the executive director of Zhuhai Youbai Private Fund Management Co., Ltd. (珠海佑柏私募基金管理有限公司). Mr. WANG has served as a non-executive director of Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (上海天數智芯半導體股份有限公司), a company listed on the Stock Exchange (stock code: 9903) since October 2023.

Mr. WANG obtained a bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2006, and a master of business administration from Johns Hopkins University in the United States in May 2015.

Independent Non-Executive Directors

Ms. TAN Ren, aged 61, is an independent non-executive Director. Ms. TAN was appointed as an independent non-executive Director on June 23, 2025 with effect from the Listing Date. She is responsible for providing independent advice and judgment to our Board.

Ms. TAN has over 30 years of experience in finance, accounting, and corporate management across various industries including semiconductors, medical devices, renewable energy, and industrial components.

Ms. TAN currently holds or has held positions in various companies, including: (i) tax manager at Ernst & Young from June 1991 to October 1996; (ii) vice president of taxation for the corporation and also a corporate officer at IMCO Recycling (later merged into Aleris International Inc.) from 1996 to 2005; (iii) Asia-Pacific finance director at Parker Hannifin Hydraulics Systems (Shanghai) Co., Ltd. (派克漢尼汾液壓系統（上海）有限公司) from September 2005 to December 2013; (iv) chief financial officer at Trina Solar Co., Ltd. (天合光能股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688599)) from January 2014 to July 2016; (v) chief financial officer at CIMC Vehicles (Group) Co., Ltd. (中集車輛（集團）有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 301039)) from July 2016 to April 2018; (vi) general manager of the finance center at Ziguang Group Co., Ltd. (紫光集團有限公司) (currently known as New Ziguang Group Co., Ltd. (新紫光集團有限公司)) from April 2018 to June 2019; (vii) chief financial officer at Zhongnan Holding Group Co., Ltd. (中南控股集團有限公司) from June 2019 to May 2020; (viii) chief financial officer at Xinshida Technology (Jiangsu) Co., Ltd. (芯視達科技（江蘇）有限公司) from May 2020 to July 2021; and (ix) chief financial officer at Xi'an Eyedeal Medical Technology Co., Ltd. (西安眼得樂醫療科技有限公司) (formerly known as Xinan Pule Biotechnology Co., Ltd. (西安浦勒生物科技有限公司)) since October 2021.

Ms. TAN obtained a bachelor's degree in industrial management engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1986. She obtained a master's degree in arts in June 1989 and a second master's degree in accountancy in May 1991, both from Virginia Technology Institute & State University.

Mr. LI Jun (李軍), aged 63, is an independent non-executive Director. Mr. LI was appointed as an independent non-executive Director on June 23, 2025 with effect from the Listing Date. He is responsible for providing independent advice and judgment to our Board.

Mr. LI successively served as a faculty member, teaching assistant, and lecturer at the Department of Automation (自動化系) of Tsinghua University (清華大學) from September 1986 to January 1992, and subsequently served as a research fellow at the Institute of Information Technology (信息技術研究院) and then at the Department of Automation from April 2003 to October 2022.

Mr. LI also holds independent directorship in several listed companies, including:

- Guangzhou Anyka Microelectronics Co., Ltd. (廣州安凱微電子股份有限公司) (stock code: 688620.SH), since September 2020;

- Yusys Technologies Co.,Ltd. (北京宇信科技集團股份有限公司) (stock code: 300674.SZ), since September 2021;

- Sino Wealth Electronic Ltd. (中穎電子股份有限公司) (stock code: 300327.SZ), since August 2025.

Mr. LI obtained a bachelor's degree and master's degree in engineering from Tsinghua University (清華大學) in the PRC in July 1985 and June 1988, respectively, and obtained a Ph.D. in computer science from the New Jersey Institute of Technology in May 1997.

Dr. WANG Xin (王鑫), aged 48, is an independent non-executive Director. Dr. WANG was appointed as an independent non-executive Director on June 23, 2025 with effect from the Listing Date. He is responsible for providing independent advice and judgment to our Board.

Dr. WANG has profound expertise in accounting, corporate governance, and academic research on capital market. From August 2006 to July 2011, Dr. WANG served as an assistant professor of accounting at the Chinese University of Hong Kong. Since August 2011, Dr. WANG has worked at the University of Hong Kong (HKU) and has successively served as: (i) an assistant professor in the School of Business from August 2011 to December 2013, (ii) an associate professor in the School of Business from January 2014 to March 2019 (an associate professor in HKU Business School since September 2017), (iii) a professor in the HKU Business School since April 2019, (iv) the Assistant Dean of HKU Business School from August 2020 to July 2023, (v) the Area Head of Accounting and Law from August 2023 to October 2025, and (vi) the Associate Dean of HKU Business School from November 2025.

Dr. WANG currently holds or has held positions in various companies, including: (i) an independent non-executive director of Shoucheng Holdings Ltd (首程控股有限公司) (formerly known as Shouchang Concord International Enterprises Company Limited (首長國際企業有限公司)) (a company listed on the Stock Exchange (stock code: 0697)) since May 2018; and (ii) an independent non-executive director of Kweichow Moutai Co., Ltd (貴州茅台酒股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600519)) since December 2023.

Dr. WANG obtained a bachelor's degree in economics (accounting major) and a master's degree in management (accounting major) from Tsinghua University (清華大學) in the PRC in 1999 and 2001, respectively. Dr. WANG obtained his PhD degree from Duke University in the United States in 2006. Dr. WANG is a full membership of CPA Australia and an Associate conferred by the Chartered Institute of Management Accountants (CIMA).

Prof. CHEN Xin (陳欣), aged 50, is an independent non-executive Director. Prof. CHEN was appointed as an independent non-executive Director on June 23, 2025 with effect from the Listing Date. He is responsible for providing independent advice and judgment to our Board.

Prof. CHEN has extensive experience in finance, academic research, and corporate governance. He currently holds positions in various entities, including:

Period of service	Employer	Position
Since July 2021	Xiamen Bank Co., Ltd. (廈門銀行股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601187))	Independent director
Since December 2021	Da Ming International Holdings Limited (大明國際控股有限公司) (a company listed on the Stock Exchange (stock code: 01090)	Independent non-executive director
Since September 2023	Financial Street Securities Co., Ltd. (金融街證券股份有限公司) (formerly known as Hengtai Securities Limited. (恒泰證券有限公司)) (a company listed on the Stock Exchange (stock code: 01476))	Independent non-executive director
Since October 2024	Shanghai Lingang Holdings Co., Ltd. (上海臨港控股股份有限公司) (formerly known as Shanghai Automation Instrument Co., Ltd. (上海自動化儀表股份有限公司)) (a company listed on the Shanghai Stock Exchange (stock code: 600848))	Independent director
Since February 2025	Dishui Lake Advanced Finance Institute, Shanghai University of Finance and Economics (上海財經大學滴水湖高級金融學院)	Professor of practice

Prof. CHEN Xin served successively as associate professor and professor at Shanghai Jiao Tong University from January 2006 to January 2025. He also held several directorships, such as Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司), Yunnan Credit Enhancement Limited. (雲南省信用增進有限公司), Guangdong Qunxing Toys Co., Ltd. (廣東群興玩具股份有限公司), SUPCON Technology Co., Ltd. (中控技術股份有限公司), among others.

Prof. CHEN obtains a bachelor's degree in economics from Huazhong University of Science and Technology (華中理工大學) (currently known as Huazhong University of Science and Technology (華中科技大學)) in the PRC in July 1996 and a doctor's degree in business administration from the University of Minnesota in the United States in August 2005.

Senior Management

For biographical details of Mr. SUN Weifeng, Mr. SHI Xiaoye and Mr. WANG Yuan, see "— Board of Directors — Executive Directors" in this section.

Mr. LIU Jianwei (劉建偉), aged 44, is the general manager of our Company. Mr. LIU served as the director and general manager of our Company since the establishment and has ceased to be a director of our Company upon Listing. He currently holds directorships in each of our major subsidiaries, namely, Beijing Axera, Shanghai Axera, and Zhejiang Huatu. He is mainly responsible for the management of AI technology-related R&D and strategic planning of the chip product line architecture of our Group.

Mr. LIU has approximately 19 years of experience in the semiconductor and telecommunications industries. Mr. LIU started his career as a chip design engineer of Actions Microelectronics Co., Ltd. (北京炬力北方微電子股份有限公司) from February 2006 to September 2010. From October 2010 to August 2013, Mr. LIU served as a senior chip design engineer of Beijing Nufront Chip Co., Ltd. (北京普及芯科技有限公司) (currently known as Nufront (Beijing) Technology Group Co., Ltd. (新岸線（北京）科技集團有限公司)). Mr. LIU then served as a senior hardware engineer of Availink (China) Inc. (北京中天聯科科技有限公司) from September 2013 to September 2014. From October 2014 to October 2016, he served as the chief technology officer of Beijing NetBRIC Technology Co., Ltd. (北京麓柏科技有限公司). From November 2016 to November 2019, Mr. LIU served as a deputy chip manager of Beijing Tasson Technology Ltd. (北京國科天迅科技股份有限公司).

Mr. LIU obtained a bachelor's degree in electronic information engineering from Jilin University (吉林大學) in the PRC in July 2003 and a master's degree in communication and information systems, from Beihang University (北京航空航天大學) in the PRC in April 2006.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no material matters relating to their appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the date of this annual report.

Save as disclosed above, none of the Directors and senior management held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this annual report.

Our supervisory committee has been dissolved immediately upon the Listing and each of the supervisors resigned as a supervisor with effect from the Listing Date.

Save as disclosed above, none of our Directors and senior management is related to other Directors and senior management.

Joint company secretaries

Mr. SHI Xiaoye has been appointed as one of the joint company secretaries of our Company on February 10, 2026. For details of his biography, see "— Board of Directors — Executive Directors" above.

Ms. CHU Cheuk Ting (朱卓婷) has been appointed as one of our joint company secretaries on February 10, 2026. Ms. CHU currently serves a manager of the listing services department of TMF Hong Kong Limited (a global corporate services provider). She has over 12 years of experience in the corporate service field. Ms. CHU is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Changes to directors' information

Save as disclosed in this section, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' REPORT

The Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2025.

Principal activities

We are a provider of AI inference SoCs, delivering cutting-edge perception and computing platforms for edge and endpoint AI applications. We are building an advanced AI computing infrastructure to make artificial intelligence accessible to everyone, creating an empowered future where AI improves lives for all.

There have been no significant changes in the nature of the Group's principal business during the year ended December 31, 2025 and up to the date of this annual report. For details of the principal business of the Company's principal subsidiaries, please refer to Note 1 to the consolidated financial statements.

Business review

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Financial Highlights" and "Management Discussion and Analysis" in this annual report. These discussions form part of this annual report. The discussion of the Company's key relationships with its employees, suppliers and others that have a significant impact on the Company is set out in the section headed "Relationships with Key Stakeholders" in this annual report.

Principal risks and uncertainties

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

(i) the industry in which we operate are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected;

(ii) if we are unable to develop and introduce new or upgraded products, our future business, results of operations, financial condition and competitive position would be materially and adversely affected;

(iii) we have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve;

(iv) 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;

(v) we may face supply chain risks, including interruptions of requisite materials, components, equipment, and services due to reliance on a limited number of suppliers, or failure by suppliers to achieve satisfactory yields or quality standards, which could adversely affect our reputation, customer relationships and business operations;

(vi) our results of operations may be affected by the cyclical nature of the semiconductor industry, fluctuations in our business, and variations in our selling prices and operating costs from period to period;

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

(viii) we have a limited operating history and track record in the commercialization of our products, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

Board of Directors

The Board currently comprises four executive Directors, four non-executive Directors and four independent non-executive Directors.

Since the Listing Date and at the date of this annual report, the Board comprises the following Directors:

Executive Directors

Dr. QIU Xiaoxin *(Chairperson of the Board)*
Mr. SUN Weifeng *(Chief Executive Officer)*
Mr. SHI Xiaoye
Mr. WANG Yuan

Non-executive Directors

Mr. ZHOU Siyuan
Mr. GU Kaining
Ms. BAI Ting
Mr. WANG Chen

Independent Non-executive Directors

Ms. TAN Ren
Mr. LI Jun
Dr. Wang Xin
Prof. CHEN Xin

Biographical details of our Directors are set out in the section headed "Directors and Senior Management" of this report.

Changes in Directors' information

Since the Listing Date and up to the date of this annual report, save as disclosed in this annual report, there had not been any changes to the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Environmental policies and performance

We believe our long-term success rests on our ability to make a positive impact on the society. We strive to build a sustainable ecosystem comprised of our employees, collaborators and business partners.

We are subject to various health, work safety and environmental laws and regulations applicable to our operations, including those governing resource consumption, emissions, and workplace safety in the jurisdictions where we operate. Our operations are regularly inspected by local government authorities (including relevant PRC environmental protection, work safety and health regulatory bodies). During the Reporting Period and up to the date of this annual report, we had been in compliance with such health, work safety and environmental laws and regulations in all material respects, and had not been subject to any material claims, fines, penalties, administrative sanctions or other regulatory actions due to non-compliance that would materially and adversely affect our business, financial condition or results of operations. We have also established and maintained internal management systems and processes to ensure ongoing compliance with such laws and regulations.

Compliance with the relevant laws and regulations

We may be involved in legal proceedings from time to time in the ordinary course of business. As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. For the year ended December 31, 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group. During the Reporting Period and up to the date of this report, neither the Group nor any of the Directors and senior management of the Company has been subject to investigation or administrative penalty by the China Securities and Regulatory Commission, banned from entering the market, recognized as an unsuitable person, publicly reprimanded by the stock exchange, subject to compulsory measures, referred to the judicial authorities or held criminally liable, nor has it been involved in any other litigation, arbitration or administrative proceeding that would have a material adverse impact on our business, financial condition or results of operations. During the year ended December 31, 2025, the Directors were not aware of any material litigation or claim that was pending or threatened against the Group.

Employees and remuneration policies

As of December 31, 2025, the Group had a total of 635 full-time employees.

The number of employees employed by the Group varies from time to time depending on need. We offer competitive salaries, performance-based cash bonuses, and other incentives to our employees. In full compliance with PRC laws and regulations, we participate in various employee social security plans organized by relevant government authorities, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans, with contributions made at specified rates based on employee salaries. The Company has adopted the Employee Incentive Plan to provide incentives for the eligible participants. Please refer to the section headed "Restricted Share Incentive Scheme" in this annual report for further details.

For the year ended December 31, 2025, we had not experienced any material labor disputes, work stoppages, or significant difficulties in recruiting or retaining staff for our operations. No collective bargaining agreement has been put in place.

Major customers and suppliers

For the year ended December 31, 2025, revenue generated from the Group's five largest customers amounted to RMB398.5 million (2024: RMB355.8 million), accounting for approximately 70.9% (2024: 75.2%) of the Group's total sales for the same year. The Group's revenue generated from the largest customer for the year ended December 31, 2025 amounted to RMB143.5 million (2024: RMB112.9 million), accounting for approximately 25.6% (2024: 23.9%) of the Group's total revenue for the same year.

For the year ended December 31, 2025, purchases from the Group's five largest suppliers amounted to RMB752.7 million (2024: RMB385.9 million), accounting for approximately 64.2% (2024: 64.2%) of the Group's total purchases for the same year. The Group's purchases from the largest supplier for the year ended December 31, 2025 amounted to RMB350.6 million (2024: RMB172.3 million), accounting for approximately 29.9% (2024: 28.7%) of the Group's total purchases for the same year.

To the reasonable knowledge of the Directors, none of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company) has any interest in any of the Group's five largest customers or suppliers.

For the year ended December 31, 2025, the Group did not experience any significant disputes with its customers or suppliers.

Relationships with key stakeholders

The Group recognizes that various stakeholders including customers, suppliers, employees, Shareholders and other business associates are key to Group's success. The Group strives to achieve maintain sustainability through engaging, collaborating, and cultivating strong relationships with them.

Employees

The Company builds its success on employees' dedication and commitment. To support the ongoing professional development of our employees, we provide new employee orientation programs as well as regular on-the-job training and continuing education opportunities. We aim at cultivating talents in the long run, encouraging employees to realize their full potential and to keep pace with growth of the Company.

Customers and suppliers

During the Reporting Period, our revenue was primarily derived from the sales of on-device computing products, with a growing contribution from smart vehicle SoCs and edge AI inference products, and our suppliers primarily consisted of foundries, assembly contractors, IP and software vendors, and other service providers. We have established stable and long-term cooperative relationships with suppliers for core manufacturing, raw material suppliers and service providers which we believe have sufficient capacity and technical capabilities to meet our production and R&D demands. Nevertheless, we proactively adopt supplier management policies including maintaining an adequate pool of suppliers, securing alternative suppliers to safeguard our supply. To monitor the quality of supplies and manufacturing services, we implemented a comprehensive supplier management system to ensure the quality and reliability of externally provided processes, products and services. This system covers supplier selection, performance evaluation and ongoing monitoring. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their qualifications, reputation, industry experience, service or product offerings, pricing and delivery capabilities. The selection criteria and procedures are documented, and different supplier categories are subject to corresponding evaluation standards. During the Reporting Period, we did not experience any material shortage, delays or quality issues in the supply of key components and manufacturing services that had a material adverse impact on our business operations.

The Group values long-standing and mutually beneficial relationships with its customers and suppliers. The Group aims at delivering cutting-edge perception and computing platforms for edge and endpoint AI applications to its customers, and developing mutual trust, deepening technical collaboration and enhancing long-term commitment between the Group and its suppliers to maintain the sustainable development of the entire industrial ecosystem and drive joint growth.

Shareholders

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance, technological advantages and strategic development. Apart from transparent and timely disclosure of corporate information in accordance with the Listing Rules and relevant regulatory requirements, the Company has kept effective and multi-channel communication with Shareholders through the Company's official website, professional investor relations platforms, and IR mailboxes.

Results

The results of the Group for the year ended December 31, 2025, are set out in the Group's consolidated financial statements.

Dividend

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2025. The Board is not aware of any Shareholders who have waived or agreed to waive any dividend.

Share capital

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 30 to the consolidated financial statements.

Donation

For the year ended December 31, 2025, the Group did not make any charitable donations.

Financial summary

The H Shares were listed on the Stock Exchange on February 10, 2026. A summary of the results, assets, liabilities and equity of the Group for the last four financial years, as extracted from the audited financial information and financial statements, is set out on page 186 of this annual report.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the PRC that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

Tax relief and exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

Subsidiaries

Particulars of the Company's major subsidiaries are set out in Note 15 to the consolidated financial statements.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year ended December 31, 2025 are set out in Note 11 to the consolidated financial statements.

Debenture issued

The Group did not issue any debenture for the year ended December 31, 2025.

Equity-linked agreements

Save as disclosed in the sections headed "Restricted Share Incentive Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during or subsisted at the end of the year ended December 31, 2025.

Distributable reserves

As of December 31, 2025, the Company did not have any distributable reserves to our Shareholders.

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2025 are set out in the consolidated statements of changes in equity on page 168 and in Note 30 to the consolidated financial statements, respectively.

Bank loans and other borrowings

Our Group's total borrowings as of December 31, 2025 were RMB981.12 million (as of December 31, 2024: RMB445.16 million). Details of the bank borrowings of the Group as of December 31, 2025 are set out in Note 25 to the consolidated financial statements.

Significant investments

During the Reporting Period, the Group had subscribed for certain wealth management products. As of December 31, 2025, the Group held the following significant investments which represent 5% or more of the total assets of the Group as at December 31, 2025:

Product name	Name of bank	Subscription date	Maturity date	Principal amount of subscription (RMB)	Expected return rate	Product type	Fair value as of December 31, 2025 (RMB)	Realised and unrealised gain in 2025	Relative size to the Group's total assets as of December 31, 2025
Fixed-Income Stable Yield Closed-End	China CITIC Bank Corporation Limited	July 17, 2025	The minimum holding period is 90 calendar days	100,000,000.00	1.25%–2.05%	Structured Deposits	100,761,499.44	761,499.44	2.80%
Structured Deposits	China CITIC Bank Corporation Limited	December 30, 2025	The maturity date is February 28, 2026	100,000,000.00	1.00%–1.72%	Structured Deposits	100,002,777.78	2,777.78	2.78%
Fixed-Income Stable Yield Closed-End	China CITIC Bank Corporation Limited	December 26, 2025	The minimum holding period is 30 days	50,000,000.00	1.75%–2%	Structured Deposits	50,009,722.22	9,722.22	1.39%
Fixed-Income Stable Yield Closed-End	China CITIC Bank Corporation Limited	December 26, 2025	The minimum holding period is one month	100,000,000.00	2.2%–2.4%	Structured Deposits	100,024,444.44	24,444.44	2.78%
Riyingxiang Tiantianli (日盈象天天利)	China CITIC Bank Corporation Limited	December 26, 2025	No fixed term	220,000,000.00	1.18%–1.82%	On-demand Wealth Management	220,028,844.44	28,844.44	6.11%

Investment policy

The Company has adopted an internal investment policy (the "**Investment Policy**"), which sets out, among other things, the objectives, guidelines, management and responsibilities of the investment activities undertaken by the Group. The details of the Investment Policy are set out below:

Investment objectives

The Investment Policy aims to preserve and grow its assets while supporting its corporate strategy and principal business operations. The Group's investment objectives are to enhance the efficiency in the utilization of idle funds, and to achieve the goals of preserving and increasing the value of the Company's assets and maximizing shareholders' interests.

Investment strategies

The Company's investments adhere to the principles of being "standardized, reasonable, scientific, high-quality and efficient", comply with the national industrial policies, and align with its business development strategy. The Company focuses on assets that complement its principal business operations and strategic priorities, including product innovation and market expansion.

Investment scope

The Company's investments are categorized into internal investments and external investments. Internal investments include, but are not limited to: the Company's new fixed asset investments and technological transformation projects; establishment of subsidiaries; research and development projects. External investments include, but are not limited to: external equity investments; external acquisition or merger of enterprises or assets; risk investments including stocks and futures, and entrusted wealth management.

Permitted and prohibited investments

Pursuant to the Investment Policy, the Company may invest in risk investments including stocks and futures, as well as entrusted wealth management. The Company does not engage in speculative investment activities and generally prohibits investments in high-risk or highly leveraged financial products. While the above categories represent the primary focus of the Company's investment activities, the Company retains the flexibility to explore investments in other asset classes, including but not limited to the selective pursuit of strategic investments and potential acquisitions, each of which will undergo independent due diligence and is subject to the investment decision procedures and control measures described below.

Definition of risk limits and counterparty risk

The Company adopts the principle of risk aversion in its external investments, which requires that the risks of a project must be fully estimated and the investment option with the smallest risk-return ratio be selected. The Investment Management Department or relevant departments are responsible for conducting necessary market research and feasibility analysis on proposed investment projects, preparing project proposals and investment feasibility analysis reports, and formulating risk countermeasures for the proposed investment projects.

Liquidity management

The Company's primary objective is to ensure that it has sufficient cash and bank deposits to meet its working capital requirements. Although the Investment Policy does not set specific thresholds, the Company is committed to maintaining a balanced liquidity risk profile between cash, bank deposits and investments.

Investment portfolio of the group

The Company's investment portfolio primarily consisted of strategic interests in both upstream and downstream market participants, supplemented by a selection of wealth management products. This dual focus enabled the Company to capture value across the supply chain while maintaining financial flexibility through carefully curated investment with short to medium duration. During the Reporting Period, the Company adjusted its investment portfolio principally based on the economic environment, securities regulations and its portfolio allocation needs.

Investment decision

The Company's investment decisions are made through a multi-tiered governance structure. Investment matters involving a single amount of less than 10% of the total asset value of the Company's consolidated financial statements for the most recent fiscal year shall be subject to the approval of the General Manager. Transactions that meet the notifiable thresholds under the definitions and relevant calculation methods set out in the Listing Rules shall be subject to the review and approval of the Board.

Ongoing risk management and control measures

The Company maintains comprehensive internal control and risk management processes, including regular performance reviews, strict approval procedures and periodic monitoring of all investment projects. The project undertaking department or unit shall report to the General Manager, in writing or orally, on an annual basis regarding the project progress, quality, fund utilization, prospect analysis and other relevant matters. For investment projects approved and implemented by a resolution of the Board or a resolution of the shareholders' meeting, the General Manager shall report the foregoing matters to the Board on an annual basis. The relevant departments shall monitor the projects in terms of progress implementation, payment settlement, acceptance inspection and transfer to fixed assets. Upon completion of a project, the General Manager or the Board, depending on the approval authority of the project decision, shall organize an evaluation of the project's scale, standards, quality, timeline, fund utilization and investment returns, and report the results to the Board or the shareholders' meeting. Where the Company engages in entrusted wealth management, the Board shall designate specific personnel to track the progress and safety of the entrusted wealth management funds. In the event of any abnormal situation, such personnel shall be required to report promptly to the Board, enabling the Board to take immediate and effective measures to recover the funds and avoid or minimize losses to the Company.

Convertible bonds

As of the date of this annual report, the Company has not issued any convertible bonds.

Directors' service contracts

Details of Directors' service contracts are set out in "Appointment, Re-election and Removal of Directors" section of the Corporate Governance Report.

The Company has not entered into, and does not propose to enter into, any service contract with any of the Directors in their respective capacities which cannot be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

Directors' interests in transactions, arrangements or contracts of significance

None of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

Directors' interests in competing business

During the Reporting Period, none of the Directors have any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

Confirmation of independence by independent non-executive Directors

We have received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules for the period from the Listing Date to the date of this annual report. The Company has duly reviewed the confirmation of independence of each of the Directors. In our opinion, all the independent non-executive Directors are independent.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended December 31, 2025.

Permitted indemnity provision

During the Reporting Period and as of the date of this annual report, the Company had purchased liability insurance for Directors which provides proper protection from liabilities arising from or in connection with the performance of their duties.

Pension scheme

The employees of the Group's subsidiaries are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

During the Reporting Period, the Group did not use forfeited contributions to reduce the current level of contributions. Details of the pension scheme of the Group are set out in Note 6(b) to the consolidated financial statements.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As the H Shares were listed on February 10, 2026, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors or chief executive of the Company as of December 31, 2025.

As at the date of this annual report, the interests or short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Nature of interest[1]	Number and class of Shares held	Approximate percentage of shareholding in the total issued Shares[2]
Dr. QIU[3]	Founder, Chairperson of the Board and executive Director	Interested in controlled corporations; interests held jointly with another person	109,919,584 H Shares	18.66%
Mr. WANG Chen (王晨)[3]	Non-executive Director	Interested in controlled corporation	31,081,389 H Shares	5.28%
Mr. ZHOU Siyuan (周思遠)[3]	Non-executive Director	Interested in controlled corporation	74,878,128 H Shares	12.71%
Mr. SUN Weifeng (孫微風)	Executive Director and chief executive officer	Other[4]	19,155,046 H Shares	3.25%
Mr. SHI Xiaoye (施曉燁)	Executive Director and chief financial officer	Other[4]	18,723,884 H Shares	3.18%
Mr. WANG Yuan (王遠)	Executive Director and vice president	Other[4]	3,812,983 H Shares	0.65%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the aggregate number of 588,936,581 H Shares as of the date of this annual report, comprising (i) an aggregate of 482,845,281 Shares converted from the Unlisted Shares, (ii) 104,915,200 Shares issued pursuant to the Global Offering and (iii) 1,176,100 Shares issued pursuant to the partial exercise of Over-allotment Option.

(3) Details of interest of Dr. QIU, Mr. WANG Chen and Mr. ZHOU Siyuan are set out in notes 3 and 4; note 6; and note 5 in the "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company" of this Report, respectively.

(4) Pursuant to the Restricted Share Incentive Scheme, each of Mr. SUN Weifeng, Mr. SHI Xiaoye and Mr. WANG Yuan were granted restricted Shares of our Company taking in the form of partnership interests in our Employee Incentive Platforms.

Save as disclosed above and to the best knowledge of our Directors, as of the date of this annual report, we were not aware of any Director or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial shareholders' interests and short positions in Shares and underlying Shares of the Company

As the H Shares were listed on February 10, 2026, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial Shareholders of the Company as of December 31, 2025.

As at the date of this annual report, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares, which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Long position in the Shares of the Company

Name of Shareholder	Nature of interest[1]	Number and class of Shares held	Approximate percentage of shareholding in the total issued Shares[2]
Jiaxing Zhixin[3][4]	Beneficial owner; interests held jointly with another person	102,176,584 H Shares	17.35%
Jiaxing Aixin[3][4]	Beneficial owner; interests held jointly with another person	102,176,584 H Shares	17.35%
Shanghai Bonasi[3][4]	Beneficial owner; interests held jointly with another person	109,919,584 H Shares	18.66%
Shanghai Jinling[4]	Interested in controlled corporations; interests held jointly with another person	109,919,584 H Shares	18.66%
Ningbo Yongxin Weihao Phase III Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪三期半導體產業投資合夥企業（有限合夥）) ("**Weihao Phase III**")[5]	Beneficial owner	31,424,017 H Shares	5.34%

Name of Shareholder	Nature of interest[(1)]	Number and class of Shares held	Approximate percentage of shareholding in the total issued Shares[(2)]
Inno-Chip Investment Management Co., Ltd. (上海韋豪創芯投資管理有限公司) ("**Inno-Chip**")[(5)]	Interest in controlled corporation	73,686,897 H Shares	12.51%
Wuhu Kuangyun Artificial Intelligence Industry Investment Fund (Limited Partnership) (蕪湖曠沄人工智能產業投資基金（有限合夥）) ("**Wuhu Kuangyun**")[(6)]	Beneficial owner	31,081,389 H Shares	5.28%
Ms. YU Jia (于佳)[(7)]	Interest in controlled corporations	30,312,929 H Shares	5.15%
Ms. XU Jing (徐靜)[(7)]	Interest in controlled corporations	30,312,929 H Shares	5.15%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the aggregate number of 588,936,581 H Shares as of the date of this annual report, comprising (i) an aggregate of 482,845,281 Unlisted Shares converted from the Unlisted Shares, (ii) 104,915,200 Shares issued pursuant to the Global Offering and (iii) 1,176,100 Shares issued pursuant to the partial exercise of Over-allotment Option.

(3) Pursuant to an acting in concert agreement dated September 18, 2021, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Shanghai Jinling confirmed to act in concert at the general meetings of our Company with Dr. QIU. Therefore, by virtue of the SFO, each of Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Shanghai Jinling are deemed to be interested in the Shares held by each other.

(4) As of the date of this annual report, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4 directly held 43,104,726 Shares, 36,165,580 Shares, 22,906,278 Shares, 2,978,077 Shares, 1,786,846 Shares, 1,786,846 Shares and 1,191,231 Shares, respectively. Shanghai Jinling was the general partner of each of the above Shareholders was owned as to 99.0% by Dr. QIU. Therefore, by virtue of the SFO, each of Shanghai Jinling and Dr. QIU is deemed to be interested in the Shares held by Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4 under the SFO.

(5) As of the date of this annual report, (i) Weihao Phase III, (ii) Tianjin Weihao TEDA Haihe Equity Investment Partnership (Limited Partnership) (天津韋豪泰達海河股權投資合夥企業（有限合夥）) ("**Tianjin Weihao**"), (iii) Ningbo Yongxin Weihao Phase IV Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪四期半導體產業投資合夥企業（有限合夥）) ("**Weihao Phase IV**"), (iv) Yiwu Weihao Chuangxin Phase I Equity Investment Partnership (Limited Partnership) (義烏韋豪創芯一期股權投資合夥企業（有限合夥）) ("**Yiwu Weihao**"), (v) Yiwu Weihao Packing Xuan Phase I Private Equity Investment Fund Partnership (Limited Partnership) (義烏韋豪鋆軒一期私募股權投資基金合夥企業（有限合夥）) ("**Weihao Yunxuan**"), and (vi) Shanghai Ganzhong Management Consulting Partnership (Limited Partnership) (上海淦眾管理諮詢合夥企業（有限合夥）) ("**Shanghai Ganzhong**", together with Weihao Phase III, Tianjin Weihao, Weihao Phase IV, Yiwu Weihao, Weihao Yunxuan and Shanghai Ganzhong, the "**Weihao entities**") directly held 31,424,017 Shares, 23,113,306 Shares, 9,083,133 Shares, 5,948,758 Shares, 4,117,683 Shares and 1,191,231 Shares, respectively.

Among the Weihao entities, (i) Weihao Phase III, Tianjin Weihao, Weihao Phase IV, Yiwu Weihao and Weihao Yunxuan are limited partnerships established in the PRC, all of which are ultimately controlled by Inno-Chip, which is ultimately controlled by Mr. ZHOU Siyuan (周思遠), one of our non-executive Directors, (ii) Shanghai Ganzhong is a limited partnership established in the PRC controlled by its general partner, Mr. ZHOU Siyuan (周思遠). Inno-Chip was held (i) as to 48.15% by Shanghai Yinjun Management Consulting Partnership (Limited Partnership) (上海隱鋆管理諮詢合夥企業（有限合夥）) ("**Shanghai Yinjun**"), the general partner of which is ZHOU Siyuan (周思遠); and (ii) as to 43.33% by Shanghai Ganzhong.

Therefore, by virtue of SFO, each of Inno-Chip and Shanghai Yinjun is deemed to be interested in Shares held by Weihao entities (excluding interests in Shares held by Shanghai Ganzhong) and each of Shanghai Ganzhong and Mr. ZHOU Siyuan (周思遠) is deemed to be interested in Shares held by all Weihao entities.

Ningbo Yongxin Fund Partnership (Limited Partnership) (寧波市甬欣基金合夥企業（有限合夥）) ("**Ningbo Yongxin Fund**") holds 35% partnership interests in Weihao Phase III and approximately 41.12% partnership interests in Weihao Phase IV, which is ultimately controlled by Ningbo State-owned Assets Supervision and Administration Commission (寧波市人民政府國有資產監督管理委員會) ("**Ningbo SASAC**"). The general partner of both Weihao Phase III and Weihao Phase IV is Ningbo Weihao Tongshang Management Consulting Partnership (Limited Partnership) (寧波韋豪通商管理諮詢合夥企業（有限合夥）) ("**Ningbo Weihao Tongshang**") whose general partner is Inno-Chip. Therefore, by virtue of SFO, each of Ningbo Yongxin Fund, Ningbo SASAC and Ningbo Weihao Tongshang is deemed to be interested in Shares held by Weihao Phase III and Weihao Phase IV.

(6) Wuhu Kuangyun is a limited partnership established in the PRC, whose general partner is Wuhu Kuangyun Investment Management Center (Limited Partnership) (蕪湖曠沄投資管理中心（有限合夥）) ("**Kuangyun Management**"), the general partner of which is Zhuhai Yunxiao Enterprise Management Co., Ltd. (珠海沄曉企業管理有限公司) ("**Zhuhai Yunxiao**"), which is wholly owned by Shanghai Rongyun Enterprise Management Co., Ltd. (上海榕沄企業管理有限公司) ("**Shanghai Rongyun**"), which is owned by Mr. WANG Chen (王晨)), one of our non-executive Directors, as to 60% and Ms. YANG Jingyu (楊婧譽), an Independent Third Party, as to 40%. Therefore, by virtue of SFO, each of Kuangyun Management, Zhuhai Yunxiao, Shanghai Rongyun, Mr. WANG Chen and Ms. YANG Jingyu is deemed to be interested in Shares held by Wuhu Kuangyun.

(7) Represents: (i) 9,212,656 Shares held by Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啓明融新股權投資合夥企業（有限合夥）) ("**Qiming Rongxin**"); (ii) 8,333,333 Shares held by Suzhou Qiming Rongying Venture Investment Partnership (Limited Partnership) (蘇州啓明融盈創業投資合夥企業（有限合夥）) ("**Qiming Rongying**"); (iii) 6,818,182 Shares held by Suzhou Industrial Park Qiming Rongke Equity Investment Partnership (Limited Partnership) (蘇州工業園區啓明融科股權投資合夥企業（有限合夥）) ("**Qiming Rongke**"); and (iv) 5,948,758 Shares held by Suzhou Qihua Phase 10 Venture Investment Partnership (Limited Partnership) (蘇州啓華十期創業投資合夥企業（有限合夥）) ("**Suzhou Qihua**", together with Qiming Rongxin, Qiming Rongying and Qiming Rongke, the "**Qiming entities**").

Among the Qiming entities, (i) Each of Qiming Rongxin, Qiming Rongying and Qiming Rongke is a limited partnership established in the PRC, all of which are ultimately controlled by Suzhou Qiman Investment Management Co., Ltd. (蘇州啓滿投資管理有限公司) ("**Suzhou Qiman**"), (ii) Suzhou Qihua is a limited partnership established in the PRC, which is ultimately controlled by Suzhou Qiwang Venture Investment Co., Ltd. (蘇州啓望創業投資有限公司) ("**Suzhou Qiwang**").

Both Suzhou Qiman and Suzhou Qiwang are owned each as to 50% by Ms. YU Jia (于佳) and Ms. XU Jing (徐靜). Therefore, by virtue of SFO, each of Ms. YU Jia and Ms. XU Jing is deemed to be interested in Shares held by Qiming entities.

Saved as disclosed above, as at the date of this annual report, so far as the Directors are aware, no other person (not being a Director or chief executive of the Company) had or was deemed to have any interest or short position in any Shares or underlying Shares of the Company which was required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Restricted Share Incentive Scheme

We have approved and adopted a Restricted Share Incentive Scheme for the purpose of motivating, retaining and rewarding talents for their contribution to the development of our Group and linking the interests of the participants under the employee incentive plan with those of our Company and our Shareholders.

The Restricted Share Incentive Scheme was adopted on April 27, 2020 and was further amended on May 13, 2025. Each of Jiaxing Zhixin, Jiaxing Aixin, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4, together with other 19 limited partnerships serving as the limited partners of Jiaxing Zhixin and Jiaxing Aixin, was established in the PRC as our employee incentive platforms to implement the Restricted Share Incentive Scheme. The terms of the Restricted Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules, as it does not involve the grant of new Shares or grant of options by our Company after Listing. Given the Shares underlying all the Awards (as defined below) under the Restricted Share Incentive Scheme have already been issued to the Employee Incentive Platforms, there will not be any dilutive effect to the issued Shares as a result of the operation of the Restricted Share Incentive Scheme. The scheme did not have any expiry date and is indefinite.

As of the date of this annual report, the Employee Incentive Platforms held 87,013,306 Shares, representing 14.77% of the issued Shares.

The general principal terms of the Restricted Share Incentive Scheme are summarized below.

(a) Purpose

The purpose of the Restricted Share Incentive Scheme is to incentivize employees who have made significant contributions to our Group, attract outstanding talents in the market, fully mobilize the enthusiasm of our core employees, and promote the long-term development of our Company.

(b) Participants

The Participants include Directors (excluding independent non-executive Directors), senior management, employees, and consultants of the Group (including participants who previously participated in the equity incentive plan adopted by Zhejiang Huatu in 2021 (the "**Huatu Participants**")), with the Administrator (as defined below) retaining full discretion over final selections (the "**Participants**").

(c) Form of the Restricted Share Incentive Scheme

The Participants, as partners of the Employee Incentive Platforms, which are in the form of limited partnerships (the "**Awards**"), are entitled to subscribe for the limited partnership interests of the Employee Incentive Platforms, thereby indirectly holding the Shares of the Company by virtue of their capacity as limited partners of the Employee Incentive Platforms. There is no restriction on the maximum entitlement of each Participant under the scheme.

(d) Total number of the underlying Shares of the Awards

Participants are interested in a total of 87,013,306 Shares through holding the limited partnerships in the Employee Incentive Platforms, representing 14.77% of the Share of our Company as of the date of this annual report.

(e) Administration

Dr. QIU (the "**Administrator**") was appointed as the administrator of the Restricted Share Incentive Scheme. She shall be responsible for: (i) managing, interpreting, and implementing the Restricted Share Incentive Scheme; (ii) determining the scope of Participants and the number of Awards granted; and (iii) formulating or amending implementation rules for the Restricted Share Incentive Scheme (subject to the approval of the Board).

(f) Vesting schedule and condition

The underlying Shares corresponding to the Unvested Restricted Shares are subject to the following vesting schedule and condition:

(i) 50% of the restricted Shares shall vest on the second anniversary of the grant date (determined by calendar year);

(ii) 25% restricted Shares shall vest on the third anniversary of the grant date (determined by calendar year); and

(iii) 25% restricted Shares shall vest on the fourth anniversary of the grant date (determined by calendar year).

Notwithstanding the above schedule, the vesting is contingent upon the Participants' continuous service with the Group throughout each vesting period, unless otherwise determined by the Administrator (the "**Vesting Condition**").

(g) Awards Granted Under the Restricted Share Incentive Scheme

Prior to the Listing Date, all Awards under the Employee Incentive Scheme were granted. As of the date of this annual report, the total number of underlying Shares granted to our Directors and senior management members under the Restricted Share Incentive Scheme were 44,713,321 Shares, representing 7.59% of the total issued Shares, among which, (i) Mr. SUN Weifeng (孫微風), our executive Director and chief executive officer, holding 19,155,046 Shares, representing 3.25%; (ii) Mr. SHI Xiaoye (施曉燁), our executive Director and chief financial officer, holding 18,723,884 Shares, representing 3.18%; (iii) Mr. WANG Yuan (王遠), our executive Director and vice president, holding 3,812,983 Shares, representing 0.65% and (iv) Mr. LIU Jianwei (劉建偉), our general manager, holding 3,021,408 Shares, representing 0.51%.

Employment policy and remuneration of Directors and senior management

In compliance with Rule 3.25 of the Listing Rules and the CG Code, the Company has established the Remuneration and Appraisal Committee to formulate remuneration policies. The remuneration of the Directors and senior management is based on their management scope, duties, importance of positions, individual performance, the Company's operating and financial objectives, as well as the remuneration levels of comparable positions in relevant enterprises and the group's employment conditions. The Directors and senior management are eligible participants of the applicable share incentive plans.

The Company has adopted the Restricted Share Incentive Scheme to provide incentives for certain employees. Please refer to the section headed "Restricted Share Incentive Scheme" in this annual report for further details.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 8 and Note 9 to the consolidated financial statements, respectively.

During the Reporting 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 our Company or any of our subsidiaries.

During the Reporting Period, none of our Directors waived any remuneration. Save as disclosed above, during the Reporting Period, no other amounts shall be paid or payable by us or any of our subsidiaries to our Directors or the five highest paid individuals.

Related-party transactions and connected transactions

Details on related party transactions of the Group for the Reporting Period are set out in Note 33 to the consolidated financial statements. None of the related party transactions constitute a connected transaction or continuing connected transaction which is subject to the Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. Since the Listing Date and up to the date of this annual report, there was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the Reporting Period.

Purchase, sale or redemption of the listed securities of the Company

As the H Shares were not listed on the Stock Exchange as of December 31, 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares (as defined under the Listing Rules)) during the year ended December 31, 2025. The Company did not hold any treasury shares as at the date of this annual report.

Material litigation

The Company was not involved in any litigation or arbitration during the year ended December 31, 2025, which could have a material and adverse effect on our financial condition or results of operations.

Continuing disclosure obligations pursuant to the Listing Rules

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Corporate governance

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

Use of proceeds from the global offering

The Company was listed on the Stock Exchange on February 10, 2026. The net proceeds received from the Global Offering (including the partial exercise of the Over-allotment Option), after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$2,834.9 million at the offer price of HK$28.20 per H Share.

There has been no change in the intended use of the net proceeds as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". Since the Listing Date and up to the date of this annual report, the Company has not utilized any part of the net proceeds. The net proceeds will be utilized in the same manner, proportion and expected timeframe as set out in the Prospectus.

Details of the expected timeline for utilization of the unutilized net proceeds are set out below:

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering *(HKD' million)*	Expected time to utilize the remaining net proceeds in full
Optimize our existing technology platform	**60.0%**	**1,700.9**	By the end of the year ending 2030
(i) Optimize our technology platform and strengthening our platform-based R&D team development	40.0%	1,134.0	By the end of the year ending 2030
(ii) Acquire R&D services and expand our product portfolio and application scenarios	20.0%	566.9	By the end of the year ending 2030
Investment in R&D projects	**15.0%**	**425.2**	By the end of the year ending 2030
(i) Explore applications of emerging technologies	10.0%	283.5	By the end of the year ending 2030
(ii) Upgrade our R&D infrastructure and equipment	5.0%	141.7	By the end of the year ending 2030
Sales expansion	**5.0%**	**141.7**	By the end of the year ending 2030
Equity investments or acquisitions aimed at further integrating upstream and downstream industry resources	**10.0%**	**283.5**	By the end of the year ending 2030
(i) strategic investments in key upstream and downstream targets	5.0%	141.7	By the end of the year ending 2030
(ii) acquisitions of highly complementary or synergistic businesses	5.0%	141.7	By the end of the year ending 2030
Working capital and other general corporate purposes	**10.0%**	**283.5**	By the end of the year ending 2030
Total	**100.0%**	**2,834.9**	

Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the date of this annual report, the Company has maintained the minimum prescribed percentage of public float (15%) under Rule 19A.28B(1) of the Listing Rules.

Future plans for material investments or capital asset

Save as disclosed in this report, the Group did not have detailed future plans for material investments or capital assets as of December 31, 2025.

Auditor

The consolidated financial statements for the year ended December 31, 2025 have been audited by KPMG, which will retire at the conclusion of the AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the auditor of the Company is to be proposed at the AGM.

There has been no change in the auditor of the Company since the Listing Date.

Important events after the reporting period

On February 10, 2026, the Company issued the 104,915,200 H Shares with par value of RMB1.00, at a price of HKD28.20 per share by initial public offering. Net proceeds from such issue approximately amounted to HKD2,803.6 million after deducting underwriting fees, commissions and related expenses.

On March 7, 2026, the Company received additional net proceeds of approximately HKD31.3 million (after deducting the underwriting fees and commissions and estimated expenses payable by the Company in connection with the partial exercise of the Over-allotment Option) for the 1,176,100 H Shares to be issued and allotted pursuant to the partial exercise of the Over-allotment Option.

Upon the Listing of the Company, all of financial instruments issued to investors of the Company will be reclassed in equity as "other reserve" in the consolidated statements of changes in equity.

Save as otherwise disclosed above and in this annual report, there was no other significant events that may affect the Group since the end of the Reporting Period and up to the date of this report.

By order of the Board
Axera Semiconductor Co., Ltd.
愛芯元智半導體股份有限公司
Dr. QIU Xiaoxin
Chairperson of the Board

Hong Kong, March 27, 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report contained in the Company's annual report for the year ended December 31, 2025.

Corporate Governance Culture and Value

Our Mission: AI, Enriching Every Life

Our Vision: Create a world class AI sensing and computing platform

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives and sustainable development, it is imperative to act with probity, transparency and accountability. Guided by a long-term vision of sustainable development, the Company actively promotes responsible supply chain management, employee well-being and sound corporate governance. By upholding such principles, the Company believes that Shareholder value will be maximized in the long term and that its employees, business partners and the communities in which it operates will all benefit.

The Company is committed to embedding a culture of integrity and compliance throughout the organization, and to building a comprehensive, full-process compliance management system that supports long-term business resilience and excellence in corporate governance. Compliance is the bedrock of the Group's sustainable growth and high-quality development. The Group has embedded a compliance-first culture across all levels of the organization, integrating ethical standards and regulatory requirements into day-to-day operations, corporate governance and strategic decision-making. Its end-to-end compliance management system covers the full business lifecycle, from procurement, research and development to sales and after-service, ensuring that all departments operate within a consistent framework of legal and ethical accountability. Such a system helps mitigate operational and reputational risks, reinforces trust with stakeholders, regulators and business partners, and lays a solid foundation for the Group's long-term stability and success.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Board considers that the corporate culture and the mission, vision, values and strategy of the Group are aligned.

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis for the corporate governance practices of the Company.

As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, the CG Code was not applicable to the Company during the Reporting Period. The Board is of the view that the Company has complied with all code provisions as set out in Part 2 of the CG Code from the Listing Date to the date of this annual report.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code. The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code, and in this regard, the Board has performed the following duties during the period from the Listing Date up to the date of this annual report:

(a) develop and review the Company's policies and practices on corporate governance;

(b) review and monitor the training and continuous professional development of the Directors and senior management of the Company;

(c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and

(d) review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Compliance with the Model Code for securities transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company.

As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, the Model Code was not applicable to the Company during the Reporting Period. However, specific enquiry has been made to all the Directors and all of them have confirmed that they have complied with the Model Code from the Listing Date to the date of this annual report. In addition, the Company is not aware of any non-compliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company during the period from the Listing Date to the date of this annual report.

Board of Directors

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors, non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Directors have agreed to disclose to the Company in a timely manner for any changes of the number and nature of offices held in public companies or organizations and other significant commitments, as well as the identity of such public companies or organizations and an indication of the time involved, as required by the code provision under the CG Code.

Board Composition

Since the Listing Date and at the date of this annual report, the Board comprises the following Directors:

Executive Directors

Dr. QIU Xiaoxin *(Chairperson of the Board)*
Mr. SUN Weifeng *(Chief Executive Officer)*
Mr. SHI Xiaoye
Mr. WANG Yuan

Non-executive Directors

Mr. ZHOU Siyuan
Mr. GU Kaining
Ms. BAI Ting
Mr. WANG Chen

Independent Non-executive Directors

Ms. TAN Ren
Mr. LI Jun
Dr. WANG Xin
Prof. CHEN Xin

Each of our Directors has confirmed that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 16, 2025 or November 19, 2025, and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

The biographical details of the Directors are set out in the section headed "Director and Senior Management" in this annual report. Save as disclosed above, there were no relationships (including financial, business, family or other material or relevant relationships) among the Directors or members of the senior management of the Company.

Board meetings and Directors' attendance records

Board meetings should be held at least four times a year, roughly once a quarter, involving active participation, either in person or through electronic means of communication, of a majority of Directors. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings, reasonable notice has to be given generally. For other committee meetings, a notice shall be given as prescribed in the terms of reference prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

As the H Shares were listed on the Stock Exchange on February 10, 2026, the code provisions in relation to the number of Board meetings and Board committees meetings held during the Reporting Period set out in the CG Code were not applicable to the Company during the year ended December 31, 2025. During the period from the Listing Date and up to the date of this annual report, the Board convened one Board meeting and did not hold any general meeting. The attendance of the individual Directors at Board meeting of the Company is set out below:

Name of Directors	Number of attendance/ meeting(s) held Board meeting
Executive Directors	
Dr. QIU Xiaoxin *(Chairperson of the Board)*	1/1
Mr. SUN Weifeng *(Chief Executive Officer)*	1/1
Mr. SHI Xiaoye	1/1
Mr. WANG Yuan	1/1
Non-executive Directors	
Mr. ZHOU Siyuan	1/1
Mr. GU Kaining	1/1
Ms. BAI Ting	1/1
Mr. WANG Chen	1/1
Independent Non-executive Directors	
Ms. TAN Ren	1/1
Mr. LI Jun	1/1
Dr. WANG Xin	1/1
Prof. CHEN Xin	1/1

During the period from the Listing Date up to the date of this annual report, the chairperson of the Board had also held one meeting with the independent non-executive Directors without the presence of other Directors.

Responsibilities, accountabilities and contributions of the Board and management

The Board is responsible for and has been granted general powers for the management and conduct of the Group's business, and is collectively responsible for the direction and oversight of the Group's affairs.

The Board, directly and indirectly through its established Board committees (the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee), provides leadership and strategic direction to the senior management by formulating the Group's overall strategic planning and overseeing the implementation of such strategies, monitors the Group's operational and financial performance, and ensures the establishment and effective operation of the Group's sound financial reporting process, internal control system and risk management mechanisms.

All Directors, including the independent non-executive Directors, bring a diverse and valuable spectrum of professional experience, knowledge and expertise to the Board, underpinning the efficient and effective functioning of the Board. The independent non-executive Directors are responsible for supervising the Group's operation and management, providing independent professional advice and judgement to the Board, ensuring a high standard of corporate governance and regulatory compliance of the Group, and balancing the Board's decision-making by exercising effective independent judgement on the Group's corporate actions and operational matters.

All Directors have full and timely access to all relevant information of the Group in connection with the discharge of their duties. Where appropriate and necessary for the performance of their fiduciary duties to the Group, Directors may, upon request, seek independent professional advice at the Group's expense.

The Directors are required to disclose to the Group details of all other positions and directorships held by them, including interests in other companies that may compete with the Group's business and directorships in listed companies within the three years prior to the date of this annual report.

The Board is responsible for and holds general powers for the Group's business management and operation, including determining the Group's overall business strategies and investment and financing plans, implementing resolutions passed at the general meeting of the Group, and exercising such other powers, functions and duties as are conferred by the Group's Articles of Association. The Board is also responsible for exercising all other powers, functions and duties pursuant to the Group's Articles of Association and all applicable laws, regulations and the Listing Rules. The Board has delegated the powers and responsibilities in respect of the Group's day-to-day management and operation to the Group's senior management, who assume accountability to the Board for the Group's day-to-day operational performance. The scope and terms of such delegated functions and responsibilities are periodically reviewed by the Board. The senior management must obtain the Board's approval prior to entering into any significant transactions on behalf of the Group.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Independent Non-executive Directors

During the period from the Listing Date up to the date of this annual report, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules for the period from the Listing Date to the date of this annual report. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Board has implemented mechanism to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively from the Listing Date to the date of this annual report. The mechanism is summarized as below:

Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to the Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

Independent Assessment in Nomination Practices

The Company has nomination policy for election of Directors. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors (including the independent non-executive Directors) of the Company. The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure they can continually exercise independent judgment. Also, when proposing an independent non-executive director for election, the Board must explain why the candidate is considered independent. The Board believes that the defined selection process is good for corporate governance in serving the Board continuity and appropriate leadership at Board level, enhancing Board effectiveness and diversity, and ensuring independent views and inputs are available to the Board.

Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties. A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Please see further details on the Board diversity analysis in the section headed "Board Diversity Policy" below.

Appointment, re-election and removal of Directors

Under the Articles of Association, Directors are elected or replaced at shareholders' meeting in accordance with the laws and may be removed from office by the shareholders' meeting before the expiration of the term (while this shall not affect any claims that may be made under any contract). The term of office for Director is three years, and shall be eligible for re-election upon expiry of such term, unless otherwise provided by applicable laws, regulations, the Articles of Association, or the securities regulatory rules of the place where the Company's shares are listed.

The term of office of a Director shall commence from the date of taking the position until the expiration of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiration of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules, the Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association until the newly elected director assumes the office.

Directors may resign before the expiration of their term. Resignation of a director shall be submitted to the Board of Directors in writing. The resignation shall take effect on the date the Company receives the resignation letter. The Company shall disclose the relevant circumstances within two days. If the resignation of a director causes the number of directors on the board to fall below the statutory minimum, the outgoing director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, Listing Rules and the company's Articles of Association until the newly elected director takes office.

Each of the Directors has entered into a service contract or an appointment letter with the Company. Save as disclosed above, the Company has not entered, and does not propose to enter, into any service contracts or appointment letters with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Continuous professional development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board. The Company has updated all Directors on any material changes in the Listing Rules and corporate governance practices from time to time.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2025, all Directors have participated in continuous professional development by attending training course or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board. The training received by the Directors for the year ended December 31, 2025 is summarized below:

Directors	Participated in continuous professional development
Executive Directors	
Dr. QIU Xiaoxin	√
Mr. SUN Weifeng (孫微風)	√
Mr. SHI Xiaoye (施曉燁)	√
Mr. WANG Yuan (王遠)	√
Non-executive Directors	
Mr. ZHOU Siyuan (周思遠)	√
Mr. GU Kaining (顧愷寧)	√
Ms. BAI Ting (白婷)	√
Mr. WANG Chen (王晨)	√
Independent Non-executive Directors	
Ms. TAN Ren	√
Mr. LI Jun (李軍)	√
Dr. WANG Xin (王鑫)	√
Prof. CHEN Xin (陳欣)	√

Notes:

(1) Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises one non-executive Director, namely, Mr. ZHOU Siyuan, and two independent non-executive Directors, namely, Ms. TAN Ren and Dr. WANG Xin. Ms. TAN Ren is the chairperson of the Audit Committee. She holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The major duties and responsibilities of the Audit Committee are set out clearly in its terms of reference. The primary duties of the Audit Committee are to (i) reviewing the structure, size and composition of our Board, (ii) assessing the independence of independent non-executive Directors and (iii) making recommendations to our Board on matters relating to the appointment of Directors and senior management.

As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, no meetings of the Audit Committee were held during the Reporting Period. During the period from the Listing Date and up to the date of this annual report, the Audit Committee held one meeting to, amongst others:

review the annual results of the Group for the year ended December 31, 2025;

- review the Group's financial reporting, risk management and internal control systems, the effectiveness of the Company's internal audit function;

- recommend the re-appointment of the external auditor and auditor fees for the year ending December 31, 2026; and

- review the Company's compliance with the Corporate Governance Code.

The Audit Committee has reviewed the audited financial results of the Group for the year ended December 31, 2025, and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Audit Committee meeting are set out below:

Name of members of the Audit Committee	**Number of attendance/ meeting(s) held**
Ms. TAN Ren *(Chairperson)*	1/1
Mr. ZHOU Siyuan	1/1
Dr. WANG Xin	1/1

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration and Appraisal Committee comprises one executive Director, namely, Mr. SUN Weifeng, and two independent non-executive Directors, namely, Mr. LI Jun and Prof. CHEN Xin. Mr. LI Jun is the chairperson of the Remuneration and Appraisal Committee.

The major duties and responsibilities of the Remuneration and Appraisal Committee are set out clearly in its terms of reference. The primary duties of the Remuneration and Appraisal Committee are to (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) conducting performance evaluations of Directors and senior management according to the performance evaluation criteria and procedures; and (iii) reviewing and approving remuneration proposals in accordance with the corporate policies and objectives resolved by our Board.

As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, no meetings of the Remuneration and Appraisal Committee were held during the Reporting Period. During the period from the Listing Date and up to the date of this annual report, the Remuneration and Appraisal Committee held one meeting to, amongst others:

- review emoluments of Directors and senior management for the year ended December 31, 2025; and

- make recommendations to the Board on the emoluments and structure of Directors and senior management for the year ending December 31, 2026.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Remuneration and Appraisal Committee meeting are set out below:

Name of members of the Remuneration and Appraisal Committee	Number of attendance/ meeting(s) held
Mr. LI Jun *(Chairperson)*	1/1
Mr. SUN Weifeng	1/1
Prof. CHEN Xin	1/1

Details of the remuneration of the Directors and five highest paid individuals of the Group are set out in Note 8 and Note 9 to the consolidated financial statements of this annual report. The remuneration for members of senior management (including executive Directors) by band for the year ended December 31, 2025 is set out below:

Remuneration band (HK$)	Number of employees
Nil to 2,500,000	3
2,500,001 to 3,000,000	1
3,500,001 to 4,000,000	1
30,000,001 to 35,000,000	1
40,000,001 to 45,000,000	1

The Company's remuneration and appraisal policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Director. The Directors and senior management members who receive remuneration from the Company are provided in forms of non-monetary benefits, pension entitlements, and compensation amounts (including compensation for loss or termination of office or appointment). The remuneration of the Directors and senior management is based on the corporate objectives and goals set by the Board, as well as the roles, responsibilities, and scope of work of Directors and senior management, and with reference to compensation levels for comparable positions in the same region, industry, or among competitors. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and the Board take into account factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Group. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Nomination Committee

We have established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to: (i) reviewing the structure, size and composition of our Board, (ii) assessing the independence of independent non-executive Directors and (iii) making recommendations to our Board on matters relating to the appointment of Directors and senior management.

The Nomination Committee comprises three members, including one executive Director, namely Dr. QIU Xiaoxin, and two independent non-executive Directors, namely Mr. LI Jun and Prof. CHEN Xin. Dr. QIU Xiaoxin is the chairperson of the Nomination Committee.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director nomination policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, no meetings of the Nomination Committee were held during the Reporting Period. During the period from the Listing Date and up to the date of this annual report, the Nomination Committee held one meeting to, amongst others:

- review the structure, size, and composition of the Board;
- discuss the independence of independent non-executive Directors; and
- review the board diversity policy and nomination policies and their implementation.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Nomination Committee meeting are set out below:

Name of members of the Nomination Committee	**Number of attendance/ meeting(s) held**
Dr. QIU Xiaoxin *(Chairperson)*	1/1
Mr. LI Jun	1/1
Prof. CHEN Xin	1/1

Board Diversity Policy

Our Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We select potential Board candidates based on merit and their potential contribution to our Board while taking into consideration our own business model and specific needs from time to time.

Our Directors have a balanced mixed of knowledge and skills. They obtained degrees in diversified majors including but without limitation to engineering, electronics, finance, economics and accounting. We have four independent non-executive Directors who have different industry backgrounds. Furthermore, our Directors are of a wide range of age, from 37 to 63 years old. Taking into account our business model and specific needs as well as the presence of three female Directors out of a total of twelve Board members, we consider that the composition of our Board satisfies our board diversity policy.

The current Board composition is analyzed as follows based on the measurable objectives:

Gender	**Age group**
Male: 9 Directors	30–40: 2 Directors
Female: 3 Director	41–50: 5 Directors
	51–60: 3 Directors
	61–65: 2 Directors
Position	
Executive Director: 4 Directors	
Non-executive Director: 4 Directors	
Independent Non-executive Director: 4 Directors	
Business experience	
Experience relevant to the Company's business: 4 Directors	
Finance and business: 9 Directors	
Management: 1 Director	

We recognize the particular importance of gender diversity on our Board. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim of increasing the proportion of female members over time. In particular, taking into account the business needs of our Group and changing circumstances that may affect our business plans, we will actively identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be periodically reviewed by our Nomination Committee in order to develop a pipeline of potential successors to our Board and promote gender diversity. Additionally, female representatives of our investors are also considered as potential candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at the mid- to senior-levels so that we have a pipeline of female senior management and potential successors to our Board going forward. We plan to offer well-rounded trainings to female employees whom we consider have the requisite experience, skills and knowledge of our operation and business, on topics including but not limited to business operation, management, accounting and finance, and legal compliance. We are of the view that such strategies will provide our Board with ample opportunities to identify capable female employees to be nominated as Directors in the future, fulfilling our aim to develop a pipeline of female candidates to achieve greater gender diversity in our Board in the long run. We believe that such a merit-based selection process with reference to our diversity policy and the nature of our business will be in the best interests of our Company and our Shareholders as a whole. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectations and international and local recommended best practices.

Our Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee reviews our board diversity policy and its implementation annually to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and the senior management as of December 31, 2025:

	Female	**Male**
Board	25.0% (3)	75.0% (9)
Senior management (excluding executive Directors)	0% (0)	100% (1)
Overall workforce	18.6% (119)	81.4% (522)

As of December 31, 2025, the gender ratio in the workforce (including senior management) was approximately 522 males to 119 female. The Board considers that the current gender ratio reflects a gender balance in our employee structure based on the current business needs. To achieve the goal of improving fairness and create more opportunities for female employees, the Group has put in place recruitment and hiring, training and promotion measures such that a diverse range of candidates are considered. The Group also provides physical and mental health, care and benefits, a safe workplace environment and communication channels to empower our female employees. During the Reporting Period, there were no unfavorable factors or circumstances that made it more challenging or impractical to achieve gender diversity in the workforce, including the Board, senior management and other employees. Going forward, the Company will continue to monitor and evaluate the diversity policy and adopt measurable objectives from time to time to ensure continued effectiveness and the Company's diversity policy and the gender balance in our employee structure.

Director Nomination Policy

The Nomination Committee of the Board of Directors is a specialized body established by the Board pursuant to a resolution of the Board, and is primarily responsible for regulating and making recommendations on the candidates, selection criteria and procedures for Directors and senior management of the Company. The Company has formulated Terms of Reference of the Nomination Committee (the "**Nomination Policy**"), which sets out the selection criteria, nomination process and Board succession planning. If the Board does not adopt or only partially adopts the recommendations of the Nomination Committee, the Board resolution shall record the views of the Nomination Committee and the specific reasons for not adopting the recommendations, which shall also be disclosed accordingly. The Nomination Committee is responsible for the nomination and appointment of the Company's Directors and senior management, and aims to optimize the Board's composition, improve the corporate governance structure, and ensure that the Board has a rational structure, scale and composition matching the Company's business activities, asset scale and shareholding structure, with a balanced allocation of skills, knowledge and experience.

The procedures for the selection and appointment of Directors and senior management stipulated in the Nomination Policy are as follows:

(i) The Nomination Committee shall actively communicate with relevant departments of the Company to study the Company's needs for new Directors and senior management and prepare written materials accordingly;

(ii) The Nomination Committee may conduct a broad search for candidates for Directors and senior management within the Company and in the talent market;

(iii) Information on shortlisted candidates, including their profession, educational background, professional titles, detailed work experience and all concurrent positions, shall be collected and documented in writing;

(iv) The consent of the nominee to the nomination shall be obtained; otherwise, such person shall not be included as a candidate for Director or senior management;

(v) Prior to the election of new Directors and the appointment of new managerial personnel, recommendations on candidates for Directors and newly appointed managerial personnel, together with relevant materials, shall be submitted to the Board;

(vi) Other follow-up work shall be carried out in accordance with the decisions and feedback of the Board; and

(vii) the Nomination Committee shall carry out other follow-up work according to the feedback of the Board of Directors.

The Nomination Committee shall be accountable to the Board, and proposals of the Nomination Committee shall be submitted to the Board for deliberation and decision. In the performance of its duties, the relevant departments of the Company shall provide cooperation and sufficient resources. If the Board does not adopt or only partially adopts the recommendations of the Nomination Committee, the Board resolution shall record the views of the Nomination

Committee and the specific reasons for not adopting the recommendations, which shall also be disclosed accordingly. The powers of the Nomination Committee as stipulated in these Rules of Procedure shall not preclude the rights of shareholders who individually or jointly hold more than 1% of the Company's shares to nominate Directors in accordance with the Articles of Association, nor the right of the Company's General Manager to nominate senior management such as Deputy General Managers and the Chief Financial Officer. The aforesaid nomination and election procedures shall be carried out in accordance with the relevant provisions.

Corporate Governance Function

The Board is responsible for determining the corporate governance policy of the Company performing the functions set out in code provision A.2.1 of Part 2 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code, the Company's code of conduct applicable to its employees, Directors, and disclosure in its Corporate Governance Report during the Reporting Period.

Risk Management and Internal Control

The Company has established and maintained risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations.

Risk Management

We recognize that effective risk management is critical to the success of our business operations. The key operational risks we face include, among others, changes in the general market conditions and regulatory environment of the PRC and the global semiconductor markets, our ability to develop, manufacture and commercialize our products, as well as our ability to compete with other chip companies.

To address these challenges, we have implemented a comprehensive set of risk management policies that establish a framework to identify, assess, evaluate, and continuously monitor the key risks associated with our strategic objectives. Risks identified by our management are analyzed based on likelihood and impact, and are then properly followed up, mitigated, and rectified by our Group, meanwhile reporting to our Board of Directors. Our Directors oversee the implementation of these risk management policies.

To monitor the ongoing implementation of risk management policies and corporate governance measures, we have adopted, among other things, the following risk management measures.

- Our Directors oversee and manage the overall risks associated with our business operations by (i) reviewing and approving our risk management policy to ensure alignment with our corporate objectives; (ii) reviewing and approving the annual working plan and annual report on corporate risk management; (iii) monitoring the most significant risks related to our business operations and evaluating our management's handling of these risks; (iv) assessing our corporate risk in relation to our risk tolerance; and (v) ascertaining the appropriate application of our risk management framework across our Group.

- Our senior management team is responsible for (i) developing our risk management policy and reviewing major risk management issues within our Company; (ii) creating the annual risk management plan and report; (iii) offering guidance on our risk management approach to relevant departments and supervising the implementation of our risk management policy; (iv) reviewing reports on key risks from relevant departments and providing feedback; and (v) conducting education and training related to risk management.

- Our finance, legal, human resources, internal control and other relevant departments are responsible for implementing our risk management policy and conducting daily risk management activities. To standardize risk management across our Group and establish a common level of transparency and performance, these departments will (i) gather information about risks related to their operations or functions; (ii) conduct risk assessments, which include identifying, prioritizing, measuring, and categorizing all key risks that could potentially impact their objectives; (iii) continuously monitor key risks related to their operations or functions; (iv) implement appropriate risk responses as needed; (v) develop and maintain mechanisms to facilitate the application of our risk management framework; and (vi) promptly report any material risks to relevant departments.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. During the year ended December 31, 2025, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented.

We have implemented a range of measures and procedures covering various aspects of our business operations, including quality assurance, intellectual property protection and environmental protection. As part of our employee training program, we regularly provide various types of training to our staff.

- Our Directors, who are responsible for overseeing the corporate governance of our Group, will, with assistance from our legal advisers, periodically review our compliance status with all relevant laws and regulations.

- We have established an audit committee, which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged BOCOM International (Asia) Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the section headed "Future Plans and Use of Proceeds" in the prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control mechanisms.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed an Information Disclosure Management System to ensure that all material undisclosed information is disclosed to the market through designated channels in a timely manner through standardized procedures. Under the system, the Company is required to disclose to the public any inside information as soon as reasonably practicable after it becomes aware of it or is likely to create a false market. From the Listing Date and up to the date of this annual report, the Company has disclosed information in strict compliance with the requirements of the laws and regulations including the Listing Rules without any false statements, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information fairly, timely and effectively.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects, including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management has reported to the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

The internal audit department is responsible for performing independent reviews of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. For the year ended December 31, 2025 and up to the date of this annual report, the Board was not aware of any material defect in the internal control of the Group.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

To uphold our business reputation and ethical standards, we have incorporated anti-corruption and anti-bribery requirements into our internal policies and systems. These requirements are designed to prevent and prohibit any form of corruption or bribery, ensuring that our employees adhere to high standards of integrity and transparency in all business activities. We maintain a zero-tolerance approach to corruption and bribery and strictly enforce internal controls to enhance employees' legal awareness and ethical principles. Our relevant internal policies include provisions that strictly prohibit employees from engaging in any form of bribery or corruptive conduct, including giving or receiving bribes, kickbacks, or other improper benefits in connection with government relations and commercial activities. We have established secure and confidential effective reporting channels to encourage employees and business partners to report or file complaints about any suspected corruption or bribery.

Directors' responsibility in respect of the financial statements

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

A statement from the external auditors of the Company about their reporting responsibilities for the financial statements is set forth in the Independent Auditor's Report in this annual report.

Auditor's remuneration

An analysis of the remuneration paid/payable to the external auditor of the Company, KPMG in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

Service Category	**Fees Paid/Payable RMB'000**
Audit services	1,690
IPO-related services	5,290
Non-audit services	
— ESG	150
— Other service	10
Total	7,140

Joint company secretaries

Mr. SHI Xiaoye has been appointed as our joint company secretary with effect from February 10, 2026. For biographical details of Mr. SHI Xiaoye, see "Directors and Senior Management — Executive Directors" of this annual report.

The Company has also appointed, externally, Ms. CHU Cheuk Ting as the joint company secretary with effect from February 10, 2026. For details of Ms. CHU Cheuk Ting's biography, please see in the section headed "Directors and Senior Management" of this annual report. Ms. CHU Cheuk Ting's primary contact with the Company is Mr. SHI Xiaoye, the executive Director and joint company secretary of the Company.

The Company was not listed on the Stock Exchange for the year ended December 31, 2025. The joint company secretaries of the Company will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules after Listing.

All Directors may have access to the advice and services of the joint company secretaries on corporate governance and routine Board matters.

Shareholders' rights

Convening an extraordinary general meeting

In accordance with the Articles of Association, Article 48, Article 51 and Article 52 stipulate that Shareholders who individually or jointly hold 10% or more of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response to the relevant Shareholders within 10 days of receipt, indicating whether it agrees or disagrees to convene the extraordinary general meeting. If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within 5 days after making the board resolution, and any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board of Directors disagrees to convene an extraordinary general meeting or fails to provide feedback within 10 days of receipt, Shareholders who individually or jointly hold 10% or more of the Company's shares shall have the right to propose to the Audit Committee to convene the extraordinary general meeting — as Article 126 clarifies the Audit Committee exercises the powers of the supervisory committee as stipulated under the Company Law — and shall submit their request in writing to the Audit Committee. If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice to convene the meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Audit Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and chair the general meeting, and Shareholders who individually or jointly hold 10% or more of the Company's shares for a continuous period of 90 days or more may convene and chair the meeting on their own initiative. Article 53 requires that prior to the announcement of the poll results of the general meeting, the total shareholding percentage of the Shareholders convening the meeting shall not be less than 10%.

Putting forward proposals at general meetings

Pursuant to Article 57 of the Articles of Association, Shareholders individually or jointly holding 1% or more of the Company's shares may submit written provisional proposals to the convener 10 days prior to the holding of the general meeting. The convener shall, within 2 days of receiving such proposal, issue a supplementary notice of the general meeting, announce the content of the provisional proposal in accordance with the security's regulatory rules of the place where the Company's shares are listed, and submit the provisional proposal to the general meeting for consideration. However, provisional proposal that violates laws, administrative regulations or the Articles of Association, or fall outside the scope of the powers of the general meeting, shall be excluded.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may submit written enquiries to the Company in accordance with the Articles of Association. The Company shall respond to shareholders' reasonable enquiries regarding the Company's operations, and shareholders shall comply with the provisions of the Company Law, the Securities Law, the Listing Rules and relevant laws and administrative regulations when requesting to make enquiries or obtain relevant materials of the Company. The Company will not normally entertain verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 31/F, Tower Two, Times Square,
1 Matheson Street, Causeway Bay,
Hong Kong

Email: ir@axera-tech.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communication with Shareholders and investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders' communication policy

The Company adopts a Shareholders' communication policy (the "**Shareholders' Communication Policy**") to ensure that the Shareholders and, where appropriate, the general investing public, have timely access to comprehensive, identical and understandable information about the Company (including its financial performance, strategic objectives and plans, significant developments, governance and risk profile), so that Shareholders can exercise their rights in an informed manner on the one hand, and to enhance communication between Shareholders and investing public and the Company on the other.

The Company maintains a policy of open communication and communicates information to Shareholders and investors through a variety of channels. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group available on the Company's website (www.axera-tech.com) and the Stock Exchange's website (www.hkexnews.hk); (iv) the Company's website offering communication channel between the Company and its stakeholders; (v) the H Share Registrar in Hong Kong serving the Shareholders in respect of all share registration matters; and (vi) various activities such as briefing sessions, roadshows, media interviews and marketing activities for investors, to facilitate communication and exchange of views between the Company and Shareholders and investors.

Shareholders may at any time direct enquiries, request for the Company's information to the extent such information is publicly available, and provide comments and suggestions to the office of the Board. Such questions, requests and comments may be sent by mail to the Company's principal place of business in Hong Kong (Attention: Company Secretary, 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong). In order to facilitate timely and effective communication and exchange, Shareholders are encouraged to provide their contact details, in particular email addresses, to the Company's H Share Registrar.

The Board is responsible for maintaining ongoing communication with Shareholders and regularly reviewing the Shareholders' Communication Policy to ensure its effectiveness. Having considered the implementation and outcome of the Shareholder communication channels of the Group and the practices of other listed companies, the Company confirmed its effectiveness during the period from the Listing Date and up to the date of this annual report.

Amendments to constitutional documents

The Company has not made significant amendments to its Articles of Association since the Listing Date. The latest version of the Articles of Association is posted on the websites of the Company and the Stock Exchange.

Dividend Policy

The declaration and payment of any dividends in the future will be determined by our Shareholders and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings as well as capital requirements, overall financial condition and contractual restrictions. Any future net profit that we generate will be applied to account for our accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our accumulated losses have been accounted for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above.

In light of our accumulated losses as disclosed in this annual report, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. In addition, any future determination to pay dividends will be made by our Board at their discretion and subject to Shareholders' approval, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and contractual restrictions, and other factors that our Board deems to be appropriate. Apart from the general principles for profit distribution set out in our Articles of Association, we have not adopted any specific dividend policy. As of the date of this annual report, we had not established a specified dividend pay-out ratio.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About This Report

This report is the first Environmental, Social and Governance (ESG) Report released by Axera Semiconductor Co., Ltd. (hereinafter referred to as "**Group**", our "**Group**", "**the Group**", "**we**" or "**us**"), aiming to present the Group's management policies and performance in environmental, social and governance aspects in 2025.

Reporting Period and Scope

The time frame of this report is from January 1, 2025, to December 31, 2025 (hereinafter referred to as "**the Year 2025**" or "**the Reporting Period**"). Unless otherwise specified, the scope of this report's content is consistent with the Group's annual report for the same period.

Reporting Standards

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (hereinafter referred to as the "**ESG Reporting Code**") issued by The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**").

Principles of Preparation

Materiality: We have identified key ESG issues through a materiality assessment. The relevant processes and results have been disclosed in the ESG report.

Quantitative: The statistical standards, methods, assumptions, calculation tools, and sources of conversion factors for key performance indicators related to "**Environment,**" "**Society,**" and "**Governance**" in this report are all annotated and explained in the report.

Balance: This report presents the Company's performance for the current year in an unbiased manner, avoiding any inappropriate descriptions, omissions, or presentation formats that might influence the decisions or judgments of readers.

Consistency: This is the Group's first report. Should there be any changes in the calculation methods used, key performance indicators, or any other factors that would enable meaningful comparison of impacts, the Group will disclose such changes in subsequent reports.

Publication Format

This report is published online in both Chinese and English versions. Stakeholders may access this report on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). In the event of any discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Contact Information

We highly value the views of our stakeholders and the public regarding this report. Should you have any inquiries or suggestions, please contact the Group via the following channels.

Address: Room 504, Sandhill Central, 505 Zhangjiang Road, Pudong New Area, Shanghai, PRC
Email: ir@axera-tech.com

Major Accolades

Awards
Ranked among AspenCore's 2025 "China IC Design Fabless 100 Ranking — TOP 10 AI Chip Companies"
Ranked again on the 2025 "CV Awards Vigorous 100 List"
2025 Ningbo "Gazelle Star"
Listed on the "2025 VENTURE50 Hard & Core Technology Investment List" — A Benchmark for Investment Trends in China's High-Growth Enterprises
Included in the 2025 "Zhejiang Emerging Tech Stars" Enterprise List
2025 Golden Courser Leading Enterprise Award
Ranked among the "Top 10 Chinese Enterprises with Breakthroughs in Localization Technology for the AIEV Supply Chain" in 2025
Listed in the 7th Batch of National Specialized and New "Little Giant" Enterprises by the Ministry of Industry and Information Technology of the People's Republic of China in 2025
2025 AI Technology Breakthrough Award
MM55H won the 2025 China Automotive Chip Industry Innovation Achievement — Annual Influential Automotive Chip
M57 Series won the 7th "Gasgoo Awards: Best Technology Practice Application Award" by Gasgoo in 2025
2025 Annual Innovative Product Award

Board Statement

The Board of Directors of the Group assumes full responsibility for the Group's environmental, social and governance (ESG) strategy and reporting. The Board has established an ESG Committee as the primary governing body responsible for assessing and determining the Group's ESG-related risks, and for ensuring that the Group establishes appropriate and effective ESG risk management and internal control systems.

We have established a robust ESG governance system, led by the Board of Directors, which participates in the deliberation and decision-making on material ESG matters, including the identification and assessment of ESG risks, supervising management in the formulation of ESG strategies and related work plans during business operations, conducting regular reviews and adjustments, and approving the annual ESG report.

Based on the external environment and the Group's development strategy, and taking into account disclosure standard requirements, capital market attention, and stakeholder communications, the Group has identified key ESG issues, including human capital development (training and development), employment management, supply chain management, and innovation-driven initiatives. These issues are subject to focused review and performance improvement in our daily operations. Looking ahead, the Group will continue to enhance its sustainability performance based on stakeholder expectations and its actual operational circumstances.

The Group's Board of Directors, as the highest decision-making body responsible for ESG matters, ensures that this report contains no false representations, misleading statements, or material omissions, and assumes full responsibility for the authenticity, accuracy, and completeness of its contents.

Stakeholder Communication

The Group places great emphasis on communication with its stakeholders and takes their opinions into full consideration in its daily operations. We have established diverse channels to communicate and engage effectively with various stakeholders, gaining in-depth understanding of their views and feedback, identifying their expectations and requirements regarding ESG issues, and actively improving internal policies and management systems to respond effectively to relevant needs.

Stakeholders	Concerns	Communication Channels	Group Responses
Shareholders and Investors	• Long-term development strategy and brand value enhancement • Compliant and honest operations • Guarantee of investor rights and stable investment returns	• Stock Exchange disclosures • General meetings/ investor conferences and roadshows • Official website • Investor-dedicated email	• Transparent, open, and timely information disclosures • Continuously enhanced corporate value • Effective communication channels
Employees	• Legitimate rights and interests of employees • Occupational health and safety • Remuneration and benefits • Equal employment opportunities	• Labour contracts and employee regulations • Internal employee training platform • Team building activities	• Fair recruitment requirements • Abundant employee training opportunities • Diverse career development and promotion channels • Employee satisfaction surveys

Stakeholders	Concerns	Communication Channels	Group Responses
Customers	• Protection of customer rights • Product quality management • Product R&D and technological innovation • Information security and privacy protection	• Daily operational communications • Professional service teams • Customer seminars	• Customer satisfaction surveys • Establishment and improvement of complaint handling mechanisms • Training on information security, business ethics, etc.
Suppliers and Partners	• Honest contract performance • Fair procurement and bidding • Sustainable partnerships	• Supplier evaluation system • On-site inspection system for new suppliers • Cooperation agreements	• Fair and impartial procurement policies • Strictly controlled supply chain management • Maintenance of sound cooperative relations
Government Departments	• Compliant operations • Robust internal control and risk management • Timely, accurate, and complete information disclosures • A positive public company image	• Policy communication • Compliance reports • Participation in symposiums	• Law-abiding tax payment • Strengthened internal supervision • Timely response to relevant inquiries
Others	• Social welfare initiatives • Advocacy of environmental protection concepts • Product R&D and technological innovation	• Active participation in public welfare and environmental activities • Industry association activities	• Social welfare activities • Advocacy of green operations • Experience sharing • Strengthened strategic cooperation • Commitment to technological innovation

Issue Materiality Analysis

We have identified and screened out ESG issues relevant to the Group through various forms of communication and engagement with different stakeholders in accordance with the Hong Kong Stock Exchange's ESG Reporting Code and with reference to principles such as the Materiality Map developed by the Sustainability Accounting Standards Board (SASB) and ESG issues of widespread concern within the industry. We have conducted work on material issues. Through questionnaires, interviews, and other methods, we have collected and documented the issues of concern to our Group's key stakeholders, as well as their assessments of the materiality of each issue.

Materiality Assessment Process

Issue Identification	Having identified the ESG issues most relevant and material to the Group's operations and stakeholders with reference to the Stock Exchange's ESG Report Code, Group policies, management strategies, industry characteristics, and business risks and opportunities
Issue Survey	Conducting questionnaire surveys and internal interviews to understand the evaluations of internal and external stakeholders on the materiality of each issue
Issue Prioritization	Analyzing and screening survey results in detail, updating the list of material issues, and developing the materiality assessment matrix
Issue Assessment	The ESG working group discusses and confirms the assessment results and reports the assessment results to the Board of Directors for final review

List of Material ESG Issues

Highly Material		
Human Capital Development (Training & Development)	Employment Management	Supply Chain Management
Innovation-Driven Development		
Material		
Water Resources Management	Environmental Compliance Management	Business Ethics
Product Quality and Safety	Data Security and Privacy Protection	Corporate Governance
Pollutant Emissions & Waste Management		
Relevant		
Business Ethics	Occupational Health and Safety	Risk Management
Community Contribution		

1. Governance

The Group regards sustainable development as a core strategy for enhancing corporate competitiveness and creating social value. It continuously improves its modern corporate governance system, strengthens its ESG governance structure, and enhances its ESG risk management capabilities.

1.1 Corporate Governance

The Group consistently adheres to standardized operations and transparent governance, with the core objective of safeguarding the legitimate rights and interests of the Company, all shareholders, employees, and creditors. It continuously builds a modern corporate governance system featuring clear rights and responsibilities and effective checks and balances. The Group has formulated its Articles of Association in accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other relevant laws and regulations, and with reference to the Guidelines on the Articles of Association of Listed Companies.

The Group has established a Board of Directors consisting of twelve Directors, including four independent Directors, with one Chairperson of the Board. The Board of Directors is primarily responsible for deciding on the Group's operational plans and investment schemes, formulating the Group's basic management systems, profit distribution plans, and loss recovery plans, among others. The Board has established an Audit Committee, a Remuneration and Appraisal Committee, and a Nomination Committee, and has formulated relevant rules and regulations such as the Working Rules of the Audit Committee, the Working Rules of the Remuneration and Appraisal Committee, and the Working Rules of the Nomination Committee to ensure that the Company's strategic decision-making is scientific, efficient, and compliant.

1.2 ESG Governance

1.2.1 ESG Governance Structure

The Group has established an ESG governance structure to continuously enhance its corporate sustainability management level and improve management tiers and division of responsibilities. The Board of Directors is fully responsible for overseeing and identifying environmental, social and climate-related risks and opportunities that may have an impact on the Group, formulating and adopting ESG policies and targets, and reviewing the Group's performance against ESG targets on an annual basis. Should significant deviations from the targets be identified, the Board will promptly assess, optimize and adjust the Group's ESG strategy to ensure that sustainability efforts remain aligned with the Group's overall strategy. An ESG working group has been established within management to support the Board of Directors in its oversight of ESG matters. The ESG working group is required to report annually to the Board of Directors on our ESG performance and the effectiveness of our ESG system. In addition, the ESG working group supports the Board of Directors in the following areas:

- Implementing agreed ESG policies, targets and strategies;
- Conducting materiality assessments of ESG-related risks;
- Collecting ESG data from various parties during the preparation of ESG reports; and
- Continuously monitoring the implementation of our ESG-related risk response measures.

1.2.2 ESG Experience of the Board of Directors

The Group's Board of Directors possesses diversified ESG experience, covering multiple areas including environmental initiatives, corporate governance, community welfare, ethical labour practices, and supply chain sustainability. For instance, Dr. WANG Xin, an independent non-executive Director of the Group, has extensive practical experience in ESG and is deeply engaged in ESG strategic planning and management improvement, providing strong support for the Group's high-quality ESG development.

To further enhance the performance capabilities of the Board of Directors in ESG-related matters, the Group regularly conducts ESG training courses covering climate risk assessment, sustainable development reporting standards, emerging regulatory requirements and other topics. These courses enable members of the Board of Directors to understand and implement the performance requirements of the Stock Exchange for Directors in ESG risk identification, opportunity capture and strategic supervision, so as to ensure that they possess corresponding professional capabilities and sense of responsibility.

1.3 Risk Management

The Group has established a risk management and internal control system with the collaborative participation of the Board of Directors, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the ESG working group. This system covers the entire process of the Group's operational management. The Board of Directors is responsible for the effectiveness of the overall risk management work. Its primary responsibilities in overall risk management include formulating the Company's overall risk management objectives, determining the Company's risk appetite and risk tolerance, approving the risk assessment results and response plans for major matters of the Group as well as the annual work report on overall risk management.

The Group has established a closed-loop risk management system covering the entire process of risk identification, classification, assessment, response, monitoring, and reporting, providing integrated management of five major risk categories: strategic, financial, market, operational, and compliance risks.

- Risk identification and list compilation: Each department identifies process risks, while the internal control and internal audit department takes the lead in establishing and annually updating the Company's unified risk list.

- Risk assessment: Risk levels are assessed using a combination of qualitative and quantitative methods to determine significant risks. A dual-track assessment approach (annual + daily) is implemented, and the results are reported to the general manager and the Board of Directors as required.

- Risk response: In light of the assessment results, measures such as avoidance, reduction, transfer, and acceptance are taken. For significant risks, special plans are formulated, approved and implemented.

- Monitoring and reporting: An annual risk management report and an audit evaluation report are prepared each year and reported up the hierarchy. Rectification and follow-up measures are implemented for risk deficiencies.

- Risk culture: A risk-aware culture is established to enhance the risk management capabilities of all personnel, ensuring the achievement of business objectives.

2. Environmental Protection

2.1 Environmental Compliance Management

In terms of environmental compliance management, the Group has established a regular environmental risk assessment mechanism to proactively prevent environmental incidents. In the first half of 2025, the Group's administration department led the completion of the annual environmental risk assessment work, conducting risk identification and hazard detection focusing on key areas such as temporary storage of hazardous waste and the operation and management of fire protection facilities. In the Year 2025, the Group strictly complied with environmental protection laws and regulations, experienced no administrative penalties for environmental violations, and continued to improve its environmental compliance level.

2.2 Use of Resources

The Group is committed to fostering a corporate environmental protection culture and works closely with business partners to build an environmentally friendly ecosystem. We optimize environmental protection management measures in areas such as daily office operations, supplier selection, raw material introduction, R&D processes, and waste management.

2.2.1 Energy Usage

The Group's energy consumption is primarily from purchased electricity. In the Year 2025, the Group's electricity consumption increased compared to 2024, primarily attributable to the Group's business expansion, with energy consumption growth remaining consistent with business development trends. During the Reporting Period, we promoted paperless office operations, conducted company-wide awareness campaigns on office energy conservation and electricity savings, and prioritized the use of high-efficiency and energy-saving equipment such as LED lighting and energy-efficient refrigerators, in order to achieve a balanced development between business growth and environmental responsibility.

Metrics	Unit	2025	2024
Total comprehensive energy consumption	kWh	**1,343,273.70**	1,282,200.00
Purchased electricity	kWh	**1,305,397.38**	1,282,200.00
Gasoline consumption	liters	**3,500.00**	0
Electricity consumption per unit area	kWh/unit area	**123.88**	165.7
Electricity consumption per capita	kWh/person	**1,989.94**	1,834.44
Comprehensive energy consumption intensity	kWh/revenue of RMB in thousand	**2.39**	2.71

We have established an energy-saving target: to achieve a 15% reduction in both electricity consumption per capita and electricity consumption per unit area by 2027 with 2024 as the base year. To achieve this energy efficiency improvement target, the Group plans to implement a number of basic energy-saving measures, such as automatic shutdown of IT equipment, optimizing air conditioning operating schedules, and enhancing the OA system to further promote paperless office operations.

2.2.2 Water Resource Utilization

The Group places great emphasis on water resource management and actively fulfills its social responsibility to protect water resources. The Group's main water supply is from the municipal water supply network. Water resources are primarily used for the daily operations of office premises and R&D facilities to ensure the orderly conduct of internal R&D activities. We have adopted a series of water-saving measures, such as posting water-saving slogans and providing water conservation education and awareness campaigns to the Group's employees, to cultivate a sense of water conservation among them.

Metrics	Unit	2025
Total water consumption	tonnes	**1,016.60**
Water consumption intensity	tonnes/revenue of RMB in million	**1.81**

2.2.3 Green Office

The Group actively promotes green office practices and is committed to reducing waste at the source. By creating a paperless office environment, encouraging employees to adopt duplex printing, and implementing waste classification measures, we continuously improve resource utilization efficiency. During the Reporting Period, office paper consumption decreased by 38% year-on-year, and the procurement of disposable items decreased by 48%.

2.3 Emissions

2.3.1 Waste Treatment

The Group generates non-hazardous waste and hazardous waste during its daily operations, with no industrial wastewater or exhaust gas emissions.

Hazardous waste mainly includes discarded ink cartridges, waste lithium batteries, waste fluorescent lamps, and obsolete electronic equipment such as old computer accessories. Our principal hazardous waste is generated from office printing equipment, IT equipment updates, and the replacement of daily office consumables. In 2025, the Group generated approximately 0.35 tonnes of hazardous waste. The Group implements classified storage management measures, and all hazardous waste is handed over to qualified third-party institutions for recycling and disposal.

Non-hazardous waste mainly includes general office waste, such as paper, household waste, waste plastics, and aluminum cans, generated from daily office areas and meeting room activities. In 2025, the Group generated approximately 72.80 tonnes of non-hazardous waste.

Metrics	Unit	2025
Total hazardous waste	kg	**350.00**
Hazardous waste intensity	kg/revenue of RMB in million	**0.62**
Total non-hazardous waste	kg	**72,800.00**
Including: Domestic waste	kg	**60,000.00**
Other non-hazardous waste	kg	**12,800.00**
Non-hazardous waste intensity	kg/revenue of RMB in thousand	**0.13**

2.3.2 Wastewater Discharge

Wastewater from the Company's office premises is centrally collected, treated and discharged by the property management party. The Company does not independently set up sewage outfalls or metering devices. During the Reporting Period, the Company complied with relevant environmental protection regulations, engaged qualified property management entities to implement compliant management, and had no environmental penalties or risk incidents related to wastewater discharge.

2.4 Addressing Climate Change

Governance

To advance the implementation of climate-related strategies and risk management matters, as well as the execution of climate change response efforts, the Group has established an ESG governance structure. The Board of Directors is responsible for the oversight of climate-related risks and opportunities and has authorized the ESG working group to carry out ESG management work, working together to identify and study the impacts of climate change on the Group's business operations. The ESG working group supports the Board of Directors in its oversight of climate change-related matters.

Strategy

The climate-related risks we face can be categorized into two main types: physical risks and transition risks. We define physical risks as those associated with the physical impacts of climate change, including: (i) acute physical risks, such as increased severity of typhoons or floods; and (ii) chronic physical risks affected by long-term changes in climate patterns, such as changes in average annual rainfall or temperature. We define transition risks as those arising from the transition from dependence of fossil fuel to a low-carbon economy. Such risks may involve changes in policies, laws, technologies, markets, and socio-culture, such as the potential implementation of carbon taxes, compliance disclosure requirements, and increased usage of new energy sources by enterprises and households.

Type		Climate-Related Risks	Impact Period	Business Model and Value Chain Impact	Potential Financial Impact	Response Measures
Physical Risks	Acute	Increased severity of typhoons or floods	Short-term	Office/R&D disruption, power grid failure, and supply chain delivery delays	Increased emergency costs, project delays, and revenue loss	Develop emergency plans and conduct off-site data backup
	Chronic	Changes in average annual rainfall or temperature	Medium to long-term	Regional power shortages and supply chain instability	Increased electricity and operating costs	Energy-saving retrofits, use of green electricity, and supply chain risk assessment
Transition Risks	Policy & Legal	Potential implementation of carbon taxes and compliance disclosure requirements	Medium to long-term	Need for carbon emission accounting and ESG disclosure, and green supply chain access	Increased compliance costs, risk of penalties	Establish a carbon management system, benchmark TCFD disclosure, and standardize suppliers
	Technology	Technology upgrades or heightened technological barriers	Medium to long-term	Low-power IP becoming essential, declining competitiveness of high-power products	Increased R&D investment, rising technology iteration costs	Increase R&D in low-power IP and promote green design
	Market	Increased usage of new energy by enterprises and households	Medium to long-term	Growing demand for low-power IP	Changes in market share and adjustments in order structure	Develop low-power IP products, disclose product carbon footprint
	Brand	Customer demand for brand premium	Medium to long-term	Increasing low-carbon requirements from customers, investors, and talent	Impact on brand and valuation and changes in talent attractiveness	Strengthen climate governance and enhance ESG information disclosure

Due to the nature of our business, we are not readily exposed to material impacts from chronic physical risks or transition risks. During the Reporting Period, our business, operations, and financial condition were not materially affected by any climate-related events. In the foreseeable future, we do not expect to incur significant compliance costs to mitigate climate-related risks.

Risk Management

We place great emphasis on the challenges posed by climate change and continue to enhance our climate risk management system. Looking ahead, the Group will fully integrate climate-related issues (including the identification, analysis and assessment of physical and transition risks) into the Group's risk assessment process and risk appetite framework and will conduct regular monitoring across all operational processes to effectively reduce the potential impact of climate risks on business operations.

In terms of resource support, a special budget for energy-saving renovation and green office has been included in the 2025 budget of the administration department, which will be used for the upgrading of energy-saving equipment, the construction of a green office environment and other initiatives, providing stable financial support for low-carbon operations.

In terms of transition actions, the Group has established clear carbon neutrality targets and plans to achieve carbon peak in office operations by 2030. To date, we have completed the LED lighting retrofit of our office areas, and various low-carbon initiatives are progressing steadily, with target progress meeting expectations.

Metrics and Targets

In response to the severe global climate challenges, we accurately capture and continuously monitor various metrics closely related to climate risks, including direct greenhouse gas emissions (Scope 1) and indirect greenhouse gas emissions (Scope 2). Each year, we conduct detailed statistics and publicly disclose relevant data, providing solid data support for addressing climate change.

Metrics	Unit	2025	2024
Total greenhouse gas emissions (Scope 1 & Scope 2)	tCO_2e	**700.31**	731.24
Direct greenhouse gas emissions (Scope 1)	tCO_2e	**7.67**	0
Indirect greenhouse gas emissions (Scope 2)	tCO_2e	**692.64**	731.24
Greenhouse gas emission intensity (Scope 1 & Scope 2)	tCO_2e/revenue of RMB in million	**1.25**	1.55
Indirect greenhouse gas emissions (Scope 3)	tCO_2e	**4.88**	/

In response to the national carbon neutrality targets, the Group actively promotes greenhouse gas emission reduction in its operations. The Group has set an emission reduction target: To achieve a 15% reduction in the per capita emission intensity of indirect greenhouse gas emissions (Scope 2) by 2027, with 2024 as the base year.

3. Employee Care

3.1 Health and Safety

The Group strictly complies with the Labour Contract Law and relevant workplace safety laws and regulations. Based on the actual needs of each position, the Group provides employees with safe, hygienic and appropriate working conditions and facilities, and provides personal protection equipment in accordance with national regulations, effectively safeguarding employees' health and safety. During the Reporting Period, the Group experienced 2 work-related injury incidents.

Occupational Health and Workplace Safety Performance

	Unit	2025
Number of safety emergency drills conducted during the year	times	1
Number of participations in safety emergency drills during the year	participations	460
Number of work-related fatalities	persons	0
Number of work-related injuries (Note 1)	persons	2
Number of workdays lost due to work-related injuries	days	60
Number of safety incidents involving supplier/contractor personnel at the workplace	cases	0

Note 1: One of the work-related injuries involved an employee who was accidentally injured during an activity organized by the Group.

3.2 Employment and Labour Standards

The Group adheres to the core principles of people-oriented approach, fair employment, and compliant labour practices. It strictly complies with the Labour Law, the Labour Contract Law, and relevant local labour laws and regulations, and has established and improved systems such as the Human Resource Management Procedures and the Human Resource Management Policies. These cover the Group's employee management system including human resources planning, recruitment and deployment, training and assessment, remuneration and benefits management, and employee relations, safeguarding employees' legitimate rights and interests and building harmonious and stable labour relations.

The Group's recruitment channels include social recruitment, internal referrals, and campus recruitment. The Group adheres to the principles of equality, diversity, and non-discrimination throughout the recruitment process. Recruitment, screening, interviewing, and hiring are all based on job competencies as the core criterion, without restrictions based on gender, age, ethnicity, household registration, disability, or other conditions, ensuring equal opportunities for all candidates and fostering a fair, just, and diverse and inclusive recruitment environment. As of the end of the Reporting Period, the Group's total number of employees was 641.

Employee Employment Metrics

Metrics		Unit	2025
Total number of employees		persons	**641**
Full-time employees		persons	**635**
Part-time (interns, rehired retirees)		persons	**6**
Number of full-time employees by gender	Male	persons	**518**
	Female	persons	**117**
Number of full-time employees by employee category	Senior management	persons	**11**
	Middle management	persons	**65**
	Junior management	persons	**559**
Number of full-time employees by age group	Under 30	persons	**120**
	31–40	persons	**365**
	41–50	persons	**145**
	51–60	persons	**5**
Number of full-time employees by geographical region	Domestic	persons	**632**
	Overseas	persons	**3**
Employee Turnover Metrics			
Full-time employees turnover rate		%	**20**
Turnover rate of full-time employees by gender	Male	%	**19**
	Female	%	**25**
Turnover rate of full-time employees by age group	Under 30	%	**21**
	31–40	%	**20**
	41–50	%	**19**
	51–60	%	**29**

Note 1: Turnover rate of full-time employees = Number of full-time employee left/(Number of full-time employees left + Total number of full-time employees)

In terms of labour standards, we have established identity verification and age screening mechanisms. During the onboarding process, we strictly verify identification documents and resolutely refrain from hiring individuals under the age of 18. We strictly prohibit the withholding of identification documents, restriction of personal freedom, forced labour, and other such practices. The Group upholds the compliance bottom line and ensures that employees work voluntarily and have the freedom to choose their employment. The Group adheres to the principles of equal employment, diversity and inclusion, actively recruiting employees with disabilities and foreign nationals, and continuously maintaining a legal, standardized, and safe working environment. During the Reporting Period, the Group had no violations of laws or regulations related to child labour, forced/compulsory labour, violations of freedom of association or collective bargaining rights, or infringement of employee privacy.

Employee Contract Signing Metrics

	Unit	2025
Labour contract signing rate	%	**100**
Social insurance coverage rate	%	**100**

The Group has established a comprehensive employee care and welfare protection system. It contributes to the endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund for all employees in accordance with the law, and strictly implements leave policies including statutory holidays, paid annual leave, marriage leave, and maternity leave. Additionally, the Group provides protection measures such as employee health checkups, commercial insurance, holiday benefits, birthday benefits, and employee care programs, covering all active employees. The Group continuously optimizes its welfare mechanisms to effectively safeguard employee rights and enhance employees' sense of belonging and well-being.

3.3 Development and Training

In accordance with its strategic plan, the Group conducts key talent assessments annually. The assessment results are applied to key position succession planning, targeted development of high-potential employees, employee promotion, and improvement or elimination.

In 2025, the Group conducted nearly 30 company-level technical training sessions, covering hardware, software, and other technical topics. New employee training sessions were organized weekly based on the number of new hires to introduce corporate policies and business processes. Each department organized internal training and sharing sessions on an ad-hoc basis as needed. Throughout the year, various types of training covered more than 500 employees. Our annual training investment was approximately RMB20,000, with internal training as the primary form of training.

Employee Training Metrics

		Unit	2025
Number of employees trained	Total	persons	**518**
Number of employees trained by gender	Male	persons	**443**
	Female	persons	**75**
Number of employees trained by age group	Under 30	persons	**115**
	31–40	persons	**310**
	41–60	persons	**93**
Total training hours	/	hours	**600.00**
Training hours by gender	Male	hours	**400.00**
	Female	hours	**200.00**
Training hours by age group	Under 30	hours	**180.00**
	31–40	hours	**280.00**
	41–60	hours	**140.00**
Average training hours per employee	/	hours/person	**1.16**
Average training hours by gender	Male	hours	**0.90**
	Female	hours	**0.38**
Average training hours by age group	Under 30	hours	**1.58**
	31–40	hours	**0.90**
	41–60	hours	**1.08**

4. Operational Responsibility

4.1 Anti-corruption

In accordance with relevant laws and regulations and the Articles of Association, the Group has formulated the Anti-corruption Management System, the Code of Professional Ethics and Conduct, the Conflict-of-Interest Management System, the Anti-money Laundering Management Measures, and the Inside Information Management System, requiring all employees to strictly comply.

We maintain a zero-tolerance policy towards corrupt behavior and have established a systematic anti-corruption management system from four aspects: core definition, prevention, supervision and reporting, and system implementation, as detailed below:

- Define anti-corruption identification standards: We have defined nine categories of corrupt behavior, including seeking improper benefits for others, accepting bribes, and misappropriating corporate assets. Additionally, key terms such as interested parties, material/immaterial improper benefits, and FCPA-related concepts are defined in detail, providing clear guidance for anti-corruption efforts.

- Implement comprehensive prevention measures: We require all employees to participate in anti-corruption training and sign an integrity commitment letter; strictly prohibit employees and interested parties from offering or accepting improper benefits, soliciting or accepting bribes, or facilitating bribes, and have established specific control rules for scenarios prone to corruption, such as gift-giving, business entertainment, and training tours; prohibit misappropriation of corporate assets and abuse of authority, and require employees to report potential conflicts of interest in a timely manner; comply with stricter standards when interacting with government officials, conduct due diligence on third-party partners, and require partners to confirm compliance with anti-corruption policies on an annual basis.

- Establish a professional supervision and reporting mechanism: The Board of Directors has designated a specific department as the anti-corruption supervisory and enforcement body, responsible for overseeing all core business processes including sales, procurement, external investment and financing, and asset acquisition and disposal; require all departments and subsidiaries to cooperate with its work, providing substantive support for the verification and handling of reported leads. The Group has established a dedicated supervision reporting channel and an exclusive reporting email address (jiancha@axera-tech.com) as the official collection channel for leads and information related to corrupt behavior. Employees, suppliers cooperating with the Company, and customers may all report corrupt behavior. Upon receiving reports of various types of corrupt behavior, the Company will formally conduct investigations into the reported leads. The Company has explicitly stipulated that no person is permitted to take retaliatory action or engage in threatening behavior against whistleblowers, thereby safeguarding the legitimate rights and interests of whistleblowers at the institutional level.

During the Reporting Period, the Group conducted specialized anti-corruption training for Directors, Supervisors, and senior management. The training was organized and implemented through a combination of online and offline formats, with one session held during the year, lasting 2 hours, and an attendance rate of 80% for that period.

During the Reporting Period, the Group received no reports related to anti-corruption, and no commercial bribery or corruption incidents occurred.

4.2 Product Responsibility

The Company consistently regards product quality and service reliability as its core competitiveness, adheres to high standards and strict requirements, and has established a quality management system covering the entire product lifecycle. From R&D and design to manufacturing and after-sales service, quality control runs through all key stages. Meanwhile, the Company continuously promotes the development of a quality culture and enhances quality awareness among all employees through regular training. In terms of customer service, the Company continuously optimizes service processes, improves response efficiency, and enhances customer experience, effectively ensuring product qualification rates, steadily meeting customer needs, and striving to become a trusted long-term partner for customers.

As of the end of the Reporting Period, the Group had obtained certifications for ISO 9001 Quality Management System, IATF 16949 Automotive Cybersecurity (for the M57H Project), ISO 26262 Automotive Functional Safety (for the M57H Project), and ASPICE L2 Project Certification (for the M57H Drive Software Project).

4.3 Customer Privacy and Information Security

The Group has established a data classification management system, strictly implemented customer privacy data protection requirements, implemented refined access control for personnel accessing privacy data, and standardized data external transmission processes and approval mechanisms to prevent data leakage risks at the source.

The Group continuously strengthens its information security management capabilities by deploying multiple security measures such as antivirus software, desktop security management, software compliance management, and data outbound transmission control, and building a comprehensive data security protection system. The Group has obtained ISO 27001 Information Security Management System certification.

Additionally, the Group regularly conducts information security awareness training, focusing on core positions such as R&D personnel, and has employees sign information security confidentiality clauses. Through both institutional constraints and awareness enhancement, the Group has built a strong information security defense line.

During the Reporting Period, the Group experienced no data security or customer privacy leakage incidents.

4.4 Innovation-Driven Development

Axera has always adhered to the independent research and development of core technologies and built a unified platform-based technology stack to maintain technological leadership and enhance the market competitiveness of products. The Group's core technology IP, AXNeutron mixed-precision neural processing unit ("**NPU**"), is a specialized processing architecture that delivers excellent AI inference performance through advanced mixed-precision computation. This technology is critical for the deployment of quantized models, enabling AI inference on edge and terminal devices, with native support for mainstream LLM/VLM large model architectures such as DeepSeek, Qwen, and Llama, providing a solid foundation for the application of large models on the edge and terminal sides.

As a complementary technology, AXProton AI-ISP is the world's first mass-commercialized AI image signal processor. This engine optimizes visual data instantly at the pixel level, ensuring high-quality imaging even under harsh conditions. Meanwhile, the Group has self-developed and provides chip-assisted development resources such as the Pulsar2 toolchain and software development kit ("**SDK**"), helping customers and partners achieve efficient development and stable mass production.

With its chip products at the core, Axera offers partners comprehensive systematic solutions, helping customers achieve rapid deployment of the latest technologies. Furthermore, the Group has established a comprehensive product roadmap for areas such as vision terminals, edge computing, and intelligent vehicles, covering multiple market segments to meet customers' needs across different scenarios.

R&D and Intellectual Property Protection

Metrics	Unit	2025
R&D investment amount	RMB in ten thousand	**59,636.4**
Number of R&D personnel	persons	**516**
Cumulative number of intellectual property rights obtained as of the end of the Reporting Period	items	**69**
Cumulative number of patents obtained as of the end of the Reporting Period	items	**67**

4.5 Supply Chain Management

The Group has formulated the Procurement Procedure Document. The supply chain department is responsible for determining the supplier selection process and collaborating with the material or service requesting departments to select and engage suppliers.

The Group places great emphasis on environmental management within its supply chain, giving priority to collaborating with listed companies that are relatively large in scale, have a good reputation, and maintain robust ESG management practices. Such companies typically have well-established information disclosure mechanisms and are able to publish sustainability reports on a regular basis, providing the Group with a reliable basis for assessing suppliers' environmental performance. To the extent feasible, the Group continuously reviews publicly disclosed information from suppliers, focusing on key areas such as carbon emissions, waste management, and environmental compliance. The Group will actively explore viable pathways to further deepen collaboration with suppliers and strengthen ESG management across the supply chain, including the development of more systematic ESG evaluation criteria and the gradual enhancement of oversight over the environmental performance of core supply chain partners. Such initiatives will be steadily advanced in light of business needs and operational realities.

Supplier Management

		Unit	2025
Total number of the Company's suppliers		/	**800**
Number of suppliers by geographical region	Domestic	/	**731**
	Overseas	/	**69**

5. Community Engagement

The Group actively fulfills its social responsibilities by giving back to society through means such as donations and organizing employees to participate in voluntary services, striving to promote harmonious integration and coordinated development between the enterprise and communities. The Group will continue to deepen its social welfare practices, encourage employees to participate in charitable and public welfare initiatives, and fulfill its corporate citizenship responsibilities through concrete actions, contributing warmth and strength to sustainable social development.

Appendix

Environmental Key Performance Indicators (KPIs)

Environmental KPIs	Unit	2025
Waste		
Total hazardous waste	kg	**350.00**
Hazardous waste intensity	kg/revenue of RMB in million	**0.62**
Domestic waste	kg	**60,000.00**
Total non-hazardous waste	kg	**72,800.00**
Non-hazardous waste intensity	kg/revenue of RMB in thousand	**0.13**
Energy Usage		
Total comprehensive energy consumption	kWh	**1,343,273.70**
Purchased electricity	kWh	**1,305,397.38**
Gasoline consumption	liters	**3,500.00**
Comprehensive energy consumption intensity	kWh/revenue of RMB in thousand	**2.39**
Use of Resources		
Total water consumption	tonnes	**1,016.60**
Water consumption intensity	tonnes/revenue of RMB in million	**1.81**
Greenhouse Gas Emissions		
Total greenhouse gas emissions (Scope 1 & Scope 2)	tCO_2e	**700.31**
Direct greenhouse gas emissions (Scope 1)[1]	tCO_2e	**7.67**
Indirect greenhouse gas emissions (Scope 2)[2]	tCO_2e	**692.64**
Greenhouse gas emission intensity (Scope 1 & Scope 2)	tCO_2e/revenue of RMB in million	**1.25**
Indirect greenhouse gas emissions (Scope 3)[3]	tCO_2e	**4.88**

Note:

1) GHG emissions (Scope 1) refer to direct greenhouse gas emissions. The calculation of emission factors is based on the IPCC National Greenhouse Gas Inventory Guidelines and General Principles for Calculation of Comprehensive Energy Consumption.

2) The electricity emission factor was based on the Announcement on Issuing the 2023 Carbon Dioxide Emission Factor for Electricity issued by the Ministry of Ecology and Environment.

3) The Group's business travel-related greenhouse gas emissions, including hotel accommodation, air travel, high-speed rail and taxi transportation, are calculated via the expense-based approach, with data sourced from the company's financial reimbursement records.

Social KPIs		Unit	2025
Employee Employment Metrics			
Total number of employees		persons	641
Number of employees by employment type	Full-time employees	persons	635
	Part-time (interns, rehired retirees)	persons	6
Number of employees by gender	Male	persons	518
	Female	persons	117
Number of employees by employee category (e.g., senior management, middle management)	Senior management	persons	11
	Middle management	persons	65
	Junior management	persons	559
Number of employees by age group	Under 30	persons	120
	31–40	persons	365
	41–50	persons	145
	51–60	persons	5
Number of employees by geographical region	Domestic	persons	632
	Overseas	persons	3
Employee Turnover Metrics			
Full-time employees turnover rate		%	20
Turnover rate of full-time employees by gender	Male	%	19
	Female	%	25
Turnover rate of full-time employees by age group	Under 30	%	21
	31–40	%	20
	41–50	%	19
	51–60	%	29

Social KPIs		Unit	2025
Employee Training Metrics			
Number of employees trained		persons	**518**
Total training hours		hours	**600.00**
Average training hours per employee		hours/person	**1.16**
Employees' Health and Safety			
Number of safety emergency drills conducted during the year		times	**1**
Number of participations in safety emergency drills during the year		participations	**460**
Number of work-related fatalities		persons	**0**
Number of work-related injuries		persons	**2**
Number of workdays lost due to work-related injuries		days	**60**
Number of safety incidents involving supplier/contractor personnel at the workplace		cases	**0**
Supplier Management			
Total number of suppliers		/	**800**
Number of suppliers by geographical region	Domestic	/	**731**
	Overseas	/	**69**
R&D and Intellectual Property Protection			
Cumulative number of intellectual property rights obtained as of the end of the Reporting Period		items	**69**
Cumulative number of patents obtained as of the end of the Reporting Period		items	**67**
Anti-corruption			
Number of employee anti-corruption training sessions conducted during the Reporting Period		times	**1**
Number of participations in employee anti-corruption training during the Reporting Period		participations	**656**

International Sustainability Standards Board (ISSB) — Industry Metrics Disclosure Index

Issues	Metrics	Unit	2025
Greenhouse Gas Emissions	(1) Greenhouse gas emissions (Scope 1)	tCO_2e	**2.4 Addressing Climate Change**
	(2) Greenhouse gas emissions from fluorinated compounds	tCO_2e	**N/A**
	Greenhouse gas emission (Scope 1) reduction targets and progress	/	**N/A (The Group is not a semiconductor manufacturer and has no specific production processes, with only negligible greenhouse gas emissions from gasoline consumption)**
	Description of long-term and short-term strategies or plans, reduction targets, and progress analysis for managing Scope 1 emissions	/	**N/A (The Group is not a semiconductor manufacturer and has no specific production processes, with only negligible greenhouse gas emissions from gasoline consumption)**
Energy Management	(1) Total energy consumption	kWh	**2.2 Use of Resources**
	(2) Percentage of electricity from the grid	%	**97.18**
	(3) Proportion of renewable energy	%	**N/A**
Water Resources Management	(1) Total water withdrawal	/	**/**
	(2) Total water consumption	tonnes	**1,016.60**
	Proportion of the above in areas of high or extremely high water stress	/	**N/A**
Waste Management	(1) Total hazardous waste generated	kg	**350.00**
	(2) Hazardous waste recycling rate	/	**/**
Employees' Health and Safety	Description of measures to assess, monitor and reduce employees' exposure to health hazards	/	**Health and Safety**

Issues	Metrics	Unit	2025
Employees' Health and Safety	Total economic losses resulting from legal proceedings related to violations of employees' health and safety laws[1]	RMB in ten thousand	**0**
Global High-Skilled Talent Recruitment and Management	Proportion of employees requiring work visas[2]	/	**N/A**
Product Lifecycle Management	Proportion of revenue from products containing IEC 62474 declarable substances[3]	/	**N/A**
	Processor energy efficiency at the system level: (1) Servers, (2) Desktops, (3) Laptops	/	**N/A**
Material Procurement	Description of risk management related to the use of key materials	/	**N/A**
Intellectual Property Protection and Competitive Behavior	Total economic losses resulting from legal proceedings related to violations of anti-competitive behavior laws	RMB in ten thousand	**0**

1 Refer to direct economic losses resulting from legal proceedings arising from violations of laws and regulations on employees' health and safety.

2 Refers to the proportion of employees in the enterprise who are required to obtain a work visa, relative to the total number of employees.

3 IEC 62474 is a standard published by the International Electrotechnical Commission on material declaration for electrical and electronic products, used to control hazardous chemical substances in products.

Content Index of the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code

Aspect	Content	Section in the Report
Part B: Mandatory Disclosure Requirements		
	Governance structure	Board Statement
	Reporting Principles	About This Report
	Reporting Scope	About This Report
Part C: "Comply or Explain" Provisions		
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2.3 Emissions 2.4 Addressing Climate Change
	A1.1 The types of emissions and respective emissions data.	2.3 Emissions
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3 Emissions
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3 Emissions
	A1.5 Description of emission target(s) set and steps taken to achieve them.	2.3 Emissions
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.3 Emissions

Aspect	Content	Section in the Report
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	2.2 Use of Resources
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.2 Use of Resources
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.2 Use of Resources
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	2.2 Use of Resources
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.2 Use of Resources
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2.2 Use of Resources
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	2.1 Environmental Compliance Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.1 Environmental Compliance Management
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.2 Employment and Labour Standards
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	3.2 Employment and Labour Standards
	B1.2 Employee turnover rate by gender, age group and geographical region.	3.2 Employment and Labour Standards

Aspect	Content	Section in the Report
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.1 Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.1 Health and Safety
	B2.2 Lost days due to work injury.	3.1 Health and Safety
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.1 Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	3.3 Development and Training
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Development and Training
	B3.2 The average training hours completed per employee by gender and employee category.	3.3 Development and Training
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.2 Employment and Labour Standards
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	3.2 Employment and Labour Standards
	B4.2 Description of steps taken to eliminate such practices when discovered.	3.2 Employment and Labour Standards

Aspect	Content	Section in the Report
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	4.5 Supply Chain Management
	B5.1 Number of suppliers by geographical region.	4.5 Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.5 Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5 Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5 Supply Chain Management
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.2 Product Responsibility
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.2 Product Responsibility
	B6.2 Number of products and service-related complaints received and how they are dealt with.	4.2 Product Responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	4.4 Innovation-Driven Development
	B6.4 Description of quality assurance process and recall procedures.	4.2 Product Responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.1 Anti-corruption

Aspect	Content	Section in the Report
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.1 Anti-corruption
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.1 Anti-corruption
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.1 Anti-corruption
	B7.3 Description of anti-corruption training provided to directors and staff.	4.1 Anti-corruption
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Continuous Improvement
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Continuous Improvement
	B8.2 Resources contributed (e.g. money or time).	Continuous Improvement
Part D: Climate-related Disclosures		
D-I Governance	Governance body responsible for overseeing climate-related risks and opportunities	2.4 Addressing Climate Change
	Role of management in the governance processes, control measures and procedures used to monitor, manage and oversee climate-related risks and opportunities	2.4 Addressing Climate Change
D-II Strategy	Climate-related risks and opportunities	2.4 Addressing Climate Change
	Business model and value chain	2.4 Addressing Climate Change
	Strategy and decision-making	Note 1
	Financial position, financial performance and cash flows	Note 2
	Climate resilience	Note 2

Aspect	Content	Section in the Report
D-III Risk Management	Processes and related policies for identifying, assessing, prioritizing and monitoring climate-related risks	2.4 Addressing Climate Change
	Processes and related policies for identifying, assessing, prioritizing and monitoring climate-related opportunities	2.4 Addressing Climate Change
	How the issuer integrates the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities into its overall risk management processes, and the extent of such integration.	2.4 Addressing Climate Change
D-IV Metrics and Targets	Greenhouse gas emissions	2.4 Addressing Climate Change
	Climate-related transition risks	Note 2
	Climate-related physical risks	Note 2
	Climate-related opportunities	Note 2
	Capital deployment Note: Issuers are required to disclose the amount of capital expenditure, financing or investment used for climate-related risks and opportunities.	Note 3
	Internal carbon prices	Note 3
	Remuneration	Note 3
	Industry metrics	International Sustainability Standards Board (ISSB) — Industry Metrics Disclosure Index
	Climate-related targets	Note 3

Note 1: The Group is primarily engaged in chip design business. Preliminary analysis indicates that the impact of climate change on our business is not material. The Group has not yet developed transition plans or emission reduction targets. Such work will be carried out when appropriate in the future and will be included in disclosures.

Note 2: The Group is an asset-light company. Preliminary analysis indicates that the financial impact of climate change on us is not material. To date, we have not yet conducted systematic financial quantification or scenario analysis related to addressing climate change. Such work will be carried out when appropriate and will be included in disclosures.

Note 3: The Group has not yet carried out work related to capital deployment for climate-related risks and opportunities, internal carbon prices, integration of climate-related factors into remuneration policies, or climate-related target setting. Such work will be carried out in the future when appropriate in the future and will be disclosed in the report.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Axera Semiconductor Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Axera Semiconductor Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 100 to 185, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accounting ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessing potential impairment of goodwill

Refer to Note 14 to the consolidated financial statements and the accounting policies on Note 2(m)(ii).

The key audit matter	How the matter was addressed in our audit
As at December 31, 2025, the net carrying amount of goodwill arising from the acquisition of Zhejiang Huatu Microchip Technology Co., Ltd., amounted to RMB908,170,000 Management performs annual impairment assessment of goodwill, or whenever there is an indication that the cash-generating unit ("CGU") to which goodwill has been allocated may be impaired. The Group engaged an independent external valuer to assist management in performing the goodwill impairment assessment. The recoverable amount of the CGU was determined based on value-in-use calculation using discounted cash flow forecast. We identified goodwill impairment assessment as a key audit matter because the assessment requires significant management judgements and estimations, which are inherently uncertain and may be affected by management bias.	Our audit procedures to assess impairment of goodwill arise from acquisition of Zhejiang Huatu Microchip Technology Co., Ltd. included the following: • understanding and evaluating the design, implementation and operational effectiveness of the management's key internal controls over assessment process of goodwill impairment; • evaluating the competence, capabilities and objectivity of the management's valuation specialist; • evaluating the historical accuracy of the cash flow forecast by comparing the cashflow forecast prepared in the prior year to the actual performance of the business in the current year; • evaluating the reasonableness of the key assumptions used in the preparation of the cash flow forecast, including revenue growth rate and gross profit rate taking into account industry forecasts and market developments, the Group's management approved budget, plan and historical performance; • with the assistance of our internal valuation specialists, evaluate the appropriateness of the methodology applied in the impairment assessment with reference to the requirements of the prevailing accounting standards, and the reasonableness of the pre-tax discount rate and the terminal growth rate applied in the impairment assessment by comparing with the industry or market data to assess whether the pre-tax discount rate and the terminal growth rate applied was within the range of those adopted by comparable companies in the same industry and check the calculation of the pre-tax discount rate; • performing sensitivity analyses on the key assumptions, assessing whether the judgements made in selecting the significant assumptions indicate possible management bias; and • evaluating the reasonableness of the disclosures in the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities, with reference to the requirements of the prevailing accounting standards.

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ting Yuen (practising certificate number: P06379).

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
March 27, 2026

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	**561,689**	472,892
Cost of sales		**(440,402)**	(373,489)
Gross profit		**121,287**	99,403
Other income	5(a)	**20,563**	47,103
Other net gains/(losses)	5(b)	**4,953**	(1,090)
Sales and marketing expenses		**(77,707)**	(65,496)
General and administrative expenses		**(231,457)**	(136,224)
Research and development expenses		**(596,364)**	(588,952)
Reversal of expected credit losses/(Expected credit losses) on financial assets	6(c)	**2,663**	(11,032)
Loss from operations		**(756,062)**	(656,288)
Changes in the carrying amount of redemption liabilities	29	**(410,364)**	(224,995)
Other finance costs		**(20,343)**	(26,132)
Finance costs		**(430,707)**	(251,127)
Finance income		**2,562**	3,218
Net financial costs	6(a)	**(428,145)**	(247,909)
Loss before taxation	6	**(1,184,207)**	(904,197)
Income tax	7(b)	**—**	—
Loss for the year		**(1,184,207)**	(904,197)
Attributable to:			
Equity shareholders of the Company		**(1,149,347)**	(860,915)
Non-controlling interests		**(34,860)**	(43,282)
Loss for the year		**(1,184,207)**	(904,197)
Loss per share			
Basic and diluted loss per share (RMB)	10	**(3.16)**	(3.18)

(Expressed in Renminbi ("RMB"))

	Note	2025 RMB'000	2024 RMB'000
Loss for the year		**(1,184,207)**	(904,197)
Other comprehensive income for the year (after tax)			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of Chinese mainland		**(592)**	(195)
Other comprehensive income for the year		**(592)**	(195)
Total comprehensive income for the year		**(1,184,799)**	(904,392)
Attributable to:			
Equity shareholders of the Company		**(1,149,939)**	(861,110)
Non-controlling interests		**(34,860)**	(43,282)
Total comprehensive income for the year		**(1,184,799)**	(904,392)

The notes on pages 106 to 185 form part of these financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	**December 31, 2025 RMB'000**	December 31, 2024 RMB'000
Non-current Assets			
Property, plant and equipment	11	**54,737**	17,747
Right-of-use assets	12	**11,044**	12,922
Intangible assets	13	**819,921**	471,780
Goodwill	14	**908,170**	908,170
Financial assets at FVOCI	18	**14,942**	14,942
Prepayments and other receivables	20	**24,171**	172,376
		1,832,985	1,597,937
Current Assets			
Financial assets at fair value through profit or loss ("FVPL")	17	**608,325**	—
Inventories	16	**328,498**	211,875
Trade receivables	19	**166,851**	222,047
Prepayments and other receivables	20	**325,766**	99,712
Time deposits	21(b)	**—**	33,138
Cash and cash equivalents	21(a)	**337,775**	843,250
		1,767,215	1,410,022
Current Liabilities			
Trade and bill payables	22	**158,528**	92,581
Other payables and accruals	23	**154,938**	386,213
Bank loans	25	**328,317**	280,157
Contract liabilities	24	**11,786**	2,392
Lease liabilities	26	**4,516**	9,238
Financial instruments issued to investors	29	**7,091,304**	4,444,742
		7,749,389	5,215,323
Net Current Liabilities		**(5,982,174)**	(3,805,301)
Total Assets Less Current Liabilities		**(4,149,189)**	(2,207,364)

	Note	**December 31, 2025 RMB'000**	December 31, 2024 RMB'000
Non-current Liabilities			
Bank loans	25	**652,798**	165,000
Lease liabilities	26	**6,029**	3,368
Deferred tax liabilities	28	**162**	162
		658,989	168,530
Net Liabilities		**(4,808,178)**	(2,375,894)
Capital and Reserves			
Paid-in/Share capital	30(c)	**482,845**	393,981
Reserves	30(d)	**(5,732,083)**	(3,004,035)
Total deficit attributable to equity shareholders of the Company		**(5,249,238)**	(2,610,054)
Non-controlling interests		**441,060**	234,160
Total deficit		**(4,808,178)**	(2,375,894)

Approved and authorized for issue by the Board of Directors on March 27, 2026

Director	*Director*
QIU, XIAOXIN	**Shi Xiaoye**

The notes on pages 106 to 185 form part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
	Note	Paid-in/ Share capital	Capital reserve	Shares held for employee incentive scheme	Share-based payment reserve	Exchange reserves	Fair value reserve (non-recycling)	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 30(c))	(Note 30(d)(i))	(Note 30(d)(ii))	(Note 30(d)(iii))	(Note 30(d)(iv))	(Note 30(d)(v))	(Note 30(d)(vi))				
Balance at January 1, 2025		393,981	(643,659)	(79,270)	282,756	(190)	921	(32,842)	(2,531,751)	(2,610,054)	234,160	(2,375,894)
Changes in equity for 2025:												
Loss for the year		–	–	–	–	–	–	–	(1,149,347)	(1,149,347)	(34,860)	(1,184,207)
Other comprehensive income		–	–	–	–	(592)	–	–	–	(592)	–	(592)
Total comprehensive income		–	–	–	–	(592)	–	–	(1,149,347)	(1,149,939)	(34,860)	(1,184,799)
Issuance of financial instruments to investors	29, 30(c)(ii)	81,121	1,685,077	–	–	–	–	–	–	1,766,198	450,000	2,216,198
Recognition of financial instruments issued to investors	29	–	(2,236,198)	–	–	–	–	–	–	(2,236,198)	–	(2,236,198)
Issuance of ordinary shares held for employee incentive scheme	30(c)(ii)	7,743	13,057	(20,800)	–	–	–	–	–	–	–	–
Acquisition of additional interests in subsidiaries	15	–	–	–	–	–	–	(1,175,913)	–	(1,175,913)	(167,109)	(1,343,022)
Equity settled share-based payment	27	–	–	–	156,668	–	–	–	–	156,668	(41,131)	115,537
Balance at December 31, 2025		482,845	(1,181,723)	(100,070)	439,424	(782)	921	(1,208,755)	(3,681,098)	(5,249,238)	441,060	(4,808,178)
Balance at January 1, 2024		330,771	(176,889)	(79,270)	232,599	5	921	(40,919)	(2,074,396)	(1,807,178)	276,120	(1,531,058)
Changes in equity for 2024:												
Loss for the year		–	–	–	–	–	–	–	(860,915)	(860,915)	(43,282)	(904,197)
Other comprehensive income		–	–	–	–	(195)		–	–	(195)	–	(195)
Total comprehensive income		–	–	–	–	(195)	–	–	(860,915)	(861,110)	(43,282)	(904,392)
Conversion to a joint stock company	30(c)(ii)	–	(403,560)	–	–	–	–	–	403,560	–	–	–
Issuance of financial instruments to investors	29, 30(c)(ii)	63,210	1,304,152	–	–	–	–	8,077	–	1,375,439	–	1,375,439
Recognition of financial instruments issued to investors	29	–	(1,367,362)	–	–	–	–	–	–	(1,367,362)	–	(1,367,362)
Equity settled share-based payment	27	–	–	–	50,157	–	–	–	–	50,157	1,322	51,479
Balance at December 31, 2024		393,981	(643,659)	(79,270)	282,756	(190)	921	(32,842)	(2,531,751)	(2,610,054)	234,160	(2,375,894)

The notes on pages 106 to 185 form part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES:			
Cash used in operations	21(c)	**(679,920)**	(597,528)
Income tax paid		**—**	—
Net cash used in operating activities		**(679,920)**	(597,528)
INVESTING ACTIVITIES:			
Payment for the purchase of property, plant and equipment and intangible assets		**(359,537)**	(46,205)
Proceeds from disposal of property, plant and equipment		**1,209**	11
Withdrawal of time deposits		**33,150**	20,102
Payments for purchase of financial assets measured at FVPL		**(1,807,730)**	(60,000)
Proceeds from disposal of financial assets measured at FVPL		**1,203,677**	160,485
Acquisition of subsidiaries, net of cash		**—**	(50,000)
Net cash generated (used in)/from investing activities		**(929,231)**	24,393
FINANCING ACTIVITIES:			
Capital element of lease rentals paid	21(d)	**(10,937)**	(11,400)
Interest element of lease rentals paid	21(d)	**(325)**	(530)
Proceeds from the issuance of financial instruments to investors	21(d)	**675,000**	1,025,000
Payment for financial instruments issuance costs	30(c)(ii)	**(20,000)**	—
Repurchase of unvested restricted shares		**(7,451)**	(1,955)
Proceeds from bank loans	21(d)	**878,461**	319,117
Repayment of bank loans	21(d)	**(342,836)**	(213,734)
Interest paid	21(d)	**(19,685)**	(15,779)
Payment for purchase of non-controlling interests in a subsidiary		**(44,000)**	—
Decrease in advances from a related party	21(d)	**—**	(100)
Payment of listing expenses		**(3,764)**	—
Net cash generated from financing activities		**1,104,463**	1,100,619
Net (decrease)/Increase in cash and cash equivalents		**(504,688)**	527,484
Cash and cash equivalents at January 1,	21(a)	**843,250**	316,738
Effect of foreign exchange rate changes		**(787)**	(972)
Cash and cash equivalents at December 31,	21(a)	**337,775**	843,250

The notes on pages 106 to 185 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 General information

Axera Semiconductor Co., Ltd. (the "Company") (愛芯元智半導體股份有限公司), formerly known as Axera Semiconductor (Ningbo) Co., Ltd. (愛芯元智半導體（寧波）有限公司), was incorporated in the People's Republic of China (the "PRC") on April 20, 2020 as a limited liability company and was converted into a joint stock company on March 8, 2024. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on February 10, 2026 (the "Listing").

During the years ended December 31, 2025 and 2024, the Company and its subsidiaries (together, "the Group") were principally engaged in the design, development and sales of semiconductor products and provision of related services for AI inference SoCs, delivering cutting- edge perception and computing platforms for edge and endpoint AI applications.

2 Material accounting policy information

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The consolidated financial statements have been prepared on a going concern basis. The Group's net current liability, amounted to RMB5,982,174,000 as at December 31, 2025 included the redemption obligations totaling RMB7,091,304,000 as financial liabilities, which has been settled by automatic conversion, converted to ordinary shares, upon the initial public offering on Hong Kong Stock Exchange on February 10, 2026. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months.

2 Material accounting policy information (Continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand yuan (RMB'000) except when otherwise indicated.

The consolidated financial statements for the year ended December 31, 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial assets and financial liabilities are stated at their fair value as explained in the accounting policies set out below:

- Investments in equity and debt financial instruments measured at fair value (see Note 2(h));

- Derivative financial instruments (see Note 2(i) and Note 2(t)).

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Material accounting policy information (Continued)

(d) Business combination

The Group accounts for business combination using the acquisition method. For business combination using the acquisition method, the consideration transferred in the acquisition is generally measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in the profit and loss.

Business combination arising from transfer of interests in entities that are under the control of the controlling shareholder that controls the Group is accounted for as if the acquisition had occurred at the beginning of the reporting period or, if later, at the date that common control was established. The assets acquired and liabilities assumed are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's perspective. There is no recognition of any additional goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination to the extent of the continuation of the Group's controlling shareholder's interests, and any difference between the net assets acquired and the consideration paid is recognized directly in equity.

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see Note 2(m)(i)).

2 Material accounting policy information (Continued)

(e) Associates (Continued)

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see Note 2(m), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (See Note 2(m)(ii)).

On disposal of a cash generating unit during the periods, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2 Material accounting policy information (Continued)

(g) Subsidiaries and non-controlling interests (Continued)

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group is presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(h) Other investments in securities

The Group's and the Company's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income from the investment is calculated using the effective interest method (see Note 2(x)(ii)(a)).

2 Material accounting policy information (Continued)

(h) Other investments in securities (Continued)

(i) Non-equity investments (Continued)

- fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

(i) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognized in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

2 Material accounting policy information (Continued)

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(m)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write-off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Equipment and machinery	3–5 years
— Office equipment and furniture	3–5 years
— Server and network equipment	3 years
— Leasehold improvement	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred.

Expenditure on internally generated goodwill and brands is recognized in profit or loss as incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 2(m)(ii)).

Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Intellectual property ("IP") license	1–3 years
— Patent	10 years
— Software	3 years
— Technology	5–10 years
— Trademark	10 years

2 Material accounting policy information (Continued)

(k) Intangible assets (other than goodwill) (Continued)

The estimated useful lives of technology are determined based on the respective periods over which such assets can bring economic benefits to the Group and the useful lives adopted by comparable companies in the market.

The estimated useful lives of trademarks are determined with reference to the acquired business's foreseeable future period over which trademarks are expected to generate net cash flows for the Group.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss incurred.

2 Material accounting policy information (Continued)

(l) Leased assets (Continued)

(i) As a lessee (Continued)

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(m)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see Notes 2(h)(i), 2(m)(ii) and 2(x)(ii)(a)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16, Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortized cost (including cash and cash equivalents, and trade and other receivables);

2 Material accounting policy information (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and note receivables, and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and

- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

2 Material accounting policy information (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or significant financial difficulties of the debtor;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 Material accounting policy information (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

2 Material accounting policy information (Continued)

(n) Inventories (Continued)

Cost of inventories are calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized in cost of sales in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized.

(o) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(x)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(p)).

(p) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses (see Note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(m)(i).

2 Material accounting policy information (Continued)

(r) Trade, bill and other payables

Trade, bill and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 2(z).

(t) Financial instruments issued to investors

(i) Convertible bonds

Convertible bonds are measured initially at fair value less transaction costs. Subsequent, the convertible bonds are stated at amortized cost using the effective interest method since the conversion right is exercisable at the fair value of the equity price always has a fair value of zero. Interest expense is recognized in accordance with Note 2(z).

(ii) Derivative financial instruments

Derivative financial instruments represent a compensation right that is recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(iii) Redemption liabilities rights

Certain investors were granted with the right to require the Company to redeem its shares for cash upon occurrence of specified events that are beyond the control of the Company. A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. At initial recognition, such financial liabilities are measured at the present value of the redemption amount, which represents the settlement that would be triggered by the event with the highest settlement outcome. Subsequent to initial recognition, the financial liabilities are stated at amortized cost. Changes in the carrying amount of the financial liabilities are recognized in profit or loss as "Changes in carrying amount of redemption liabilities".

(u) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

2 Material accounting policy information (Continued)

(u) Employee benefits (Continued)

(ii) Share-based payments arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior periods is charged/credited to the profit or loss for the period of the review. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the share-based payments reserve).

Modifications of an equity-settled share-based payment arrangement are accounted for only if they are beneficial to the employee. If the Group modifies the terms or conditions of the options and restricted share units ("RSUs") granted in a manner that reduces the fair value of the options and RSUs granted, or is not otherwise beneficial to the employee, the Group continues to recognize the services received measured at the grant date fair value of the options and RSUs granted, unless those options and RSUs do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date.

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(v) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

2 Material accounting policy information (Continued)

(v) Income tax (Continued)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

2 Material accounting policy information (Continued)

(w) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see Note 2(m)(ii)).

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(x) Revenue and other income

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Revenue from contracts with customers

The Group principally generates its revenue from the sales of products and provision of related technical services.

(a) Sales of products

Revenue is recognized when the customer takes possession of and accepts the on-device computing products, edge AI inference products and smart vehicle products.

(b) Technical services

The Group provides technical services related software and hardware development services to its customers. Revenue is recognized when control over the customized software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the Group as well as control the customized software until the software is delivered to the customer. The customized software generally has no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until the customized software is transferred to the customer. Therefore, revenue is recognized at a point in time when the customized software is passed to the customer.

2 Material accounting policy information (Continued)

(x) Revenue and other income (Continued)

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized using the effective interest method.

(b) Government grants

Government grants are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(y) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the exchange reserve.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 Material accounting policy information (Continued)

(aa) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgment and estimates

Notes 14, 27 and 31 contains information about the assumptions and risk factors relating to valuation of goodwill impairment, equity-settled share-based transactions, and intangible assets acquired relating to business combination. Other key sources of estimation uncertainty are as follows:

(i) Net realizable value of inventories

As described in Note 2(n), net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at each reporting date to ensure inventory is shown at the lower of cost and net realizable value.

(ii) Impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(iii) Impairment of non-current assets other than financial assets

If circumstances indicate that the carrying amount of a non-current asset other than financial assets may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized in accordance with accounting policy for impairment of non-current assets as described in Note 2(m)(ii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Useful life of intangible assets

Intangible assets are amortized a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of amortization expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The amortization expenses for future periods are adjusted if there are significant changes from previous estimates.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are the sales of on-device computing products, edge AI inference products and smart vehicle products and provision of related services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products/services is as follows:

	2025 **RMB'000**	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Recognized at a point in time		
Disaggregated by major products/services		
— Products	**553,080**	472,325
— Technical services and others	**8,609**	567
	561,689	472,892

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the years ended December 31, 2025 and 2024 is set out below:

	2025	2024
Customer A	**25.55%**	23.87%
Customer B	*****	20.92%
Customer C	**12.52%**	14.60%
Customer D	**25.56%**	*

* Less than 10% of the Group's revenue in the respective year.

Note: The customers as shown above are at their group level which aggregates the customer's headquarters, provincial, municipal and specialized subsidiaries which enter into contracts with the Group individually.

4 Revenue and segment reporting (Continued)

(a) Revenue (Continued)

(iii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2025 and 2024, the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers are part of contracts that have original expected duration of one year or less. The Group has elected the practical expedient and not disclosed the transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Group has determined that it only has one operating segment which is the sales of semiconductor products and provision of related service.

Accordingly, no reportable segment information is presented.

(c) Geographical information

(i) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	2025 **RMB'000**	2024 RMB'000
Chinese mainland	**492,850**	466,574
Others	**68,839**	6,318
	561,689	472,892

All the non-current assets of the Group located in the Chinese mainland.

5 Other income and other net gains/(losses)

(a) Other income

	2025 RMB'000	2024 RMB'000
Government grants (Note (i))	**16,444**	42,354
Others	**4,119**	4,749
	20,563	47,103

(i) The Group received unconditional government grants from various local government authorities in the Chinese Mainland, as rewards of the Group's contribution to technology innovation and regional economic development.

(b) Other net gains/(losses)

	2025 RMB'000	2024 RMB'000
Net realized and unrealized gains on financial assets measured at FVPL	**4,272**	421
Net gains/(losses) on disposal of property, plant and equipment and right-of use assets	**520**	(125)
Net foreign exchange gains/(losses)	**161**	(1,386)
	4,953	(1,090)

6 Loss before taxation

Loss before taxation is arrived at after (credit)/charging:

(a) Net finance costs

	2025 RMB'000	2024 RMB'000
Interest income	**(2,562)**	(3,218)
Changes in the carrying amount of redemption liabilities (Note 29)	**410,364**	224,995
Interest expense on bank loans	**19,887**	17,072
Interest expense on payables for purchase of software	**131**	453
Interest expense on convertible bonds (Note 29)	**—**	8,077
Interest expense on lease liabilities (Note 12)	**325**	530
	428,145	247,909

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	**457,118**	478,251
Contributions to defined contribution retirement plans (Note (i))	**32,816**	35,291
Equity-settled share-based payment expense (Note 27)	**115,537**	51,479
	605,471	565,021

Note:

(i) The employees of the subsidiaries of the Group established in the PRC participate in a defined contribution scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

6 Loss before taxation (Continued)

(c) Other items

	Note	2025 RMB'000	2024 RMB'000
Cost of inventories sold	16(b)	**440,402**	373,489
Depreciation charges:			
— property, plant and equipment	11	**11,080**	14,583
— right-of-use assets	12	**10,450**	11,245
Amortization cost of intangible assets	13	**122,567**	126,371
Expense relating to short-term leases	12	**1,454**	1,758
Research and development expenses (Note (i))		**596,364**	588,952
(Reversal of expected credit losses) on financial assets/Expected credit losses — trade receivables and other receivables		**(2,663)**	11,032
Listing expenses		**23,796**	—
Auditors' remuneration:			
— Audit services		**1,690**	—
— Other services (Note (ii))		**5,450**	—

Notes:

(i) During the years ended December 31, 2025 and 2024 research and development expenses include staff costs, depreciation expenses, and amortization expenses of RMB532,308,000 and RMB528,806,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

(ii) Other services include RMB3,440,000 which is also included in the listing expenses disclosed separately above.

7 Income tax in the consolidated statements of profit or loss and other comprehensive income

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(i) Chinese Mainland

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the "CIT"), the Company's Chinese Mainland subsidiaries are subject to the CIT at a rate of 25% unless otherwise specified.

Pursuant to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as a high technology enterprise ("HNTE") are entitled to a preferential income tax of 15%. Axera Semiconductor Co., Ltd., Beijing Axera Technology Co., Ltd., Shanghai Aixin Technology Co., Ltd. and Zhejiang Xinsheng Electronic Technology Co., Ltd. were qualified as HNTEs in 2021 and renewed the qualification in 2024, hence, these subsidiaries enjoy a preferential income tax of 15% from the year of 2021 to 2026.

(ii) Hong Kong

The provision for Hong Kong Profits Tax for each of the reporting period is calculated at 16.5% of the estimated assessable profits for the year, except for a subsidiary of the Group which is under the two-tiered profits tax rate regime, i.e. the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(iii) Japan

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at a statutory rate of 33.58%.

7 Income tax in the consolidated statements of profit or loss and other comprehensive income (Continued)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	2025 **RMB'000**	2024 RMB'000
Loss before taxation	**(1,184,207)**	(904,197)
Notional tax on loss before taxation calculated at the rates applicable to profits in the jurisdiction concerned	**(284,749)**	(223,494)
Tax effect of preferential tax rate	**95,779**	81,142
Tax effect of non-deductible expenses	**26,758**	9,057
Tax effect of additional deduction on research and development expenses (Note)	**(98,390)**	(87,956)
Tax effect of utilization of the tax losses not recognized as deferred tax assets in previous years	**(607)**	(55)
Tax effect of deductible temporary differences and unused tax losses not recognized	**261,209**	221,306
Actual tax expense	**—**	—

Note:

According to Announcement [2023] No. 7 of the Ministry of Finance and the State Taxation Administration, the enterprises entitled to the current additional tax deduction ratio of 100% for research and development expenses from January 1, 2023.

8 Directors' and supervisors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended December 31, 2025

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Equity settled share-based payment (note vi) RMB'000	Total RMB'000
Directors							
Dr. QIU XIAOXIN	–	3,008	851	–	3,859	–	3,859
Mr. Liu Jianwei[i]	–	1,137	130	68	1,335	1,662	2,997
Mr. Wang Yuan	–	1,448	200	71	1,719	634	2,353
Mr. Shi Xiaoye	–	1,208	80	53	1,341	42,888	44,229
Mr. Zhao Changhua[i]	–	1,091	200	71	1,362	811	2,173
Mr. Gong Huimin[ii]	–	787	144	24	955	(1,248)	(293)
Mr. Sun Weifeng[iii]	–	3,048	372	57	3,477	28,174	31,651
Mr. Zhou Zhifeng[i]	–	–	–	–	–	–	–
Mr. Wang Chen	–	–	–	–	–	–	–
Mr. Zhang Haifeng (resigned in May 2025)	–	–	–	–	–	–	–
Mr. Gu Kaining	–	–	–	–	–	–	–
Mr. Zhou Siyuan (appointed in March 2024)	–	–	–	–	–	–	–
Ms. Bai Ting (appointed in December 2024)	–	–	–	–	–	–	–
Mr. Weng Ningning[iv]	–	–	–	–	–	–	–
Supervisors							
Ms. Peng Nan	–	1,028	170	71	1,269	810	2,079
Ms. Chen Xiaowen (appointed in March 2024)	–	702	64	71	837	69	906
Ms. Zhou Ying (appointed in March 2024)	–	–	–	–	–	–	–
	–	13,457	2,211	486	16,154	73,800	89,954

8 Directors' and supervisors' emoluments (Continued)

Year ended December 31, 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Equity settled share-based payment (note vi) RMB'000	Total RMB'000
Directors							
Dr. QIU XIAOXIN	—	5,012	—	—	5,012	—	5,012
Mr. Liu Jianwei[i]	—	1,198	—	100	1,298	2,202	3,500
Mr. Wang Yuan	—	1,510	—	106	1,616	—	1,616
Mr. Shi Xiaoye	—	1,270	—	97	1,367	7,729	9,096
Mr. Zhao Changhua[i]	—	1,161	—	106	1,267	261	1,528
Mr. Gong Huimin[ii]	—	2,475	—	106	2,581	1,390	3,971
Mr. Shi Xin (resigned in April 2024)	—	1,148	348	100	1,596	317	1,913
Mr. Zhou Zhifeng[i]	—	—	—	—	—	—	—
Mr. Wang Chen	—	—	—	—	—	—	—
Mr. Zhang Haifeng (resigned in May 2025)	—	—	—	—	—	—	—
Mr. Liang Long (resigned in March 2024)	—	—	—	—	—	—	—
Mr. Zou Tao (resigned in December 2024)	—	—	—	—	—	—	—
Mr. Zhou Siyuan (appointed in March 2024)	—	—	—	—	—	—	—
Ms. Bai Ting (appointed in December 2024)	—	—	—	—	—	—	—
Supervisors							
Ms. Peng Nan	—	1,090	—	106	1,196	259	1,455
Ms. Chen Xiaowen (appointed in March 2024)	—	763	104	106	973	18	991
Ms. Zhou Ying (appointed in March 2024)	—	—	—	—	—	—	—
	—	15,627	452	827	16,906	12,176	29,082

8 Directors' and supervisors' emoluments (Continued)

Notes:

(i) Mr. Liu Jianwei, Mr. Zhao Changhua and Mr. Zhou Zhifeng ceased to be a director of the Company on February 10, 2026.

(ii) Mr. Gong Huimin was appointed as a director of the Company in April 2024 and resigned in March 2025.

(iii) Mr. Sun Weifeng was appointed as a director of the Company in March 2025, and was further redesignated as an executive director in June 2025.

(iv) Mr. Weng Ningning was appointed as a non-executive director of the Company in May 2025.

(v) Ms. Tan Ren, Mr. Li Jun, Mr. Wang Xin and Prof. Chen Xin were appointed as independent non-executive directors of the Company in June 2025 with effect on February 10, 2026.

(vi) These represent the estimated value of share options granted to the directors and supervisors under the Company's 2020 Employee Incentive Scheme — Options. The value of these options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(u) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share-based payments, including the principal terms and number of options granted, are disclosed in Note 27.

(vii) During the years ended December 31, 2025 and 2024, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments of the Group, two (2024: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2024: two) individuals are as follows:

	2025 **RMB'000**	2024 RMB'000
Salaries, allowance and benefits in kind	**5,848**	4,425
Discretionary bonuses	**410**	347
Retirement scheme contributions	**196**	163
Equity settled share-based payment	**4,944**	15,288
	11,398	20,223

9 Individuals with highest emoluments (Continued)

The emoluments of the individuals who are not directors and with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK$3,500,001 to HK$4,000,000	**3**	1
HK$18,000,001 to HK$18,500,000	**—**	1

During the years ended December 31, 2025 and 2024, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the year.

As described in Note 30(c)(ii), the Company was converted into a joint stock company with limited liability and 330,771,000 shares at RMB1.00 each were issued on March 8, 2024. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since January 1, 2024.

(i) Loss attributable to ordinary equity shareholders of the Company

	2025 RMB'000	2024 RMB'000
Loss attributable to all equity shareholders of the Company	**(1,149,347)**	(860,915)
Allocation of loss attributable to ordinary shares with redemption rights (Note 29)	**922,349**	632,304
Loss attributable to ordinary equity shareholders of the Company	**(226,998)**	(228,611)

(Expressed in RMB unless otherwise indicated)

10 Loss per share (Continued)

(a) Basic loss per share (Continued)

(ii) Weighted average number of ordinary shares

	2025	2024
	000'	000'
Issued ordinary shares at the beginning of the year	**393,981**	330,771
Effect of ordinary shares issued ((Note 30(c)(ii))	**4,540**	—
Effect of ordinary shares issued with redemption rights (Note 30(c)(ii))	**49,369**	19,287
Effect of ordinary shares with redemption rights (Note 29)	**(292,173)**	(198,881)
Effect of unvested shares held for employee incentive scheme	**(83,810)**	(79,270)
Weighted average number of ordinary share at the end of the year	**71,907**	71,907

(b) Diluted loss per share

During the years ended December 31, 2025 and 2024, share-based awards granted under the Group's employee incentive schemes (Note 27) and ordinary shares with redemption rights (Note 29) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore the amounts of diluted loss per share were the same as basic loss per share.

11 Property, plant and equipment

	Equipment and machinery RMB'000	Office equipment and furniture RMB'000	Server and network equipment RMB'000	Leasehold improvement RMB'000	Total RMB'000
Cost:					
At January 1, 2024	26,809	7,618	21,861	948	57,236
Additions	1,678	829	4,462	—	6,969
Disposals	(1,044)	(189)	(2)	—	(1,235)
At December 31, 2024 and January 1, 2025	**27,443**	**8,258**	**26,321**	**948**	**62,970**
Additions	**41,806**	**3,103**	**3,546**	**—**	**48,455**
Disposals	**(499)**	**(657)**	**(42)**	**—**	**(1,198)**
At December 31, 2025	**68,750**	**10,704**	**29,825**	**948**	**110,227**
Accumulated depreciation:					
At January 1, 2024	(17,038)	(3,988)	(10,085)	(628)	(31,739)
Charge for the year	(6,756)	(1,832)	(5,675)	(320)	(14,583)
Written back on disposals	944	153	2	—	1,099
At December 31, 2024 and January 1, 2025	**(22,850)**	**(5,667)**	**(15,758)**	**(948)**	**(45,223)**
Charge for the year	**(4,887)**	**(1,205)**	**(4,988)**	**—**	**(11,080)**
Written back on disposals	**205**	**569**	**39**	**—**	**813**
At December 31, 2025	**(27,532)**	**(6,303)**	**(20,707)**	**(948)**	**(55,490)**
Net book value:					
At December 31, 2024	4,593	2,591	10,563	—	17,747
At December 31, 2025	**41,218**	**4,401**	**9,118**	**—**	**54,737**

12 Right-of-use assets

	Office buildings RMB'000
Cost:	
At January 1, 2024	17,778
Additions	12,023
Disposals	(7,735)
At December 31, 2024 and January 1, 2025	**22,066**
Additions	**8,876**
Disposals	**(10,140)**
At December 31, 2025	**20,802**
Accumulated depreciation:	
At January 1, 2024	(5,634)
Charge for the year	(11,245)
Written back on disposals	7,735
At December 31, 2024 and January 1, 2025	**(9,144)**
Charge for the year	**(10,450)**
Written back on disposals	**9,836**
At December 31, 2025	**(9,758)**
Net book value:	
At December 31, 2024	12,922
At December 31, 2025	**11,044**

12 Right-of-use assets (Continued)

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Office buildings	**10,450**	11,245
Interest expense on lease liabilities (Note 6(a))	**325**	530
Expense relating to short-term leases (Note 6(c))	**1,454**	1,758

Details of total cash outflow for leases, the maturity analysis of lease liabilities are set out in Note 21(e) and Note 26 respectively.

(a) Properties leased for own use

The Group leases various office buildings in the PRC. The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 3 to 5 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

13 Intangible assets

	IP licence RMB'000	Patent RMB'000	Software RMB'000	Technology[i] RMB'000	Trademark[i] RMB'000	Total RMB'000
Cost:						
At January 1, 2024	189,094	36,841	82,421	282,500	134,800	725,656
Additions	30,027	—	1,398	—	—	31,425
At December 31, 2024 and January 1, 2025	**219,121**	**36,841**	**83,819**	**282,500**	**134,800**	**757,081**
Additions	**284,355**	**—**	**36,353**	**150,000**	**—**	**470,708**
At December 31, 2025	**503,476**	**36,841**	**120,172**	**432,500**	**134,800**	**1,227,789**
Accumulated amortisation:						
At January 1, 2024	(102,056)	(2,563)	(47,355)	(4,708)	(2,248)	(158,930)
Charge for the year	(56,296)	(9,091)	(19,255)	(28,250)	(13,479)	(126,371)
At December 31, 2024 and January 1, 2025	**(158,352)**	**(11,654)**	**(66,610)**	**(32,958)**	**(15,727)**	**(285,301)**
Charge for the year	**(55,073)**	**(9,090)**	**(11,674)**	**(33,250)**	**(13,480)**	**(122,567)**
At December 31, 2025	**(213,425)**	**(20,744)**	**(78,284)**	**(66,208)**	**(29,207)**	**(407,868)**
Net book value:						
At December 31, 2024	60,769	25,187	17,209	249,542	119,073	471,780
At December 31, 2025	**290,051**	**16,097**	**41,888**	**366,292**	**105,593**	**819,921**

13 Intangible assets (Continued)

The analysis of expenses items in relation to intangible assets recognized in the Group's profit or loss are as follows:

	2025 **RMB'000**	2024 RMB'000
Amortization on intangible assets has been charged to the consolidated statements of profit or loss and other comprehensive income as follows:		
Research and development expenses	**108,906**	112,595
Sales and marketing expenses	**13,480**	13,480
General and administrative expenses	**181**	296
Amortization charge of intangible assets	**122,567**	126,371

(i) Technology and trademark mainly were acquired through the business combination of Zhejiang Huatu Microchip Technology Co., Ltd. ("Zhejiang Huatu") on 31 October 2023. They are recognized at fair value at acquisition date and are subsequently amortized on a straight-line method over its estimated useful lives of 10 years.

As disclosed in Note 15, during the year ended December 31, 2025, Anhui Shenji Technology Co., Ltd. ("Anhui Shenji") completed the partial capital injection with self-developed technology valued at RMB150,000,000 based on a valuation report issued by an independent external valuer.

14 Goodwill

	RMB'000
Cost:	
At January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	**908,170**
Net book value:	
At December 31, 2024	908,170
At December 31, 2025	**908,170**

(Expressed in RMB unless otherwise indicated)

14 Goodwill (Continued)

Impairment tests

The calculations of the recoverable amount use cash flow projections based on financial budgets approved by management covering a 10-year period. The Group is in the industry which is currently in the stage of rapid development. Considering the Group's business expansion plan, the Group plans to continue to grow its presence in industry by researching and developing tailored, high-value products, such as edge and on-device AI SoCs and smart vehicle SoCs, and deepening its market penetration. As a result, the Group will be in a period of rapid development for the next few years and is expected to develop to a stable stage in the next decade. The recoverable amount for goodwill impairment assessment determined based on the value-in-use calculations has also been cross-checked to the valuation report.

For the years ended December 31, 2025 and 2024, the key assumptions as adopted in the impairment assessment are as below:

	2025	2024
	%	%
Revenue growth rate	**2.00~85.72**	5.94~85.72
Gross profit rate	**30.65~45.45**	24.44~45.52
Pre-tax discount rate	**17.66**	17.53
Terminal growth rate	**2.00**	2.00

The Group performs annual impairment tests on goodwill at the end of reporting year. Based on the result of the goodwill impairment tests, the estimated recoverable amount of the cash generating unit was approximately RMB8,893,837,000 and RMB5,410,672,000 as of December 31, 2025 and 2024, exceeding carrying amount by RMB5,903,442,000 and RMB2,805,591,000 respectively. No impairment was recognized in respect of the goodwill as of December 31, 2025 and 2024.

The Group performed a sensitivity analysis on key assumptions used in management's annual impairment test of goodwill. Reasonably possible changes in key assumptions would not lead to impairment as of December 31, 2025 and 2024. The parameters of average revenue growth rate, gross profit rate, annual growth rate and pre-tax discount rate used for impairment test of goodwill remained largely the same throughout the reporting period, because the management considered that there were no material changes in business and operation of the Group or external market conditions when determining the key assumptions.

(Expressed in RMB unless otherwise indicated)

15 Investment in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by the subsidiaries	
Beijing Axera Technology Co., Ltd. ("Beijing Axera") *北京愛芯科技有限公司[i]	The PRC May 30, 2019	RMB75,000,000	100%	—	Distribution of Chip and development of application
Hangzhou Axera Technology Co., Ltd. *杭州愛芯元智科技有限公司	The PRC December 27, 2023	RMB100,000,000	100%	—	Design, research and development of technology
Xi'an Axera Technology Co., Ltd. *西安愛芯元智科技有限公司	The PRC November 24, 2021	RMB100,000	100%	—	Design, research and development of technology
Shenzhen Axera Technology Co., Ltd. *深圳愛芯元智科技有限公司	The PRC February 5, 2022	RMB100,000	100%	—	Design, research and development of technology
Axera Hong Kong Limited	Hongkong July 5, 2021	USD100,000	100%	—	Distribution of Chip and development of application
Axera Semiconductor (Chongqing) Co., Ltd. *愛芯元智半導體（重慶）有限公司	The PRC November 26, 2024	RMB750,000,000	100%	—	Design, research and development of technology
Axera Semiconductor (Tianjin) Co., Ltd. *愛芯元智半導體（天津）有限公司	The PRC November 8, 2024	RMB10,000,000	100%	—	Design, research and development of technology
Zhejiang Huatu *浙江華圖[iii]	The PRC October 31, 2014	RMB104,000,000	100%	—	Investment holding
Chongqing Chuangyuan *重慶創元[b]	The PRC November 14, 2025	RMB100,000,000	—	36%	Design, research and development of technology

(Expressed in RMB unless otherwise indicated)

15 Investment in subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest Held by the Company	Held by the subsidiaries	Principal activities
Shanghai Axera Technology Co., Ltd. *上海砹芯科技有限公司(i)	The PRC November 22, 2019	RMB10,000,000	—	100%	Distribution of Chip and development of application
Wuhu Axera Electronic Technology Co., Ltd. *蕪湖愛芯電子科技有限公司	The PRC July 25, 2019	RMB45,000,000	—	100%	Design, research and development of technology
Axera Japan 合同會社	Japan October 11, 2021	JPY9,000,000	—	100%	Design, research and development of technology
Zhejiang Xin Sheng Electronic Technology Co., Ltd. *浙江芯昇電子技術有限公司	The PRC April 9, 2020	RMB278,000,000	—	100%	Distribution of Chip and development of application
Beijing Taihezhiheng Technology Co., Ltd. ("Beijing Taihe") *北京泰合志恒科技有限公司	The PRC October 24, 2007	RMB91,000,000	—	100%	Distribution of Chip and development of application
Wuhan Taihezhiheng Technology Co., Ltd. *武漢泰合志恒科技有限公司(ii)	The PRC August 18, 2014	RMB10,000,000	—	100%	Design, research and development of technology

Note:

(i) Prior to the incorporation of the Company, the Group's principal activities were carried out by Beijing Axera. In April 2020, the shareholders of Beijing Axera transferred their entire equity interests in Beijing Axera to the Company as fulfillment of capital contribution by way of equity contribution and Beijing Axera became the subsidiary of the Company.

(ii) Wuhan Taihezhiheng Technology Co., Ltd. went into dissolution and was deregistered on 16 October 2024.

(iii) In 2023, the Group entered into a number of separate share purchase agreements with certain of the then shareholders of Zhejiang Huatu to acquire the equity interests in Zhejiang Huatu. Upon the completion of these transactions, Zhejiang Huatu has become a subsidiary of the Group since 31 October 2023. As at December 31, 2024, the Group held 57.07% equity interests in Zhejiang Huatu.

During the year ended December 31, 2025, the Group further acquired an additional 41.95% of the equity interests in Zhejiang Huatu from then shareholders by issuance of 52,736,585 Series C shares with preferred rights for RMB1,161,198,000 and payment of total cash consideration of RMB181,824,000 including the prepayments of RMB137,824,000. As a result, the Group's effective interest in Zhejiang Huatu increase to 100% as the remaining interests were held by employee incentive platforms controlled by the Group. The Company derecognized the non-controlling interests held by NCI holders of RMB167,109,000 accordingly with a corresponding adjustment of RMB1,175,913,000 to other reserves.

* The English name of the subsidiaries incorporated in the Chinese mainland is translated from their registered Chinese name for identification purpose only.

15 Investment in subsidiaries (Continued)

(a) The following table lists out the information relating to Zhejiang Huatu and its subsidiaries, of the Group which has a material non-controlling interest ("NCI"). The summarized financial information presented below represents the amounts before any inter-company elimination.

	2024 RMB'000
NCI percentage*	57.07%
Current assets	313,385
Non-current assets	413,050
Current liabilities	(316,099)
Net assets	410,336
Carrying amount of NCI	234,160
Revenue	339,408
Loss for the year	(75,845)
Total comprehensive income	(75,845)
Total comprehensive income allocated to NCI	(43,282)
Cash outflows from operating activities	(53,115)
Cash outflows from investing activities	(55,881)
Cash inflows from financing activities	77,042

* As disclosed in Note 15(iii), the Group's interests in Zhejiang Huatu increased to 100.00% as at December 31, 2025.

15 Investment in subsidiaries (Continued)

(b) In November 2025, the Company entered into an investment agreement with two external investors, OmniVision Integrated Circuits Group, Inc. ("Omnivision") and Anhui Shenji, and an employee incentive platform controlled by the Company, to establish Chongqing Chuangyuan. Pursuant to the agreement, the Company agreed to subscribe RMB36,400,000 of paid-in capital of Chongqing Chuangyuan for a cash consideration of RMB 455,000,000, the employee incentive platform agreed to subscribe RMB15,600,000 of paid-in capital of the Chongqing Chuangyuan at a cash consideration of RMB 195,000,000, Omnivision agreed to subscribe RMB24,000,000 paid-in capital of the Chongqing Chuangyuan for a cash consideration of RMB300,000,000 and is entitled to the preferred rights as disclosed in Note 29, and Anhui Shenji agreed to subscribe RMB24,000,000 of paid-in capital of the Chongqing Chuangyuan for a consideration of self-developed technology valued at RMB300,000,000, and is entitled to the preferred rights as disclosed in Note 29. As at December 31, 2025, all of the above capital contributions have been settled, except for the RMB150,000,000 contributions from Anhui Shenji by way of self-developed technology, which remains outstanding and is expected to be completed in September 2026, and the RMB195,000,000 contributions from the employee incentive platform controlled by the Company, which will be completed upon establishment of Employee Incentive Scheme.

The Company entered into a deed of acting in concert with the controlling party of the employee incentive platform of Chongqing Chuangyuan on 16% voting right in Chongqing Chuangyuan. The employee incentive platform agreed to act in concert with the Company in accordance with the Company's instruction for all interests held by them. Accordingly, the Company actually obtained the 52% voting right through the deed of acting in concert and the directors have determined that the Group has obtained control over Chongqing Chuangyuan since the date of incorporation.

The summarized financial information presented below represents the amounts before any inter-company elimination.

	2025 RMB'000
NCI percentage*	**48.00%**
Current assets	**592,418**
Non-current assets	**294,133**
Current liabilities	**(175)**
Net assets	**886,376**
Share of net assets	**425,460**
Adjustments(i)	**15,600**
Carrying amount of NCI	**441,060**
Revenue	**—**
Loss for the year	**(18,625)**
Total comprehensive income	**(18,625)**
Total comprehensive income allocated to NCI	**8,940**
Cash outflows from operating activities	**(110,775)**
Cash outflows from investing activities	**(642,552)**
Cash inflows from financing activities	**755,000**

* According to the investment agreement, the profit distribution was in accordance with the subscribed capital percentage.

(i) As mentioned above, certain capital contributions from employee incentive platform and one non-controlling shareholder were not completed. The adjustments reflected a reallocation of the excess of total proceeds over paid-in capital, following the basis agreed.

16 Inventories

(a) Inventories in the consolidated statements of financial position comprise

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Raw materials	64,960	74,941
Semi-finished products and Work in progress	215,352	95,514
Finished products	48,186	41,420
	328,498	211,875

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	429,362	369,154
Provision of inventories	11,040	4,335
	440,402	373,489

Net realizable value of inventories is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling production of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

17 Financial assets measured at fair value through profit and loss

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Wealth management products[i]	**600,839**	—
Forward foreign exchange contracts[ii]	**3,225**	—
A convertible loan receivable[iii]	**4,261**	—
	608,325	—

(i) The Group invested some financial products issued by banks and other financial institution with its idle funds. These wealth management products usually have a preset maturity period and expected return, are classified as financial assets at FVTPL.

(ii) The Group enters into foreign currency forward contracts where the Group is to purchase USD for a fixed exchange rate of RMB to USD during a future period for the end of reporting period. These derivative financial instruments are recognized at fair value. As they were not designated as hedging instruments, those foreign currency forward contracts were accounted for at FVTPL.

(iii) In March, September and December 2025, the Group entered into three convertible bond investment agreements with a third party to subscribe for a total principal amount of RMB4,200,000. The convertible bond bear interest at 3% per annum and is due within 12 months. The convertible loan receivable is classified as financial assets at FVTPL upon the initial recognition.

18 Financial assets measured at fair value through other comprehensive income

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Unlisted equity investment	**14,942**	14,942

The unlisted equity investment represents investment in equity interest of private entities established in the PRC. The designation of financial assets measured at fair value through other comprehensive income was made because the investments are expected to be held for a long-term period of strategic purpose.

19 Trade receivables

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Gross amount of trade receivables		
— Due from third parties	**178,589**	235,333
— Due from a related party	**1,604**	1,705
Less: loss allowance	**(13,342)**	(14,991)
Trade receivables, net	**166,851**	222,047

All of the trade receivables are expected to be recovered within one year.

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables based on the date of revenue recognition and net of loss allowance, is as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Within 1 year	**164,305**	220,789
1 year to 2 years	**2,546**	1,258
	166,851	222,047

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 31(a).

20 Prepayments and other receivables

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Non-current:		
Deposits	**3,196**	4,092
Less: loss allowance	**(29)**	(1,043)
Financial assets measured at amortized cost	**3,167**	3,049
Prepayments for:		
— Investments[i]	**—**	137,824
— Long-term assets	**21,004**	31,503
	21,004	169,327
Prepayments and other receivables	**24,171**	172,376
Current:		
Vendor rebates receivable	**—**	6,952
Listing expenses capitalized	**9,763**	—
Deposits	**1,934**	1,844
Advance to a related party[ii]	**250**	250
Others	**1,655**	860
Financial assets measured at amortized cost	**13,602**	9,906
Prepayments	**221,918**	55,178
Value-added tax recoverable	**90,246**	34,628
Prepayments and other receivables	**325,766**	99,712

(i) On 31 May 2023, the Group entered into shares purchase agreements with individual shareholders of Zhejiang Huatu to acquire additional 5.51% of equity interests of Zhejiang Huatu at an aggregate cash consideration of RMB137,824,000 (the "Proposed transaction"). In June and July 2023, the Company prepaid the total cash consideration of RMB137,824,000. In May 2025, the Group completed to acquire 5.51% of equity interests of Zhejiang Huatu due to all the risks and rewards of interests had been transferred to the Group.

(ii) Advance to a related party is unsecured and interest-free. Details of the advance to a related party are set out in Note 33(c).

21 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Cash at bank	**337,775**	843,250

(b) Time deposits comprise:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Current		
Time deposits	–	33,138

21 Cash and cash equivalents and other cash flow information (Continued)

(c) Reconciliation of loss before taxation to cash used in operations:

	Note	2025 RMB'000	2024 RMB'000
Loss before taxation		**(1,184,207)**	(904,197)
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	**11,080**	14,583
Depreciation of right-of-use assets	6(c)	**10,450**	11,245
Amortization of intangible assets	6(c)	**122,567**	126,371
Changes in carrying amount of the redemption liabilities	29	**410,364**	224,995
Net realized and unrealized gains on financial assets measured at FVPL	5(b)	**(4,272)**	(421)
Interest income		**(12)**	(1,075)
Equity-settled share-based payments expense	27	**115,537**	51,479
Net (gain)/losses on disposal of property, plant and equipment and right-of-use assets	5(b)	**(520)**	125
Interest expense on lease liabilities	6(a)	**325**	530
Interest expense on bank loans	6(a)	**19,887**	17,072
Interest expense on payables for purchase of software	6(a)	**131**	453
Interest expense on convertible bonds	6(a)	**—**	8,077
Net foreign exchange losses		**166**	991
		685,703	454,425
Changes in working capital:			
Increase in inventories		**(116,623)**	(76,553)
Decrease/(increase) in trade receivables		**55,196**	(42,837)
Increase in prepayments and other receivables		**(227,627)**	(53,754)
Increase in trade and bill payables		**65,947**	39,222
Increase/(decrease) in contract liabilities		**9,393**	(6,517)
Increase/(decrease) in other payables and accruals		**32,298**	(7,317)
Cash used in operations		**(679,920)**	(597,528)

21 Cash and cash equivalents and other cash flow information (Continued)

(d) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flow as cash flows from financing activities.

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000 (Note 26)	RMB'000 (Note 29)	RMB'000 (Note 25)	RMB'000	RMB'000
As at January 1, 2025	12,606	4,444,742	445,157	261,239	5,163,744
Changes from financing cash flows:					
Capital element of lease rentals paid	(10,937)	–	–	–	(10,937)
Interest element of lease rentals paid	(325)	–	–	–	(325)
Proceeds from the issuance of financial instruments to investors	–	675,000	–	–	675,000
Repurchase of unvested restricted shares	–	–	–	(7,451)	(7,451)
Proceeds from borrowings	–	–	878,461	–	878,461
Repayment of borrowings	–	–	(342,836)	–	(342,836)
Interest paid	–	–	(19,554)	(131)	(19,685)
Total changes from financing cash flows	(11,262)	675,000	516,071	(7,582)	1,172,227
Other change:					
Increase in lease liabilities from entering into new leases during the year (Note 12)	8,876	–	–	–	8,876
Recognition of financial instruments issued to investors from the prepayment of investors (Note 23(i))	–	250,000	–	(250,000)	–
Recognition of financial instruments issued to investors from contribution of intangible assets (Note 15(b))	–	150,000	–	–	150,000
Issuance of financial instruments to investors for business combination	–	1,161,198	–	–	1,161,198
Changes in the carrying amount of redemption liabilities (Note 29)	–	410,364	–	–	410,364
Interest expenses	325	–	19,887	131	20,343
Total other change	9,201	1,971,562	19,887	(249,869)	1,750,781
At December 31, 2025	10,545	7,091,304	981,115	3,788	8,086,752

21 Cash and cash equivalents and other cash flow information (Continued)

(d) Reconciliation of liabilities arising from financing activities: (Continued)

	Lease liabilities RMB'000 (Note 26)	Financial instruments issued to investors RMB'000 (Note 29)	Bank loans RMB'000 (Note 25)	Other payables and accruals RMB'000	Total RMB'000
As at January 1, 2024	11,983	2,852,385	338,028	13,294	3,215,690
Changes from financing cash flows:					
Capital element of lease rentals paid	(11,400)	—	—	—	(11,400)
Interest element of lease rentals paid	(530)	—	—	—	(530)
Proceeds from the issuance of financial instruments to investors	—	775,000	—	250,000	1,025,000
Repurchase of unvested restricted shares	—	—	—	(1,955)	(1,955)
Decrease in advance from a related party (Note 33(b))	—	—	—	(100)	(100)
Proceeds from borrowings	—	—	319,117	—	319,117
Repayment of borrowings	—	—	(213,734)	—	(213,734)
Interest paid	—	—	(15,326)	(453)	(15,779)
Total changes from financing cash flows	(11,930)	775,000	90,057	247,492	1,100,619
Other change:					
Increase in lease liabilities from entering into new leases during the year (Note 12)	12,023	—	—	—	12,023
Issuance of financial instruments to investors for business combination	—	592,362	—	—	592,362
Increase in other reserve (Note 29)	—	(8,077)	—	—	(8,077)
Changes in the carrying amount of redemption liabilities (Note 29)	—	224,995	—	—	224,995
Interest expenses	530	8,077	17,072	453	26,132
Total other change	12,553	817,357	17,072	453	847,435
At December 31, 2024	12,606	4,444,742	445,157	261,239	5,163,744

21 Cash and cash equivalents and other cash flow information (Continued)

(e) Total cash outflow for leases:

Amounts included in the cash flow statement for leases comprise the following:

	2025 **RMB'000**	2024 RMB'000
Within operating cash flows	**1,454**	1,758
Within financing cash flows	**11,262**	10,624
	12,716	12,382

These amounts are related to lease rentals paid.

22 Trade and bill payables

	December 31, **2025** **RMB'000**	December 31, 2024 RMB'000
Trade and bill payables	**158,528**	92,581

All trade and bill payables are expected to be settled within one year are repayable on demand.

As of the year ended December 31, 2025 and 2024, the aging analysis of trade and bill payables, based on the invoice date, is as follows:

	December 31, **2025** **RMB'000**	December 31, 2024 RMB'000
Within 1 year	**136,255**	79,644
Over 1 year	**22,273**	12,937
	158,528	92,581

23 Other payables and accruals

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Current:		
Advance from investors(i)	—	250,000
Payables for professional service	**13,968**	—
Accrued payroll and other benefits	**74,084**	72,027
Other tax payables	**32,545**	18,446
Payables for purchase of software	—	5,991
Repurchase obligations for the shares held for employee incentive scheme(ii)	**26,340**	33,791
Advance from a related party(iii)	**3,448**	3,448
Others	**4,553**	2,510
	154,938	386,213

(i) In December 2024, the Company initiated the Series C financing arrangement. A total cash consideration of RMB250,000,000 were prepaid by investors before the date of December 31, 2024. Subsequently, this transaction was completed and relevant shares were registered as share capital of the Company in May 2025.

(ii) Repurchase obligations for the shares held for employee incentives scheme are the amounts received from employees who had the options of the Company and RSUs of Zhejiang Huatu and the amounts are refundable if the employees terminate their services before the options exercised or RSUs vested. Details of equity settled share-based transactions are set out in Note 27.

(iii) Advance from a related party are unsecured and interest-free. Details of advance from a related party are set out in Note 33(c).

24 Contract liabilities

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Advances from customers	**11,786**	2,392

Movements in contract liabilities are as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Balance at January 1,	**2,392**	8,909
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	**(2,392)**	(8,909)
Increase in contract liabilities as a result of advances from customers	**11,786**	2,392
Balance at December 31,	**11,786**	2,392

All of the contract liabilities are expected to be recognized as income within one year.

25 Bank loans

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Non-Current:		
Unsecured	**524,798**	35,000
Secured(i)	**128,000**	130,000
	652,798	165,000
Current:		
Unsecured	**323,395**	276,519
Secured(i)	**4,922**	3,638
	328,317	280,157

(i) The secured bank loans are borrowed by the Group for acquisition of Zhejiang Huatu and are pledged by the RMB26,000,000 paid-in capital of Zhejiang Huatu.

25 Bank loans (Continued)

(a) The analysis of the repayment schedule of bank loans is as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Within 1 year	**328,317**	280,157
After 1 year but within 2 years	**106,000**	37,000
After 2 years but within 5 years	**546,798**	128,000
	981,115	445,157

26 Lease liabilities

As at December 31, 2025, the lease liabilities were repayable as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Within 1 year	**4,516**	9,238
After 1 year but within 2 years	**3,606**	1,953
After 2 years but within 5 years	**2,423**	1,415
	10,545	12,606

27 Equity settled share-based transactions

The Company and its subsidiary Zhejiang Huatu acquired in 2023 have adopted the "2020 Employee Incentive Scheme — Options" and the "2020 Employee Incentive Scheme — RSUs", respectively. The purpose of the employee incentive schemes is to attract and retain the talents and to provide incentives that align the interests of shareholders, the Group and employees, for long-term development of the Group. The share-based awards granted pursuant to the employee incentive schemes are governed by the contractual terms of the awards.

On May 13, 2025 ("modification date"), in order to encourage long-term commitment to the Company and to align the interests of the eligible grantees of both the Company and Zhejiang Huatu, the Board of the Company proposed to replace the existing employee incentive schemes adopted by the Company and Zhejiang Huatu by using the "2025 Employee Incentive Scheme — RSUs" to the existing holders.

The table below sets forth share-based payments expenses for share options and RSUs during the years ended December 31, 2025 and 2024:

	2025 **RMB'000**	2024 RMB'000
Adopted by the Company		
2020 Employee Incentive Scheme — Options (a)	**12,424**	50,075
2025 Employee Incentive Scheme — RSUs (c)	**107,384**	—
Adopted by Zhejiang Huatu		
2020 Employee Incentive Scheme — RSUs (b)	**(4,271)**	1,404
	115,537	51,479

The underlying shares under these two employee incentive schemes are held by employee incentive platforms. The Company has power to govern the relevant activities of employee incentive platforms and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the above employee incentive schemes, the directors of the Company consider that it is appropriate to consolidate employee incentive platforms. The Group has the following share-based payment arrangements:

(Expressed in RMB unless otherwise indicated)

27 Equity settled share-based transactions (Continued)

(a) 2020 Employee Incentive Scheme — Options

The Company adopted 2020 Employee Incentive Scheme — Options to invite qualified participants of the Company and its subsidiaries, to take up options at a consideration of RMB0.070577 per share* of the Company through the employee incentive platform.

The granted options shall be exercisable separately in the subsequent 3 vesting periods, whose percentages of options exercisable are 50%, 25% and 25% respectively, subject to requested service periods of two years, three years and four years achieved. The contractual life of share options is 10 years.

(i) Movements in the number* and weighted average exercise prices of share options granted under 2020 Employee Incentive Scheme — Options during the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
At the beginning of the year	**43,834,417**	34,602,393
Granted	**—**	9,948,488
Forfeited	**(1,071,687)**	(716,464)
Modified (c)	**(42,762,730)**	—
At the end of the year	**—**	43,834,417
Exercisable at the end of the year	**—**	22,615,300

The share options outstanding at December 31, 2024 had an exercise price per share* of RMB0.070577, and a weighted average remaining contractual life of 7.20 years.

Faire value of share options granted under 2020 Employee Incentive Scheme — Options

The directors had adopted the discounted cash flow method or the backsolve method of the market approach to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share.

(Expressed in RMB unless otherwise indicated)

27 Equity settled share-based transactions (Continued)

(a) 2020 Employee Incentive Scheme — Options (Continued)

(i) Movements in the number* and weighted average exercise prices of share options granted under 2020 Employee Incentive Scheme — Options during the years ended December 31, 2025 and 2024 are as follows: (Continued)

Faire value of share options granted under 2020 Employee Incentive Scheme — Options (Continued)

Based on fair value of the underlying ordinary share, the directors have used Binomial option-pricing model to determine the fair value of the share option as of the grant date. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions:

	2024
Expected volatility	58.77%–59.77%
Risk-free interest rates	2.15%–2.56%
Exercise price (RMB)	0.070577
Expected life of options (year)	10.00
Weighted-average fair value of the ordinary share on the grant date (RMB)	7.71

The expected volatility is based on average of historic volatilities of the comparable companies with length commensurable to the time (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividend yield is based on historical dividends and management estimation at the grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under service conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

The weighted-average fair value of share options granted during the years ended December 31, 2024 was RMB6.07 per share option*.

* The number of shares, exercise price per share, fair value of per ordinary share, fair value of each share options before the Company's conversion into a joint stock Company were adjusted for the exchange ratio established in the conversion on March 8, 2024.

(Expressed in RMB unless otherwise indicated)

27 Equity settled share-based transactions (Continued)

(b) 2020 Employee Incentive Scheme — RSUs

The qualified participants of the 2020 Employee Incentive Scheme — RSUs are entitled to purchase RSUs at a purchase price of RMB3.20 per share, while they are required to satisfy vesting period until 3 years after the completion of certain events (including a qualified initial public offering, a backdoor listing or be acquired by listed company) for the entitlements of RSUs.

(i) Movement of RSUs granted under 2020 Employee Incentive Scheme — RSUs during the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
At the beginning of the year	**2,271,975**	2,901,875
Granted	**—**	25,000
Forfeited	**(803,750)**	(654,900)
Modified (c)	**(1,468,225)**	—
At the end of the year	**—**	2,271,975

(ii) Fair value of RSUs granted under 2020 Employee Incentive Scheme — RSUs

The fair value of each awarded RSU has been determined with reference to recent market transactions.

(c) 2025 Employee Incentive Scheme — RSUs

For existing holders under 2020 Employee Incentive Scheme — Options, the fair value of the 2025 Employee Incentive Scheme — RSUs on modification date was less than the fair value of the outstanding share options, and vesting period were the same as the terms of the original share options. The modification was not beneficial to the employees, and the Group continued to recognize the services received measured at the grant date fair value of the 2020 Employee Incentive Scheme — Options granted.

For existing holders under 2020 Employee Incentive Scheme-RSUs, the fair value of the 2025 Employee Incentive Scheme — RSUs on modification date is less than the fair value of the outstanding RSUs, and the RSUs are vested immediately without vesting period. The net effect of modification was beneficial to the employees. The Group recognized the remaining services measured at the grant date fair value of 2020 Employee Incentive Scheme-RSUs in full during the year of December 31, 2025.

(Expressed in RMB unless otherwise indicated)

27 Equity settled share-based transactions (Continued)

(c) 2025 Employee Incentive Scheme — RSUs (Continued)

(i) Movements in the number of RSUs granted under 2025 Employee Incentive Scheme — RSUs during the year ended December 31, 2025 are as follows:

	Number of underlying shares represented by RSUs	Weighted average fair value per RSU RMB
Outstanding as at January 1, 2025	—	—
Modified	44,511,744	5.37
Granted	42,098,860	7.05
Vested	(34,614,430)	5.41
Forfeited	(1,022,794)	7.07
Outstanding as at December 31, 2025	50,973,380	6.70

(ii) Fair value of RSUs granted in 2025 under 2025 Employee Incentive Scheme — RSUs

The Group has used the backsolve method of the market approach to determine the underlying equity fair value of the Company and to determine the fair value of the RSUs granted as at the respective grant date. Key assumptions determined by the Group in relation to the RSUs granted in the December 31, 2025 are set as below:

	For the year ended December 31, 2025
Risk-free interest rates	1.49%
Volatility	59.83%
Dividend yield	0.00%
Weighted average fair value of the ordinary share on the grant date (RMB)	9.59

The directors estimated the risk-free interest rate based on the government yield. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time. Dividend yield is based on management estimation at the grant date or modification date.

28 Income tax in the consolidated statement of financial position

(a) Deferred tax assets and liabilities recognized

(i) The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during each of the reporting periods:

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Change in FVOCI RMB'000	Intangible assets arising from business combination RMB'000	Tax losses RMB'000	Total RMB'000
At January 1, 2024	(2,829)	1,860	(162)	(102,586)	103,555	(162)
Credited/(Charged) to profit or loss	1,491	(486)	—	10,432	(11,437)	—
At December 31, 2024 and January 1, 2025	**(1,338)**	**1,374**	**(162)**	**(92,154)**	**92,118**	**(162)**
Credited/(Charged) to profit or loss	**(456)**	**(185)**	**–**	**10,432**	**(9,791)**	**–**
At December 31, 2025	**(1,794)**	**1,189**	**(162)**	**(81,722)**	**82,327**	**(162)**

(ii) Reconciliation to the consolidated statement of financial position

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Net deferred tax assets in the consolidated statement of financial position	**83,516**	93,492
Net deferred tax liabilities in the consolidated statement of financial position	**(83,678)**	(93,654)
	(162)	(162)

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(v), as at December 31, 2025 and 2024, the Company and its subsidiaries have not recognized deferred tax assets in respect of their cumulative tax losses of RMB5,419,567,000 and RMB4,182,831,000 and temporary differences of RMB1,150,106,000 and RMB706,060,000, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entities.

29 Financial instruments issued to investors

Financial instruments issued to investors of the Company

Since the date of incorporation, the Company has completed several rounds of financing by issuing shares with preferred rights to investors, namely, Pre-Series A, Series A-1, Series A-2, Series A+, Series A++, Series B, and Series C financing.

In 2024, the Group entered into a convertible bond investment agreement with three investors to issue the convertible bond for a principal amount of RMB300,000,000. The convertible bond bear interest at 8% per annum. On December 27, 2024, in accordance with the existing agreements, the investors waived the RMB8,077,000 interest of the convertible bond as a capital contribution credited to other reserve account of the Group and converted the convertible bonds into 13,624,700 shares with preferred rights of the Company, at RMB22.0188 per share.

Financial instruments issued to investors of the Chongqing Chuangyuan

As disclosed in Note 15, the Company entered into an investment agreement with two external investors to establish a subsidiary and these investors are entitled to the preferred rights.

Key preferred rights issued to the Investor are summarized as follows:

- Redemption rights

  Financial instruments issued to investors of the Company
  Shareholders with preferred rights have the right to require the Company to redeem all or part of the shares at any time upon occurrence of specified triggering events, including a non-completion of a qualified IPO by a predetermined date; and Shanghai Bonasi Enterprise Management Center L.P., Jiaxing Aixin Enterprise Management Center L.P., Jiaxing Zhixin Yuanzhi Enterprise Management Partnership L.P. or the Company of the group seriously violating or failing to fulfill the provisions of any transaction documents;

  The redemption price is calculated at the issue price plus all declared but unpaid dividends on such shares, and accrued interests at single rate of 6% or 8% per annum.

  Financial instruments issued to investors of the Chongqing Chuangyuan
  Shareholders with preferred rights have the right to require the Company to redeem all or part of the shares at any time upon occurrence of specified triggering events, including a non-completion of a qualified IPO of Chongqing Chuangyuan by a predetermined date; and the controlling party of the Chongqing Chuangyuan has changed without agreed upon by all parties;

  The redemption price is calculated at the issue price plus all declared but unpaid dividends on such shares, and accrued interests at single rate of 6% per annum.

29 Financial instruments issued to investors (Continued)

Financial instruments issued to investors of the Chongqing Chuangyuan (Continued)

- Presentation and classification

The Company's obligation to redeem the shares upon the occurrence of specified events, which are beyond its control, gives rise to a financial liability that is measured at the present value of the redemption price, which represents the settlement that would be triggered by the event with the highest settlement outcome. Subsequent to initial recognition, the financial liability is stated at amortized cost. Changes in the carrying amount of the financial liability arising from remeasurement of the redemption amount are recognized in profit or loss as "Changes in carrying amount of redemption liabilities".

As at December 31, 2025 and 2024, the shares with preferred rights were classified as current liabilities as the shares with preferred rights may be converted into ordinary shares at the option of the Shareholder with preferred rights at any time and the conversion feature does not meet "fixed for fixed" criteria. The movements of the financial liabilities arising from redemption rights issued to investors during the years ended December 31, 2025 and 2024 are set out as below:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
At the beginning of the year	**4,444,742**	2,852,385
Recognition of financial instruments issued to investors	**2,236,198**	1,367,362
Changes in the carrying amount	**410,364**	224,995
At the end of the year	**7,091,304**	4,444,742

For the financial instruments issued to investors of the Company, pursuant to the special rights termination agreement signed by the Company and the Pre-IPO Investors in June 2025, the redemption rights were terminated with effect from the day immediately preceding the date on which the Company first submits the listing application to the Stock Exchange and all other special rights of the Pre-IPO Investors shall be terminated upon the Listing, provided that all such special rights shall automatically be reinstated upon the earliest occurrence of any of the followings: (a) the Company withdraws its listing application; (b) the listing application is rejected by the CSRC or the relevant stock exchange (including but not limited to the Stock Exchange); or (c) the qualified IPO does not occur by December 31, 2027.

30 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Paid-in capital/ Share capital RMB'000	Capital reserve RMB'000	Shares held for employee incentive scheme RMB'000	Share-based payments reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total Deficit RMB'000
Balance at December 31, 2024 and January 1, 2025		**393,981**	**(643,659)**	**(79,270)**	**285,551**	**921**	**(32,842)**	**(992,664)**	**(1,067,982)**
Changes in equity for 2025:									
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(488,985)**	**(488,985)**
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(488,985)**	**(488,985)**
Issuance of ordinary shares held for employee incentive scheme	29, 30(c)(ii)	**7,743**	**13,057**	**(20,800)**	**–**	**–**	**–**	**–**	**–**
Issuance of financial instruments to investors	29	**81,121**	**1,685,077**	**–**	**–**	**–**	**–**	**–**	**1,766,198**
Recognition of financial instruments issued to investors	30(c)(ii)	**–**	**(1,786,198)**	**–**	**–**	**–**	**–**	**–**	**(1,786,198)**
Equity settled share-based payment	27	**–**	**–**	**–**	**145,563**	**–**	**–**	**–**	**145,563**
Balance at December 31, 2025		**482,845**	**(731,723)**	**(100,070)**	**431,114**	**921**	**(32,842)**	**(1,481,649)**	**(1,431,404)**

30 Capital, reserves and dividends (Continued)

(a) Movements in components of equity (Continued)

	Note	Paid-in capital/ Share capital RMB'000	Capital reserve RMB'000	Shares held for employee incentive scheme RMB'000	Share-based payments reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total Deficit RMB'000
Balance at January 1, 2024		330,771	(176,889)	(79,270)	235,476	921	(40,919)	(1,039,619)	(769,529)
Changes in equity for 2024:									
Loss for the year		—	—	—	—	—	—	(356,605)	(356,605)
Total comprehensive income		—	—	—	—	—	—	(356,605)	(356,605)
Conversion to a joint stock company	30(c)(ii)	—	(403,560)	—	—	—	—	403,560	—
Issuance of financial instruments to investors	29, 30(c)(ii)	63,210	1,304,152	—	—	—	8,077	—	1,375,439
Recognition of financial instruments issued to investors	29	—	(1,367,362)	—	—	—	—	—	(1,367,362)
Equity settled share-based payment	27	—	—	—	50,075	—	—	—	50,075
Balance at December 31, 2024		393,981	(643,659)	(79,270)	285,551	921	(32,842)	(992,664)	(1,067,982)

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during each of the reporting period.

(c) Paid-in capital/share capital

(i) Paid-in capital

	Paid-in Capital RMB'000
Balance at January 1, 2024	330,771
Conversion into a joint stock company (Note 30(c)(ii))	(330,771)
Balance at December 31, 2024 and January 1, 2025 and December 31, 2025	—

30 Capital, reserves and dividends (Continued)

(c) Paid-in capital/share capital (Continued)

(ii) Share capital

Issued and fully paid:

	Numbers of ordinary shares '000	Share capital RMB'000
Balance at January 1, 2024	—	—
Issue of ordinary shares upon conversion into a joint stock company[a]	330,771	330,771
Issuance of financial instruments to investors[b]	63,210	63,210
Balance at December 31, 2024 and January 1, 2025	**393,981**	**393,981**
Issuance of ordinary shares held for the employee incentive scheme[c]	**7,743**	**7,743**
Issuance of financial instruments to investors[d]	**81,121**	**81,121**
Balance at December 31, 2025	**482,845**	**482,845**

(a) In March 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under the PRC GAAP as of the conversion base date were converted into 330,771,000 ordinary shares at RMB1.00 each.

(b) In April and December 2024, the Company entered into investment agreement of Series B and Series C shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB1,367,362,000 to the Company, as partial consideration of subscription for the Company's share capital of RMB63,210,000.

(c) In May 2025, the Group had issued 7,743,000 ordinary shares of the Company under the 2025 Employee Incentive Scheme — RSUs for replacement of outstanding scheme and new incentives for qualified participants under 2025 Employee Incentive Scheme — RSUs as described in Note 27.

(d) In March 2025, the Company entered into an additional investment agreement of Series C shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB375,000,000 to the Company, as consideration of subscription for the Company's share capital of RMB17,031,000. The related incremental cost of this transaction is RMB20,000,000, which was recognized against equity under capital reserve.

As disclosed in Note 23(i), the advance from investors of RMB250,000,000 in 2024 had been completed to register as Series C shares with preferred right, as consideration of subscription for the Company's share capital of RMB11,354,000.

As disclosure in Note 15, the Company issued 52,736,585 Series C shares with preferred rights for RMB1,161,198,000 for acquisition of non-controlling interest of Zhejiang Huatu, as consideration of subscription for the Company's share capital of RMB52,736,000.

30 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; and (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; (iii) the amounts in relation to the recognition of the redemption liabilities as set out in Note 29.

(ii) Shares held for employee incentive scheme

As at December 31, 2025 and 2024, 87,013,306 and 79,270,306 shares were held by employee incentive platforms.

(iii) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of restricted share-based units granted to the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payment in Note 2(u)(ii).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(y).

(v) Fair value reserves (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 2(h)(ii)).

(vi) Other reserve

Other reserve represents the amount arising from the adjustment of financial instruments issued to investors as described in Note 29 and transaction with non-controlling shareholders ("NCI holders") as described in Note 15.

30 Capital, reserves and dividends (Continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31 Financial risk management and fair value of financial instruments

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

31 Financial risk management and fair value of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 33.74% (2024: 27.00%), 19.61% (2024: 22.11%) and 78.50% (2024: 85.03%) of the total trade receivables and contract assets was due from the group's largest customer, the second largest customer and the five largest customers respectively within the electronics business segment.

At December 31, 2025 and 2024, the Group's trade receivables of RMB6,346,000 and RMB13,613,000, respectively, were individually determined to be fully impaired due to the customers were in financial difficulties. For the provision matrix method, as the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on aging information is not further distinguished between the Group's different customer bases.

The following tables provides information about the Group's exposure to credit risk and ECLs for trade receivables by using a provision matrix:

	2025		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Aging 1–90 days	**1.20**	**141,518**	**1,693**
Aging 91–180 days	**2.86**	**23,309**	**667**
Aging 181–270 days	**11.60**	**2,078**	**241**
Aging 271–365 days	**50.00**	**2**	**1**
More than 1 year	**63.31**	**6,940**	**4,394**
		173,847	**6,996**

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Aging 1–90 days	0.26	187,432	495
Aging 91–180 days	0.86	33,476	287
Aging 181–270 days	2.69	446	12
Aging 271–365 days	5.37	242	13
More than 1 year	31.22	1,829	571
		223,425	1,378

31 Financial risk management and fair value of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	RMB'000	RMB'000
Balance at January 1,	**14,991**	4,001
(Reversal of expected credit losses)/Expected credit losses on financial assets	**(1,649)**	10,990
Balance at December 31,	**13,342**	14,991

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to suppliers.

The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Movement in the loss allowance account in respect of other receivables during the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	RMB'000	RMB'000
Balance at January 1,	**1,043**	1,001
(Reversal of expected credit losses)/Expected credit losses during the year	**(1,014)**	42
Balance at December 31,	**29**	1,043

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

31 Financial risk management and fair value of financial instruments (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At December 31, 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount at December 31,**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Bank loans	**351,130**	**123,083**	**568,191**	**–**	**1,042,404**	**981,115**
Trade and bill payables	**136,255**	**22,273**	**–**	**–**	**158,528**	**158,528**
Other payables and accruals	**50,923**	**–**	**–**	**–**	**50,923**	**50,923**
Lease liabilities	**4,810**	**3,756**	**2,458**	**–**	**11,024**	**10,545**
Financial instruments issued to investors	**7,091,304**	**–**	**–**	**–**	**7,091,304**	**7,091,304**
	7,634,422	**149,112**	**570,649**	**–**	**8,354,183**	**8,292,415**

	At December 31, 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	295,309	45,254	147,127	1,491	489,181	445,157
Trade and bill payables	92,581	—	—	—	92,581	92,581
Other payables and accruals	295,740	—	—	—	295,740	295,740
Lease liabilities	9,709	2,749	1,591	—	14,049	12,606
Financial instruments issued to investors	4,444,742	—	—	—	4,444,742	4,444,742
	5,138,081	48,003	148,718	1,491	5,336,293	5,290,826

31 Financial risk management and fair value of financial instruments (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from time deposits, cash at bank and interest-bearing borrowings. The Group's interest-bearing financial instruments at fixed interest rates at the end of the reporting period are borrowings. The Group's interest-bearing financial instruments at variable interest rates at the end of the reporting period are cash and cash equivalents, and the change of market interest rate does not expose the Group to significant interest rate risk. Overall, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and JPY.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting periods to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB'000)			
	As at December 31,			
	2025		2024	
	USD	**JPY**	USD	JPY
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and cash equivalents	**14,836**	**1,434**	3,170	695
Other receivables	**1,837**	**48**	2,516	75
Trade receivables	**27,507**	**—**	4,370	—
Trade and bill payables	**(3,618)**	**—**	(11,540)	—
Gross exposure arising from recognized assets and liabilities	**40,562**	**1,482**	(1,484)	770
Net exposure arising from recognized assets and liabilities	**40,562**	**1,482**	(1,484)	770

31 Financial risk management and fair value of financial instruments (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and net parent investment that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and net parent investment RMB'000
2025		
USD	**5%**	**2,028**
	-5%	**(2,028)**
JPY	**5%**	**74**
	-5%	**(74)**
2024		
USD	5%	(74)
	-5%	74
JPY	5%	39
	-5%	(39)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

31 Financial risk management and fair value of financial instruments (Continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 2 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

		Fair value measurements as at December 31, 2025 categorized into		
	Fair value at December 31, 2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets at FVPL:				
— Wealth management products	**600,839**	**—**	**600,839**	**—**
— Forward foreign exchange contracts	**3,225**	**—**	**3,225**	**—**
— A convertible loan receivable	**4,261**	**—**	**4,261**	**—**
Financial assets at FVOCI:				
— Unlisted equity investment	**14,942**	**—**	**14,942**	**—**
	623,267	**—**	**623,267**	**—**

31 Financial risk management and fair value of financial instruments (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at December 31, 2024	Fair value measurements as at December 31, 2024 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets at FVOCI:				
— Unlisted equity investment	14,942	—	14,942	—

During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of forward foreign exchange contracts is determined with reference to the difference between the contractual forward price and the forward rate as of reporting period end.

The fair value of the convertible loan receivable is determined by using a discounted cash flow valuation model using the contract interest rate. As the conversion right of the convertible loan receivable is exercisable at the fair value of the equity price, such conversion rights always has a fair value of zero.

The fair value of equity investment is determined by recent financing provided by independent third-party.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at December 31, 2025 and 2024.

32 Commitments

Commitments outstanding at the end of each reporting period not provided for in the consolidated financial statements were as follows:

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Contracted for		
Acquisition of right-of-use assets	**—**	14,049
Acquisition of intangible assets	**91,450**	—
Acquisition of property, plant and equipment	**4,512**	—
Total commitments	**95,962**	14,049

33 Material related party transactions

(a) Names and relationship of the related parties that had material transactions with the Group during the years ended December 31, 2025 and 2024

Name of the related party	Relationship
Gettop Acoustic Co., Ltd. ("Gettop Acoustic") ("共達電聲股份有限公司")*	Entity controlled by a director of the Company, being the related party of the Company after April 2024
Shanghai Jinling Enterprise Management Consulting Co., Ltd. ("Shanghai Jinling") ("上海衿凌企業管理諮詢有限公司")*	Entity controlled by Dr. QIU XIAOXIN, the directory of the Company
Mr. Liu Jianwei	Director of the Company

* The English name is translated from its registered Chinese name for identification purpose only.

(b) Transactions with related parties

	2025 RMB'000	2024 RMB'000
Sales of goods to:		
— Gettop Acoustic	**6,953**	5,966
Decrease in advance from:		
— Mr. Liu Jianwei	**—**	100

33 Material related party transactions (Continued)

(c) Balance with related parties

	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Trade in nature:		
Trade receivables:		
— Gettop Acoustic	**1,604**	1,705
Non-trade in nature:		
Advances to a related party:		
— Shanghai Jinling	**250**	250
Advance from a related party		
— Mr. Liu Jianwei	**3,448**	3,448

Note:

(i) Advance from/to a related party are unsecured and interest-free. Advance from/to a related party is non-trade nature as December 31, 2025 and 2024.

33 Material related party transactions (Continued)

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, wages and benefits in kind	**19,305**	20,052
Discretionary bonuses	**2,621**	799
Retirement scheme contributions	**682**	990
Equity settled share-based payment	**78,744**	27,464
	101,352	49,305

Total remuneration is included in staff costs (see Note 6(b)).

34 Non-adjusting events after reporting

(i) On February 10, 2026, the Company issued 104,915,200 H shares with par value of RMB1.00, at a price of HKD28.20 per share by initial public offering, and on March 7, 2026, the Company issued 1,176,100 H Shares which were allotted pursuant to the partial exercise of the Over-allotment Option. Net proceeds from such issues approximately amounted to HKD2,888,801,000 after deducting underwriting fees, commissions and related expenses.

(ii) Upon the listing of the Company, all of financial instruments issued to investors of the Company will be reclassed in equity as "other reserve" in the consolidated statements of changes in equity.

35 Company-level statement of financial

	Note	December 31, 2025 RMB'000	December 31, 2024 RMB'000
Non-current Assets			
Property, plant and equipment		**43,334**	9,983
Right-of-use assets		**5,153**	4,704
Intangible assets		**290,043**	29,092
Investments in subsidiaries	15	**3,670,380**	1,332,458
Financial assets at FVOCI		**14,942**	14,942
Prepayments and other receivables		**1,853,627**	140,863
		5,877,479	1,532,042
Current Assets			
Financial assets at FVPL		**7,164**	—
Inventories		**71,141**	45,750
Trade receivables		**234,172**	74,197
Prepayments and other receivables		**268,317**	1,930,163
Cash and cash equivalents		**62,892**	701,609
		643,686	2,751,719
Current Liabilities			
Trade and bill payables		**492,849**	425,541
Other payables and accruals		**68,306**	293,065
Bank loans		**47,830**	43,274
Contract liabilities		**262,017**	678
Lease liabilities		**1,653**	2,601
Financial Instruments issued to investors		**6,637,827**	4,444,742
		7,510,482	5,209,901
Net Current Liabilities		**(6,866,796)**	(2,458,182)
Total Assets Less Current Liabilities		**(989,317)**	(926,140)

35 Company-level statement of financial (Continued)

	Note	**December 31, 2025**	December 31, 2024
		RMB'000	RMB'000
Non-current Liabilities			
Bank loans		**444,800**	140,000
Lease liabilities		**3,525**	1,680
Deferred tax liabilities		**162**	162
		448,487	141,842
Net Liabilities		**(1,437,804)**	(1,067,982)
Capital and Reserves			
Paid-in/share capital	30(c)	**482,845**	393,981
Reserves	30(d)	**(1,920,649)**	(1,461,963)
Total deficit		**(1,437,804)**	(1,067,982)

(Expressed in RMB unless otherwise indicated)

36 Possible impact of amendments, new standards and interpretations issued but not yet effective for the reporting period

Up to the date of issue of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for year ended December 31, 2025 and which have not been adopted in preparing the Consolidated financial statements. These developments include the followings:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	January 1, 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	January 1, 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

FOUR-YEAR FINANCIAL SUMMARY

Consolidated statement of profit or loss — Summary

	For the year ended December 31,			
	2025	2024	2023	2022
	RMB'000			
Revenue	**561,689**	472,892	230,127	50,230
Gross profit	**121,287**	99,403	59,244	12,994
Loss for the year	**(1,184,207)**	(904,197)	(743,071)	(611,574)
Loss attributable to equity shareholders of the Company	**(1,149,347)**	(860,915)	(752,788)	(611,574)
Non-IFRS Measure: *Note*				
Adjusted loss for the year	**(634,510)**	(627,723)	(542,454)	(444,086)

Note: Please refer to section headed "Non-IFRS Measure" in this annual report for more details.

Consolidated statement of financial position — Summary

	As at December 31,			
	2025	2024	2023	2022
	RMB'000			
Total assets	**3,600,200**	3,007,959	2,533,166	1,074,552
Total liabilities	**8,408,378**	5,383,853	4,064,224	2,154,219
Total deficit	**(4,808,178)**	(2,375,894)	(1,531,058)	(1,079,667)

Note: The Company was listed on the Main Board of the Stock Exchange on February 10, 2026. The Company published financial information since 2022 in the Prospectus, and therefore the above table sets out the financial highlights for the four accounting years since 2022.

DEFINITIONS

In this report, the following expressions have the meanings set out below unless the context requires otherwise:

"AGM"	the annual general meeting of the Company
"Articles" or "Articles of Association"	the articles of association of our Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Axera"	Beijing Axera Technology Co., Ltd. (北京愛芯科技有限公司), a limited liability company established in the PRC on May 30, 2019, which is a wholly-owned subsidiary of our Company.
"Board"	the board of Directors
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this report (unless otherwise indicated), Hong Kong, the Macau Special Administrative Region, and the Taiwan Region
"Company", "we", "us" "our Company" or "the Company"	Axera Semiconductor Co., Ltd. (愛芯元智半導體股份有限公司) (previously known as Axera Semiconductor (Ningbo) Co., Ltd. (愛芯元智半導體（寧波）有限公司), Axera Semiconductor (Shanghai) Co., Ltd. (愛芯元智半導體（上海）有限公司) and Shanghai Zhiaixin Semiconductor Technology Co., Ltd. (上海智砹芯半導體科技有限公司)), a limited liability company established in the PRC on April 20, 2020, and converted into a joint stock company with limited liability on March 8, 2024
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of our Company
"Dr. QIU"	Dr. QIU Xiaoxin, our founder, the chairperson of the Board, an executive Director and a member of our Single Largest Group of Shareholders

"ESG Report"	the environmental, social and governance report of the Company for the year ended December 31, 2025
"FVOCI"	fair value through other comprehensive income
"FVPL"	fair value through profit or loss
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus
"Group", "our Group", "the Group", "we", "us" or "our"	our Company and its subsidiaries, or our Company and any one or more of its subsidiaries, as the context may require
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Stock Exchange
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"IFRS"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"ISP"	image signal processor
"Jiaxing Aixin"	Jiaxing Aixin Enterprise Management Center L.P. (嘉興愛芯企業管理合夥企業（有限合夥）) (previously known as Qingdao Aixin Enterprise Management Center L.P. (青島愛芯企業管理中心（有限合夥）), a limited partnership established in the PRC on July 26, 2019, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders

"Jiaxing Zhixin"	Jiaxing Zhixin Yuanzhi Enterprise Management Center L.P. (嘉興智芯元智企業管理合夥企業（有限合夥）) (previously known as Qingdao Zhixin Yuanzhi Enterprise Management Center L.P. (青島智芯企業管理中心（有限合夥）), a limited partnership established in the PRC on May 29, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"JPY"	Japanese yen, the official currency of Japan
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange on February 10, 2026
"Listing Date"	February 10, 2026, being the date on which dealings in our H Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"NPU"	neural processing unit
"Over-allotment Option"	the option granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (each for itself and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 15,737,200 additional H Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any (as defined in the Prospectus)

"Pre-IPO Investment(s)"	the pre-IPO investment(s) in our Company undertaken by the Pre-IPO Investor(s)
"Pre-IPO Investor(s)"	the investor(s) of Pre-IPO Investment(s), details of which are set out in the Prospectus
"Prospectus"	the prospectus in relation to the Global Offering issued by the Company dated January 30, 2026
"R&D"	research and development
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the year ended December 31, 2025
"Restricted Share Incentive Scheme"	the Restricted Share Incentive Scheme adopted by our Company on April 27, 2020, and further amended on May 13, 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SDK"	software development kit
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Shanghai Axera"	Shanghai Axera Technology Co., Ltd. (上海矽芯科技有限公司), a limited liability company established in the PRC on November 22, 2019, which is a wholly-owned subsidiary of Beijing Axera
"Shanghai Bonasi"	Shanghai Bonasi Enterprise Management Center L.P. (上海博納斯企業管理中心（有限合夥）) (previously known as Tianjin Bonasi Enterprise Management Center (Limited Partnership) (天津博納斯企業管理中心（有限合夥）) and Qingdao Bonasi Enterprise Management Center (Limited Partnership) (青島博納斯企業管理中心（有限合夥）), a limited partnership established in the PRC on September 3, 2021, the shareholding platform of Dr. QIU and one of our Single Largest Group of Shareholders
"Shanghai Jinling"	Shanghai Jinling Enterprise Management Consulting Co., Ltd. (上海衿淩企業管理諮詢有限公司), a limited liability company established in the PRC on August 26, 2021, which is controlled by Dr. QIU and one of our Single Largest Group of Shareholders

"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.0 each, comprising the Unlisted Shares (prior to Listing) and H Shares (upon Listing)
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	refers to Dr. QIU, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Shanghai Jinling, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4
"SoC"	system-on-chip
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"treasury share(s)"	has the meaning ascribed thereto under the Listing Rules
"United States", "U.S." or "US"	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
"USD"	United States dollars, the lawful currency of the United States
"Xinsheng Bicheng No. 1"	Hangzhou Xinsheng Bicheng No. 1 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成一號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 13, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Xinsheng Bicheng No. 2"	Hangzhou Xinsheng Bicheng No. 2 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成二號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 16, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders

"Xinsheng Bicheng No. 3"	Hangzhou Xinsheng Bicheng No. 3 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成三號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 13, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Xinsheng Bicheng No. 4"	Hangzhou Xinsheng Bicheng No. 4 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成四號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 16, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Zhejiang Huatu"	Zhejiang Huatu Weixin Technology Co., Ltd. (浙江華圖微芯技術有限公司), a limited liability company established in the PRC on October 31, 2014, which is a non-wholly owned subsidiary of our Company
"Zhejiang Xinsheng"	Zhejiang Xinsheng Electronic Technology Co., Ltd. (浙江芯昇電子技術有限公司), a limited liability company established in the PRC on April 9, 2020, which is a wholly-owned subsidiary of Zhejiang Huatu
"%"	per cent