Application Proof of

Giantec Semiconductor Corporation
聚辰半導體股份有限公司

(the "Company")

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

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Giantec Semiconductor Corporation
聚辰半導體股份有限公司

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

[REDACTED]

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

Sole Sponsor, **[REDACTED]**

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OUR MISSION

To be a leader in our focus area and to continuously create value for our customers and employees.

OUR VISION

To shape the future of human life with our advanced semiconductor technology.

OVERVIEW

We are a global leader in high-performance non-volatile memory (NVM) chip design. We are committed to addressing the rapidly evolving and expanding memory requirements in the AI-era, developing and offering key memory chips (such as SPD chips, EEPROM and NOR Flash), mixed-signal chips (such as lens driver chips), and NFC chips, together with supporting solutions. According to Frost & Sullivan, we are the largest China-based EEPROM supplier and the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue. Leveraging strong R&D expertise and global market experience, our product portfolio now covers a wide range of memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics.

Memory chips have penetrated nearly every aspect of modern life. AI infrastructure, such as data centers and server clusters, is expanding rapidly with the accelerated adoption of AI technology. Automotive-grade systems in intelligent driving and vision sensing are evolving continuously as vehicles become smarter, and everyday consumer electronics such as smartphones and home appliances all rely on high-performance and high-reliability memory chips. Memory chips not only support fundamental functions such as system boot, parameter storage, and program loading, but also play a critical role in real-time data processing, edge computing, and concurrent multitasking. Their applications extend to almost all electronic devices and systems, making them essential components underpinning the digital economy.

In the AI-era, computing takes care of the core number-crunching work for model training and inference, while memory serves as the foundation for data capture, transfer, buffering, and storage. Fueled by AI, the scale of training keeps growing, and inference is quickly making its way into end-market verticals. The rapid growth of global data is accelerating the upgrade of memory technology and reshaping the role and value of the memory chip industry.

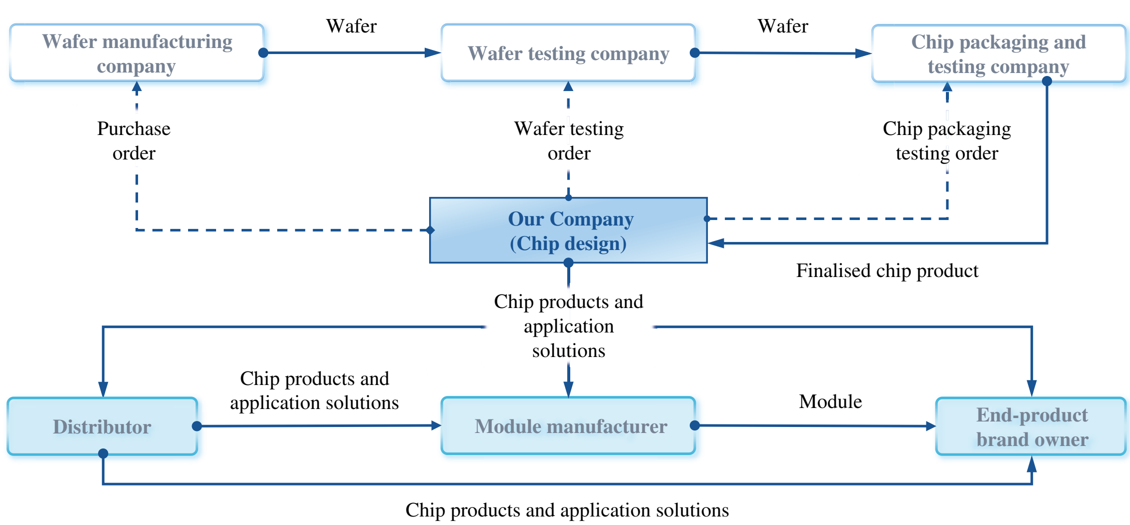
Against this backdrop, memory density and performance requirements are reaching unprecedented levels. As AI, IoT, and 5G converge and proliferate, electronic systems are imposing far more stringent requirements on memory capacity, speed, power, and reliability.

Drawing on over 15 years of industry experience and a deep understanding of market needs, we have developed our core product lines — memory chips, mixed-signal chips, and NFC chips. Our products are widely adopted by the world's leading memory-module vendors, well-known automotive brands, and mainstream smartphone manufacturers, both in China and overseas. According to Frost & Sullivan, in 2024, we held over 40% of the global DDR5 SPD chip market by revenue and 14.0% of the EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments, specifically, we were:

- the third largest EEPROM supplier in the world in 2023 and 2024 by revenue,
- the largest China-based EEPROM supplier in 2023 and 2024 by revenue,
- the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue, and
- the only China-based supplier offering a full spectrum, series-grade, automotive-grade EEPROM portfolio as of the end of 2025.

Our Business Model

We operate a fabless model focused on the R&D, design, and sale of integrated circuit products.



Highlights of Our Product Offerings

Our product portfolio includes (1) memory chips that cover certain core memory application scenarios, including memory module supporting chips highlighted by a full series of SPD chips that supports DDR2 through DDR5 memory modules; high-reliability memory chips for automotive electronics and industrial control; and memory chips for consumer electronics, (2) mixed-signal chips, namely lens driver chips, and (3) other products, primarily including NFC chips.

Memory module supporting chips

We have adopted a co-development model that enables us to serve as a core supplier to major global memory companies, in particular, top-tier DRAM module players in the world. The AI-era is driving substantial upgrades in memory configurations for servers and PCs used in AI infrastructure. Mainstream AI servers typically deploy more than 20 DDR5 memory modules — about twice that of general-purpose servers. The increasing adoption of AI PCs is also driving successive upgrades in memory configurations for our customers. We have developed SPD chips for memory modules since DDR2. For DDR5, building on our mass-production track record and core technologies, we have established an in-depth partnership with a global leader in memory interconnect chips. As DDR5 spreads across data centers and edge computing, we believe our SPD chip technology will continue to be recognized by enterprises specializing in memory modules and provide technological underpinnings for secure and controllable digital infrastructure in China and globally.

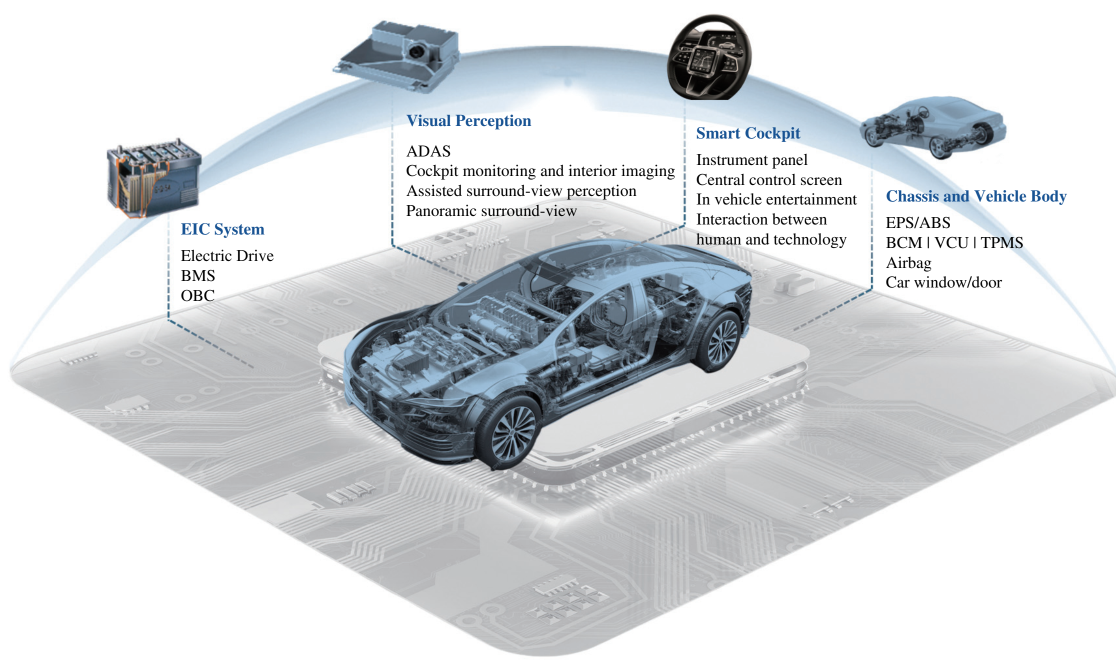
We supply the essential SPD chips for our strategic partner's DDR5 memory interface solutions, which are critical components used in DRAM modules in servers. Therefore, we benefit from this synergistic collaboration in terms of expedited product roll-out and quickly access the world's major DRAM module suppliers. The global server DRAM market is highly concentrated, with top-tier players capturing the vast majority of market share, a landscape that enables us to capitalize on the market's rapid growth. According to Frost & Sullivan, the global top three DRAM suppliers together accounted for over 90% of the server DRAM market in 2024 and we are the world's second largest supplier of DDR5 SPD chips in 2023 and 2024 by revenue.

We are also actively extending our product lines and have introduced VPD chips supporting next-generation high-performance memory devices. VPD has become a key component in new-generation enterprise SSD (eSSD) modules and CXL (Compute Express Link) memory expansion modules, where it provides vital parameter management, device identification, and system-level verification. As model training and inference scale up, AI servers and high-performance computing systems demand more of memory performance, reliability, and manageability. Standards for eSSD and CXL are advancing accordingly, imposing tighter requirements on VPD accuracy, stability, and interface capability. In VPD, we have partnered with a globally leading memory manufacturer that leads standard setting and product specifications, becoming the first VPD developer to enter the design-in phase to support that company's next-generation eSSD modules and CXL memory expansion modules, thereby establishing a first-mover advantage and building technical and customer barriers.

High-reliability memory chips for automotive electronics

The demand for high-reliability products is setting up competitive barriers in the industry, benefiting leading companies like us. Notably, automotive electronics is one of the most definitive and high-potential markets for memory chips. Upgrades to automotive E/E architectures driven by electrification, intelligence, and connectivity are triggering a structural step-up in automotive memory demand. At the application level, functionality upgrades in core modules are directly increasing per-vehicle memory requirements, such as intelligent cockpits moving to multi-screen and high-performance computing platforms, ADAS and autonomous driving advancing to higher levels, and the rising number of domain controllers. Vehicle use of high-performance memory chips such as EEPROM and NOR Flash for parameter and firmware memory continues to increase. According to Frost & Sullivan, global sales volume of NEV is expected to rise from 23.4 million units in 2025 to 44.0 million units in 2030, representing a CAGR of 13.5%. Compared to 10-15 units of EEPROMs typically used in a single internal combustion engine (ICE) vehicle, the count of EEPROMs in a new energy vehicle has grown to 30-40 units.

Automotive electronics has stringent requirements on reliability, temperature tolerance, and noise immunity of memory chips, resulting in higher quality and development thresholds. Our high-reliability memory chips for automotive electronics meet AEC-Q100 A1-A2 standards, with EEPROM densities from 1 Kb to 4 Mb and NOR Flash densities from 512 Kb to 16 Mb. Our memory chips are widely adopted across dozens of sub-modules in the four major automotive domains — visual perception, smart cockpit, electrified powertrain, and body/chassis.



According to Frost & Sullivan, we are the only China-based supplier offering a full spectrum, series-grade automotive-grade EEPROM portfolio as of the end of 2025. With our first-mover advantage and the trend toward domestic sourcing by Chinese OEMs, our products are deployed widely across multiple core in-vehicle modules by 16 of the world's top 20 and all of China's top 20 car brands, as well as over 85% of China's self-owned passenger car brands. Given that automotive-grade certification typically takes a relatively long period, this deep engagement model creates natural customer barriers and long-term stickiness. This position not only reflects our technical strength, but also supports further market share gains and consolidation of our leadership.

Memory chips for consumer electronics

Leveraging over 15 years of experience, we continually adopt product upgrades to address unmet need in the AI-era. For example, as a basic memory component, our EEPROM is widely used across consumer electronics end-products. AI is making consumer electronics end-products smarter. As features evolve and categories emerge, the breadth and depth of memory applications are rising, expanding the market for memory chips. We hold leading global positions in several important sub-segments such as smartphones, LCD panels, and Bluetooth modules, and our penetration continues to increase. We are also seizing opportunities in edge AI, extending our product application into new categories to reinforce our growth momentum.

For consumer electronics, our memory chip lineup includes high-performance EEPROM and advanced NOR Flash products. We offer a full spectrum of EEPROM with densities from 1 Kb to 4 Mb. Our NOR Flash focuses on low-power SPI NOR, including products built on our NORD platform covering a density range of 512 Kb to 64 Mb, with an ETOX-based reserve from 32 Mb to 512 Mb to meet larger firmware needs of certain consumer electronics end-products, giving customers tiered choices.

We have long focused on smartphones, the largest sub-segment in consumer electronics. Our EEPROM has been used in camera modules of one of the globally leading smartphone brands since 2011. Our products are widely used by major global smartphone brands and in the end-products of many leading consumer-electronics companies. Our leadership and customer breadth both validate our competitiveness and strengthen the foundation for business expansion in the AI-era.

Our Market Opportunities

AI servers and AI PCs

- As large-model training and inference scale up, global AI infrastructure is entering a new development phase. AI servers that carry cloud computing and AI PCs with local inference capability are both poised for explosive growth. According to Frost & Sullivan, global shipments of AI servers will exceed 2.5 million units in 2025 and will reach 6.5 million units in 2030, with a CAGR of approximately 21.1% during the period, and AI PC penetration rate will rise from 31.0% in 2025 to 85.0% in 2030.

- Faster deployment of AI infrastructure is increasing memory per system. In data centers, mainstream AI servers typically deploy over 20 DDR5 DIMMs — double that of traditional servers — and are increasingly configured with more DRAM and SSD modules. On the device side, AI PCs are ramping up more rapidly and equipped with higher-capacity DRAM and SSD configurations than traditional PCs. With both cloud and devices expanding, system counts, and per-system content are rising in tandem, significantly increasing the installed base of modules and corresponding memory chips.

- Against this backdrop, our SPD chips, which are already in commercial deployment and supporting DDR5, and our VPD chips for eSSD and CXL modules, which are currently in the design-in stage, are poised to see adoption and/or wider deployment by leading global cloud providers, server manufacturers, and AI-PC brands, broadening our key-account coverage and penetrating across AI infrastructure.

Automotive electronics

- The shift to smart, electric, and connected vehicles is accelerating, with E/E architectures evolving toward domain and zonal control. The number of controllers for autonomous driving, intelligent cockpit, body, chassis, and battery management is rising. The kinds and counts of memory chips per vehicle are well above those in traditional ICE models, moving from "a few critical nodes" to "multi-domain and multi-node."

- The automotive electronics EEPROM market is poised for explosive growth. Frost & Sullivan estimates that the global automotive electronics EEPROM market will exceed over US$700.0 million in 2030. As ADAS, cockpit, and electrified powertrain functions roll out across more models and trims, the number of controllers per vehicle continues to increase, and multiple modules for sensing, control, display, and power require dedicated memory to support software operation and function management. Rising penetration together with more memory points per vehicle is lifting total automotive-grade memory consumption.

- We supply EEPROM and NOR Flash for automotive electronics, and, given our products' reliability and stability, we expect to penetrate more models and modules at global automotive brands as the market expands.

Consumer electronics

- Edge AI in consumer electronics is moving from early pilots to broad deployment across many endpoints. According to Frost & Sullivan, global shipments of edge AI consumer devices will exceed 700 million units in 2025 with penetration over 30.0%. Edge AI is permeating smartphones, tablets and wearables, becoming a key direction for terminal functionality.

- Consumer electronics have large unit volumes and broad user reach. Installed base and replacement demand are high, as edge AI spreads across price tiers and product forms, per-device memory consumption is trending up, creating a large and expanding application space for memory chips.

- Consumer electronics sector drives growth in the NOR Flash market, fueled by growing demand for AIoT solutions and the accelerating deployment of edge AI devices, while the booming TWS earphone and smartwatch market requires high-density, low-power NOR Flash for complex firmware and instant-on connectivity, sustaining steady demand.

- Our memory chips are already applied in smartphones and edge AI applications, with volume shipments to multiple brand customers. The rapid development of edge AI will continue to expand demand for our products.

OUR STRENGTHS

We believe the following advantages position us well to seize future industry opportunities and achieve sustained growth.

- Leading position in global non-volatile memory market;
- A category-defining pioneer capable of consistently seizing market opportunities;
- A high-stickiness, top-tier customer base with significant cross-selling potential;
- A highly coordinated, responsive global supply chain; and
- Experienced management and R&D teams.

OUR STRATEGIES

We will implement the following strategies:

- Deepen our advantages in segments where we lead;
- Continue to deepen our collaboration with top-notch customers and create value for them by focusing on a long-term development strategy and technology innovation;
- Expand and enhance our product offerings through leveraging a corporate culture of equality, openness, efficiency, and pragmatism; and
- Expand overseas presence and strengthen global supply chain and teams.

OUR CUSTOMERS AND SUPPLIERS

Our top five customers for each year/period during the Track Record Period accounted for 57.7%, 57.5% and 59.3% of our total revenue in 2023, 2024 and the nine months ended September 30, 2025, respectively. Revenues generated from our single largest customer of each year/period of the Track Record Period were RMB161.4 million, RMB353.7 million and RMB383.0 million in 2023, 2024 and the nine months ended September 30, 2025, respectively, representing 22.9%, 34.4% and 41.1% of our revenue in the respective years/period. We served a broad range of customers during the Track Record Period, many of which were leading global companies in memory modules, automotive electronics, industrial control and consumer electronics. We also engaged reputable distributors in selling our products. During the Track Record Period, we maintained stable business relationships with our major customers.

During the Track Record Period, purchase from our top five suppliers accounted for 90.1%, 91.3% and 85.8% of our total purchase in 2023 and 2024, and the nine months ended September 30, 2025, respectively. During the Track Record Period, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period, there have been no quality issues with our raw materials that significantly impacted our operations.

SALES NETWORK OF OUR PRODUCTS

Distributorship

In line with market practice, we use distributors to facilitate sales of our products. Our distributors assume responsibility for customer support. Revenues from sales of our products and solutions to our distributors represented approximately 68.7%, 54.0%, and 48.2% of our revenues in 2023, 2024 and in the nine months ended September 30, 2025, respectively. While the overall distributor arrangement is consistent across the three product lines, the specific sales arrangements under each vary slightly, in order to better align with market dynamics and customer needs.

Direct sales

Our direct sales are primarily focused on serving leading strategic customers within the AI server, automotive electronics, industrial control and consumer electronics industries. Our sales and marketing team is well-versed in the professional knowledge pertinent to our products, enabling it to effectively communicate the value of our technologies and the performance of our products. We believe that our direct sales help us consolidate and improve our market shares and penetrate different industry verticals effectively.

BRANDING AND MARKETING

We strive to enhance our brand awareness by delivering superior product quality, reliable performance, professional technical support services, and collaborative R&D capabilities, complemented by targeted marketing initiatives. We believe that the most effective form of marketing in our industry stems from building a strong market reputation rooted in these core strengths. Specifically, our sales and marketing strategy is designed to build brand recognition, increase demand for our products and solutions, foster long-term strategic partnerships with customers, drive cross-selling opportunities, and unlock incremental business potential.

Leveraging our established brand value and customer-centric operational strengths, we have built a large base of loyal clients across the semiconductor supply chain. We also deploy a variety of targeted programs and activities, such as participating in renowned industry conventions and exhibitions, to showcase our technical advantages and promote our products and solutions to a broader range of potential partners.

We also focus our sales and marketing strategy on establishing business and technology relationships with industry-leading module manufacturers and end-product brand owners, in order to work closely with them on future semiconductor solutions that align with their product road maps. Our engineers collaborate with our customers' engineers to create products that comply with their specifications and provide a high level of performance at competitive prices. We also market our products directly to servers, automotive, PCs and smartphone manufacturers so that our products can be qualified for their specifications and designed into their products.

OUR MARKET OPPORTUNITIES AND COMPETITION

As core hardware that can permanently retain data in a powered-off environment, non-volatile memory chips have become strategic foundational components and data storage cornerstones for the development of key industries such as AI servers, automotive electronics, and consumer electronics. The global market size of non-volatile memory chip decreased from US$65.5 billion in 2022 to US$40.0 billion in 2023, primarily due to price declines caused by global overcapacity; subsequently, the market size quickly recovered to US$70.4 billion in 2024, with a CAGR of 3.8% from 2020 to 2024. With the explosive growth in downstream markets such as AI servers, AI PCs, automotive electronics and consumer electronics, the global market size of non-volatile memory chip is projected to reach US$109.7 billion by 2030.

According to Frost & Sullivan, in 2024, we held over 40% of the global DDR5 SPD chip market by revenue and 14.0% of the EEPROM market by revenue. However, the markets for our products and solutions are, in general, intensely competitive, characterized by continuous technological change, evolving industry standards, and fluctuating average selling prices. Our competitors include large domestic and international semiconductor companies who may have greater presence in key markets, a more established and larger customer base, and, in general, better access to other resources than we do. For a description of the semiconductor industry's market environment, please refer to the "Industry Overview" section.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary of key financial information set forth below have been derived from, and should be read in conjunction with, our historical financial information, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in the "Financial Information" section. Our historical financial information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Revenue	703,477	100.0	1,028,277	100.0	769,083	100.0	932,810	100.0
Cost of sales	(375,738)	(53.4)	(464,688)	(45.2)	(347,203)	(45.1)	(375,144)	(40.2)
Gross profit	**327,739**	**46.6**	**563,589**	**54.8**	**421,880**	**54.9**	**557,666**	**59.8**
Other income and gains	31,373	4.5	53,095	5.2	19,633	2.6	45,464	4.9
Selling and marketing expenses	(49,368)	(7.0)	(55,527)	(5.4)	(39,543)	(5.1)	(32,030)	(3.4)
Administrative expenses	(51,888)	(7.4)	(63,847)	(6.2)	(43,396)	(5.6)	(49,330)	(5.3)
Research and development expenses	(160,807)	(22.9)	(175,610)	(17.1)	(130,047)	(16.9)	(146,461)	(15.7)
Other expenses	(11,128)	(1.6)	(21,024)	(2.0)	(5,697)	(0.7)	(38,847)	(4.2)
Finance costs	(383)	(0.1)	(344)	–	(263)	–	(203)	–
Reversal of impairment losses/(impairment losses) on financial assets, net	729	0.1	(40)	–	(134)	–	(1,399)	(0.1)
Share of losses of associates	(1,603)	(0.2)	(1,721)	(0.2)	(934)	(0.1)	(2,040)	(0.2)
Profit Before Tax	**84,664**	**12.0**	**298,571**	**29.0**	**221,499**	**28.8**	**332,820**	**35.7**
Income tax expense	(1,969)	(0.3)	(22,531)	(2.2)	(17,166)	(2.2)	(22,630)	(2.4)
Profit for the Year/Period	**82,695**	**11.8**	**276,040**	**26.8**	**204,333**	**26.6**	**310,190**	**33.3**
Attributable to:								
Owners of the parent	100,358	14.3	290,270	28.2	211,363	27.5	319,852	34.3
Non-controlling interests	(17,663)	(2.5)	(14,230)	(1.4)	(7,030)	(0.9)	(9,662)	(1.0)

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by (i) adding back equity-settled share-based payments, (ii) adding back/deducting loss/gain on listed equity investment, and (iii) deducting gain on non-current financial asset at fair value through profit or loss. We define adjusted net profit margin as adjusted net profit (non-IFRS measure) to divide corresponding revenue of the year/period. We believe that non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [**REDACTED**] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of non-IFRS measures for the years/periods may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile non-IFRS measures for the periods presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	Year ended December 31,		**Nine months ended September 30,**	
	2023	**2024**	**2024**	**2025**
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands, except for percentages)			
Profit for the year/period	82,695	276,040	204,333	310,190
Adjusted for:				
Equity-settled share-based payment arrangements	44,643	29,292	26,606	12,020
Loss/(Gain) on listed equity investment	17,750	(7,115)	9,635	(20,716)
Gain on non-current financial assets at fair value through profit or loss	(3,748)	(482)	(1,431)	(435)
Adjusted net profit (non-IFRS measure)	**141,340**	**297,735**	**239,143**	**301,059**
Adjusted net profit margin (non-IFRS measure)	**20.1%**	**29.0%**	**31.1%**	**32.3%**

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Current assets				
Inventories	225,180	243,376	274,824	278,312
Trade and bills receivables	143,977	140,910	188,990	190,650
Prepayments, other receivables and other assets	48,428	77,123	36,319	39,489
Prepaid income tax	1,575	–	111	–
Financial assets at fair value through profit or loss	716,280	878,369	508,595	654,049
Time deposits	–	–	286,807	289,118
Cash and bank balances	592,822	577,701	900,648	764,056
Total current assets	**1,728,262**	**1,917,479**	**2,196,294**	**2,215,674**
Current liabilities				
Trade payables	64,797	63,742	98,006	95,309
Contract liabilities	736	2,152	326	456
Other payables and accruals	28,054	52,066	39,729	43,199
Lease liabilities (Current)	3,167	4,798	4,179	3,742
Tax payable	–	10,208	12,213	8,917
Total current liabilities	**96,754**	**132,966**	**154,453**	**151,623**
Net current assets	**1,631,508**	**1,784,513**	**2,041,841**	**2,064,051**

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the year ended December 31,		For the nine months ended September 30,	
	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Net cash flows generated from operating activities	102,709	302,093	212,649	302,487
Net cash flows (used in)/generated from investing activities	(132,822)	(225,369)	(12,547)	66,809
Net cash flows used in financing activities	(93,397)	(96,609)	(103,427)	(42,276)
Net (decrease)/increase in cash and cash equivalents	(123,510)	(19,885)	96,675	327,020
Cash and cash equivalents at the beginning of the year/period	717,324	592,822	592,822	577,701
Exchange (losses)/gains on cash and cash equivalents	(992)	4,764	920	(4,073)
Cash and cash equivalents at the end of the year/period	**592,822**	**577,701**	**690,417**	**900,648**

Key Financial Ratios

	As of December 31,		As of September 30,
	2023	2024	2025
			(unaudited)
Net profit margin[(1)]	11.8%	26.8%	33.3%
Gross profit margin[(2)]	46.6%	54.8%	59.8%
Current ratio[(3)]	17.9	14.4	14.2
Quick ratio[(4)]	15.5	12.6	12.4
Debt to asset ratio[(5)]	5.2%	6.2%	6.2%
Trade receivables turnover days[(6)]	74	47	46

Notes:

(1) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period.

(2) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period.

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

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the dates indicated.

(5) Debt to asset ratio is calculated by dividing total liabilities by total assets as of the dates indicated.

(6) Calculated as the average of beginning and ending balance of trade receivables for the year/period divided by revenue for that year/period and multiplied by 365 days or 273 days, as applicable.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] in our Shares. Some of the major risks we face include:

- The semiconductor industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.

- Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.

- Our future success depends on the timely development, introduction, marketing and selling of new semiconductor solutions and technologies and iteration of our existing products and technologies, which we might not be able to achieve. The development of new and more complex solutions and technologies can also increase our cost of sales and adversely affect our gross profit margin.

- We depend on third-party foundries, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these foundries could materially interrupt our business operations and product offerings, and a significant increase in procurement costs could also affect our gross profit margin.

- We mainly rely on third-party service providers for packaging and other back-end processes, which reduces our control over delivery schedules, product quality and costs. Any interruption or shortage or loss of capacity from these service providers could significantly interrupt our business operations and product offerings.

- We may be unable to adequately forecast demand for our semiconductor solutions due to the unpredictability of the sales cycle. If we fail to manage our inventory effectively as a result, our business, financial condition, results of operations and liquidity may be materially and adversely affected.

- Our performance is subject to fluctuations in demand from downstream industries that adopt our products, the prices of the end products, and the timing of our new product developments and iteration of our existing products.

- A large portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

- Our distributorship model increases the complexity of our business.

- Our success depends on our ability to maintain close relationships with our customers and to convince our current and prospective customers to adopt our semiconductor solutions into their product offerings.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. Mr. CHEN Zuotao, Mr. CHEN Zuoning (brother of Mr. CHEN Zuotao), Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately 23.72% of the issued share capital of our Company immediately before the [**REDACTED**], and approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that no new Shares are issued under the [**REDACTED**] and our Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

For further details about our Single Largest Group of Shareholders, please see the section headed "Relationship with our Single Largest Group of Shareholders".

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE STAR MARKET AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Company has been listed on the Shanghai Stock Exchange STAR Market since December 2019. Since our listing on the Shanghai Stock Exchange STAR Market and as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors and having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisors are of the view that for the years ended December 31, 2023 and 2024 and up to the Latest Practicable Date, we have complied with the relevant laws and regulations on A-share listing applicable to us in all material respects.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, further enhance overseas financing capabilities, further advance our global strategic footprint, and better attract overseas investors and talents. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" for more details.

DIVIDEND POLICY

During the Track Record Period, the total dividends we declared or paid were RMB106.8 million for the year ended December 31, 2023, RMB31.5 million for the year ended December 31, 2024 and RMB47.4 million for the nine months ended September 30, 2025, respectively.

We may distribute dividends in the form of cash, stocks or a combination of cash and stocks. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of our shareholders. The Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, business prospects, operating requirements, capital requirements, payments by our subsidiaries of cash dividends to us, statutory, regulatory and contractual considerations and any other factors that the Board may deem relevant. A decision to declare or to pay any dividends in the future, and the amount of such dividends, will hence depend on these factors. According to the applicable PRC laws and our Articles of Association, we may pay dividends out of our profit after tax only after we have made the (i) recovery of accumulated losses, if any; (ii) allocations to the statutory reserve equivalent to 10% of our Company's profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our Company's total issued share capital, no further allocations to this statutory reserve will be required; and (iii) allocations, if any, to a discretionary common reserve as approved by our shareholders in a shareholders' meeting. Furthermore, as set forth in our Articles of Association, the accumulated profits distributed in cash (including by means of share repurchase) for the most recent three years shall in principle not be less than 30% of our Company's annual average audited net profit attributable to owners of our Company for the last three years.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, cash flows from operating activities and [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document. After making reasonable inquiries of our management about our working capital, the Sole Sponsor concurs with the views of our Directors.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities and funds raised from financing activities, including the [**REDACTED**] we will receive from the [**REDACTED**].

[**REDACTED**]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**] range) and the full payment of the [**REDACTED**], if any, we expect to incur approximately HK$[**REDACTED**] million of [**REDACTED**] (including (i) [**REDACTED**] expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange [**REDACTED**] fee, amounting to approximately HK$[**REDACTED**] million, (ii) fees and expenses of legal advisors and accountants amounting to approximately HK$[**REDACTED**] million and (iii) other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**] fees, amounting to approximately HK$[**REDACTED**] million), accounting for approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**]. Approximately HK$[**REDACTED**] million of our [**REDACTED**] is expected to be charged to our consolidated statements of comprehensive income and approximately HK$[**REDACTED**] million is expected to be deducted from equity upon [**REDACTED**]. We did not incur [**REDACTED**] during the Track Record Period. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FUTURE PLANS AND [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and that the [**REDACTED**] is not exercised, in line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance the development of our core memory chip and mixed signal technologies and the related design and processing platforms, with an aim to solidify the core technology barriers underpinning our future product portfolio and further drive the continuous expansion of our product matrix;

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our global supply chain, strengthen our team outside China, and enhance our marketing efforts overseas;

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for strategic investments and/or acquisitions; and

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

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

[**REDACTED**]

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our business, financial condition and results of operations since September 30, 2025, which is the end date of the period reported on in the Accountants' Report in Appendix I to this document, and there is no event since September 30, 2025 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DEFINITIONS

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

"**A Share(s)**"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"**Accountants' Report**"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	the Accounting and Financial Reporting Council of Hong Kong
"**Articles**" or "**Articles of Association**"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix III to this document
"**Audit Committee**"	the audit committee of the Board
"**Board**" or "**Board of Directors**"	the board of Directors of our Company
"**business day**"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"**China**", "**Chinese Mainland**" or "**PRC**"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**" or "**CWUMPO**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Company**", "**our Company**", or "**the Company**"	Giantec Semiconductor Corporation (聚辰半導體股份有限公司) (previously known as Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司)), a PRC company established on November 13, 2009, the A Shares of which have been listed on the Shanghai Stock Exchange STAR Market (SHSE: 688123)
"**Corporate Governance Code**"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"**CSRC**"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"**Director(s)**"	the director(s) of our Company
"**EIT**"	the enterprise income tax
"**EIT Law**"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"**Extreme Conditions**"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[**REDACTED**]

"**Frost & Sullivan**"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"**Frost & Sullivan Report**"	an industry report commissioned by us and independently prepared by Frost & Sullivan

[**REDACTED**]

"**Group**", "**our Group**", "**the Group**", "**we**", "**us**", or "**our**"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**Guide for New Listing Applicants**"	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023
"**H Share(s)**"	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"**H Shareholder(s)**"	holder(s) of our H Share(s)
"**HK**" or "**Hong Kong**"	the Hong Kong Special Administrative Region of the PRC
"**HK$**", "**HK dollars**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"**Hong Kong Takeovers Code**" or "**Takeovers Code**"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[**REDACTED**]

"**IFRS**"	IFRS Accounting Standards, as issued by the International Accounting Standards Board
"**Independent Third Party(ies)**"	person(s) or company(ies), who/which, to the best of our Directors' knowledge, information and belief, is/are not our connected persons

[**REDACTED**]

"**Latest Practicable Date**"	January 20, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"**Listing Committee**"	the Listing Committee of the Hong Kong Stock Exchange
"[**REDACTED**]"	the date, expected to be on or about [**REDACTED**], on which the H Shares are to be [**REDACTED**] on the Stock Exchange and on which [**REDACTED**] in the H Shares are to be first permitted to commence on the Hong Kong Stock Exchange
"**Listing Rules**" or "**Hong Kong Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"**Luojia Investment**"	Beijing Luojia Tianhao Investment Center (Limited Partnership)* (北京珞珈天壕投資中心(有限合夥)), a partnership established on November 19, 2014 in the PRC, one of our Single Largest Group of Shareholders
"**Luojia Management**"	Beijing Luojia Tianhao Investment Management Co., Ltd.* (北京珞珈天壕投資管理有限公司), a limited liability company established under the laws of the PRC on October 30, 2014, one of our Single Largest Group of Shareholders
"**Main Board**"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"**Ministry of Finance**" or "**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**Nomination Committee**"	the nomination committee of the Board

[**REDACTED**]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC Company Law**"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"**PRC Legal Advisors**"	Global Law Office
"**PRC Securities Law**"	Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

[**REDACTED**]

"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Evaluation Committee**"	the remuneration and evaluation committee of the Board
"**Restricted Share Incentive Plans**"	the 2021 Restricted Share Incentive Plan, the 2022 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan, the principal terms of which are set out in "Statutory and General Information — D. Our Incentive Plans" in Appendix IV to this document
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of Mainland China
"**SAFE**"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**" or "**Securities and Futures Ordinance**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Share(s)**"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Single Largest Group of Shareholders**"	refers to Mr. CHEN Zuotao (陳作濤), Mr. CHEN Zuoning (陳作寧), Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司), Beijing Luojia Tianhao Investment Center (Limited Partnership)* (北京珞珈天壕投資中心(有限合夥)), Tianhao Investment Group Co., Ltd.* (天壕投資集團有限公司) and Beijing Luojia Tianhao Investment Management Co., Ltd.* (北京珞珈天壕投資管理有限公司)

[**REDACTED**]

"**Sole Sponsor**", "**Sponsor**"	the sponsor as named in "Directors and Parties Involved in the [**REDACTED**]"

[**REDACTED**]

"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**" or "**Hong Kong Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Tianhao Investment**"	Tianhao Investment Group Co., Ltd.* (天壕投資集團有限公司), a limited liability company established under the laws of the PRC on December 12, 1997, one of our Single Largest Group of Shareholders
"**Tianhao Technology**"	Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) (previously known as Jiangxi Heguang Investment Management Co., Ltd.* (江西和光投資管理有限公司)), a limited liability company established under the laws of the PRC on January 22, 2014, one of our Single Largest Group of Shareholders
"**Track Record Period**"	the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025
"**Trial Measures**"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies ("境內企業境外發行證券和上市管理試行辦法"), promulgated by the CSRC on February 17, 2023
"**U.S.**", "**US**" or "**United States**"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"**U.S. dollars**", "**US dollars**" or "**US$**"	United States dollars, the lawful currency of the United States

"**U.S. Securities Act**"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[**REDACTED**]

"**VAT**"	value-added tax

[**REDACTED**]

"**%**"	per cent

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

Unless otherwise specified, in this document:

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

(b) for ease of reference, the names of the PRC established companies or entities, laws or regulations, have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similarly terms adopted by other companies.

"ADAS"	advanced driver assistance systems
"AEC"	active electrical cables, high-speed data transmission cables that contain IC to boost signal quality, enabling longer reach and improved performance compared to passive cables while using traditional copper conductors
"AI"	artificial intelligence
"AIDC power supplies"	power systems and power modules for AI data centers, including high-power, high-efficiency rectification and conversion (AC-DC, DC-DC), 48 V rack power supplies, HVDC bus architectures, and digital power control
"AMOLED"	active-matrix organic light-emitting diode, a display technology. "OLED" (organic light-emitting diode) denotes the thin-film display type based on organic electroluminescence, while "AM" (active matrix) refers to the underlying pixel-addressing architecture
"CAGR"	compound annual growth rate
"CAMM/CAMM2"	compression attached memory module/second-generation compression attached memory module, a compact memory module form factor designed chiefly for PCs
"chip"	a miniature electronic device or component that interconnects essential circuit elements, such as transistors, diodes, resistors, capacitors and inductors, through specific wiring methods with semiconductor fabrication processes into a complete electronic circuit, which are formed on one or several small semiconductor wafers or dielectric substrates and encapsulated in a package
"CPU"	central processing unit, a mass integrated circuit that serves as the computational and controlling core of electronic devices

GLOSSARY OF TECHNICAL TERMS

"CXL"	compute express link, an open industry standard high-speed interconnect that enables efficient, low-latency communication between CPUs and accelerators, memory expanders, or other devices, supporting memory coherence and advanced computing
"data center"	a complex facility that houses not only computer systems and related equipment, but also includes redundant data communication links, environmental controls, monitoring systems and various security devices, which provides large-scale, high-quality, secure and reliable services such as professional server hosting, space leasing and wholesale bandwidth to internet content providers and websites
"DDR"	double data rate, a memory technology used to double the data transfer rate by transmitting data on both the rising and falling edges of the clock signals
"DFN"	dual flat no-lead, a compact, leadless package that uses bottom-side pads for PCB attachment, offering low profile, small footprint, low parasitics, and strong thermal and electrical performance; well suited to high-density, space-constrained modules
"DIMM"	dual in-line memory module, a type of memory module used in computers, consisting of DRAM chips mounted on a small circuit board with separate electrical contacts on each side, allowing for wider data paths and higher performance compared to older SIMMs
"DRAM"	dynamic random access memory, a semiconductor storage device
"EEPROM"	electrically erasable programmable read-only memory, a non-volatile memory device that supports electrical reprogramming, retains data without power, offers endurance of at least 1,000,000 program/erase cycles, and is primarily used to store small datasets that require frequent updates

"edge AI"	technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices
"edge computing"	the process to move data processing, storage, and intelligent decision making from remote cloud and data centers to the network edge, closer to the data source such as end devices, gateways, base stations, or on premises servers
"E/E"	electrical/electronic
"ETOX"	Electrically Tunneling Oxide, a process technology for non-volatile memory that uses a floating gate structure for data storage
"EV"	electric vehicle
"fabless"	IC design companies that focus solely on IC research, development and sales, while outsourcing wafer fabrication, packaging and testing to specialized foundries and service providers; the term is sometimes also used to refer to this business model
"fabrication"	the process of manufacturing or constructing products by assembling, shaping, or processing raw materials through various techniques and steps
"factory gateway"	a device connecting shop floor machines to IT systems for data collection, monitoring, and analysis, enabling smart manufacturing
"foundry"	a manufacturer specializing in the production and manufacture of chips in the field of integrated circuits
"frequency"	the rate at which a power electronic device, such as a switch or rectifier, operates; it is a crucial factor influencing the performance and efficiency of power systems
"IATF 16949"	the automotive industry's quality management system (QMS) standard

"IC"	integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components
"IC design"	the entire process of circuit function definition, structural design, circuit design and simulation, layout design and verification, as well as subsequent post-design processing
"ICE"	internal combustion engine
"I^2C"	inter-integrated circuit, a multi-master, multi-slave serial communication protocol that enables low-speed data exchange between chips on a circuit board using only a data line and a clock line
"I^3C"	improved inter-integrated circuit, a high-speed, low-power communication protocol designed as the successor to I^2C
"IoT"	Internet of Things
"ISO/IEC"	the family of international standards jointly developed and published by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)
"JEDEC"	Joint Electron Device Engineering Council (now known as the JEDEC Solid State Technology Association), a global organization in developing open standards for the microelectronics industry
"LCD"	liquid crystal display
"lens driver chips"	an IC that controls the actuator or motor of a camera lens in imaging modules
"line card"	a modular electronic circuit designed to fit on a separate printed circuit board and interface with a telecommunications access network
"logic controller"	an industrial computer that automates machines and processes by monitoring inputs, executing pre-programmed logic, and controlling outputs

"LPCAMM/LPCAMM2"	low power compression attached memory module/second-generation low power compression attached memory module, a low-power compression-attached memory module used primarily in personal computers and servers
"LRDIMM"	load reduced dual in-line memory module, a type of memory module that uses a buffer to reduce the electrical load on the memory controller, enabling higher memory capacity and improved signal integrity, particularly in servers and advanced systems
"MCU"	microcontroller unit, being an IC that combines a processor core, memory and programmable input/output peripherals on a single chip to control embedded systems and electronic devices
"memory"	a storage device within an electronic system used to store programs and data, such as all information in a computer including input data, computing programs, intermediate results and final outputs, which stores and retrieves information according to the addresses specified by the controller
"MRDIMM"	multiplexed rank dual in-line memory module, a high-bandwidth server memory module based on the DDR5 LRDIMM architecture adopting the "1+10" design consisting of one MRCD chip and 10 DB chips, which, compared with RDIMM and LRDIMM, enables simultaneous access to two memory arrays on the module and effectively doubles the bandwidth; the first generation of MRDIMM is also referred to MCRDIMM by some manufacturers
"NFC"	near field communication
"NFC Forum"	a non-profit industry association that defines technical specifications for NFC technology, ensuring interoperability between devices and offering certification to guarantee compliance
"NOR Flash"	a code-storage flash memory chip and one of the primary non-volatile memory technologies

"NORD"	a process technology for non-volatile memory that uses a dual floating gate structure for data storage
"NVM"	non-volatile memory
"NVMe SSD"	non-volatile memory express solid-state drive, a high-speed storage device that provides fast data transfer, low latency and efficient access to flash memory
"OIS"	optical image stabilization, a stabilization method and uses tiny actuators to slightly move the lens or image sensor to counteract blur caused by shaking, making photos and videos clearer
"OSAT"	outsourced semiconductor assembly and test, in the fabless model, OSAT providers handle wafer singulation, packaging, pre- and post-package testing (including wafer sort, final electrical test, and burn-in/reliability stress), and shipment of finished products
"packaging"	the process of encapsulating the bare die into a finished chip product with external shell and leads, which is electrically connected to external pins through wires or other interconnection methods and then securely closed; IC packaging not only provides electrical connections between the internal bonding points of the chip and the external circuitry, but also offers a stable and reliable operating environment, ensuring proper functionality, high stability and long-term reliability
"PC"	end-user computing devices including notebook computers, desktop computers and workstations
"PMIC"	power management IC, a specialized integrated circuit that manages voltage regulation, power distribution, and real-time monitoring in electronic systems, which optimizes power efficiency while ensuring stable operation across all power domains
"PPM"	parts per million, a unitless measure of defect rate calculated as the number of defective units per million units produced or opportunities for defects

"RDIMM"	registered dual in-line memory module, a type of memory module that uses RCD chips to buffer address, command, and control signals. It is mainly used in servers
"R&D"	research and development
"RF sensitivity"	the minimum radio frequency signal strength that the receiver components can successfully detect and process
"RFID"	radio frequency identification, a wireless communication technology that identifies specific targets and reads or writes related data via radio signals without requiring mechanical or optical contact between the identification system and the target
"servo driver"	an electronic device that controls a servo motor, taking commands for position, speed, or torque from a controller and delivering precise power to make the motor perform the exact movement required
"Sideband Bus"	a dedicated, low-speed communication channel used alongside a main data bus (like DDR memory) to handle essential management, configuration, and telemetry data, preventing congestion on the primary high-speed path
"SOCAMM/SOCAMM2"	small outline compression attached memory module/second-generation small outline compression attached memory module, a compact compression-attached memory module form factor used primarily in servers
"SODIMM"	small outline DIMM, a small-form-factor dual in-line memory module used primarily in notebook computers
"SPD"	serial presence detect, a small chip on a memory module that stores configuration information, such as size, speed, voltage and timing, which the system reads during boot to correctly initialize the memory
"SPI"	a synchronous serial peripheral interface that enables an MCU to communicate with a variety of peripherals in serial form to exchange data

"SSD"	solid-state drive, a storage device that uses flash memory to store data, offering faster read/write speeds, lower latency and greater durability compared to traditional mechanical hard drives
"tape-out"	the final stage in the IC design process where the verified physical design data (mask sets) is released to the semiconductor foundry for wafer fabrication
"TCO"	total cost of ownership
"TDFN"	thin dual flat no-lead, the thin variant of DFN
"testing"	the process of wafer testing, final product testing reliability testing and failure analysis
"TS"	temperature sensor
"UDIMM"	unbuffered DIMM, an unbuffered dual in-line memory module used primarily in desktop computers
"UPI"	ultra path interconnect, a high-speed, point-to-point processor interconnect technology used to link multiple CPUs in a multiprocessor system, enabling fast data transfer and coherence between processors
"voltage" or "V"	voltage, the unit of electric potential or voltage, which measures the difference in electric potential between two points in a circuit
"VPD"	vital product data, a non-volatile data mechanism used in devices or modules (such as eSSD and CXL memory expansions) to store key information including device identity, configuration parameters, calibration, and telemetry, supporting system-level identification, verification, and operations and maintenance
"wafer"	a circular silicon substrate used in the manufacturing of ICs, where various circuit structures can be fabricated to produce IC products with specific electrical functions
"WLCSP"	wafer level chip scale package, a chip-scale packaging technology in which redistribution and solder ball formation are completed at the wafer level

FORWARD-LOOKING STATEMENTS

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

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "can", "could", "consider", "continue", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "predict", "potential", "project", "propose", "seek", "shall", "should", "will", "would", "is likely to" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our business and operating strategies and plans to achieve these strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to control or reduce costs and optimise pricing;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;

- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- capital market developments;
- the competitive environment of the industry and markets in which we operate;
- the actions and developments of our competitors;
- our ability to attract and retain qualified personnel;
- volatilities in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends;
- various uncertainties described in the "Risk Factors" section; and
- other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

You should carefully consider all of the information in this document, including the following risk factors before making any [**REDACTED**] *decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The* [**REDACTED**] *of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations. You should seek professional advice from relevant advisors regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The semiconductor industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.

We continue to face intense competition in the semiconductor industry and expect the competition to intensify as more semiconductor companies enter the market and as our existing competitors continue to develop new technologies and launch new products and solutions. We are in direct and active competition with numerous competitors of varying size, technical capability and financial strength, with respect to one or more of our business lines, including memory chips, mixed-signal chips, NFC chips and other products. Many of our competitors have longer operating histories, stronger presence in key markets, greater name recognition, larger customer bases, more established strategic and financial relationships and greater financial, sales and marketing, distribution, technical and other resources than we do. Some of them also have their own manufacturing facilities, which in certain circumstances may give them the ability to price their products and solutions more aggressively than we can, to respond more rapidly to changing market opportunities than we can or to meet increased demands for their products and solutions more easily.

Our competitors primarily include large domestic and international semiconductor companies. Our competitors may have greater presence in key markets, greater access to advanced wafer foundry capacity, a more established and larger customer base, and, in general, better access to other resources than we do. In addition, downward pressure on pricing could adversely affect our growth and profitability. From time to time, other companies may enter into our markets and provide similar services and products that we offer. These new entrants may gain market share in the short term by pricing their semiconductor solutions significantly below current market levels, which puts additional downward pressure on the prices we can obtain for our solutions.

Some of our competitors have made or may make acquisitions or enter into partnerships or other strategic relationships to achieve competitive advantages. In addition, new entrants not currently considered our competitors may enter our markets through acquisitions, partnerships or strategic relationships. Industry consolidation may also bring in competitors with more comprehensive product offerings or greater pricing flexibility due to their expanded scale and financial resources. Strategic arrangements between our competitors and our third-party suppliers, including foundries and providers of packaging, testing and other back-end services, could lead to preferential or exclusive arrangements benefiting our competitors while impairing our ability to secure sufficient capacity from such suppliers, hence adversely affecting our ability to meet customer demand for our solutions. In addition, competitors may enter into exclusive relationships with distributors or certain existing or potential end users of our solutions, which could reduce available distribution channels and demand for our solutions and impair our ability to sell our solutions and grow our business. Some of our customers may seek to develop their own semiconductor products and solutions which may compete with those we currently offer.

In addition, increased competition in the semiconductor industry may result in rapid technological change, evolving standards, reductions in product selling prices and rapid product obsolescence. If we are unable to successfully cope with these competitive challenges, we may be unable to maintain and grow our business. Our inability to compete successfully could also adversely affect our results of operations and impair our financial condition.

Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.

We have experienced and expect to continue facing price pressures due to increasingly competitive conditions in the downstream markets we serve. We are faced with strong pricing pressure that we continue to experience. Unless we can increase unit sales volume or successfully introduce higher-value offerings, our revenue derived from existing products and solutions may decline. Historically, we have incurred, and expect to continue to incur significant amount of research and development expenses in the long-term to develop new products and solutions with more advanced features that can be sold at higher selling prices and/or manufactured at lower cost. In 2023, 2024 and in the nine months ended September 30, 2025, our research and development expenses amounted to RMB160.8 million, RMB175.6 million, and RMB146.5 million, respectively. However, if we are unable to do so in a timely manner, or if we are unable to successfully develop more cost-effective technologies, our financial results could be adversely affected. Sustained pricing pressure could adversely affect our gross profit margin. If we are unable to offset declining prices through cost reductions or product improvements, our profitability will be negatively impacted, which could materially affect our business, financial condition and results of operations.

Our future success depends on the timely development, introduction, marketing and selling of new semiconductor solutions and technologies and iteration of our existing products and technologies, which we might not be able to achieve. The development of new and more complex solutions and technologies can also increase our cost of sales and adversely affect our gross profit margin.

Our competitiveness and future success depend on our ability to predict and adapt to the rapidly evolving market demand and to develop, introduce, market and sell our new solutions and technologies, and iterate our existing products and technologies in a timely and cost-effective manner. Any failure to introduce these new or iterated solutions and technologies, to achieve design wins, or to otherwise achieve market acceptance in a timely manner and on commercially reasonable terms could harm our business, financial condition and results of operations.

The development of new semiconductor solutions and technologies is highly complex, and we may experience unexpected challenges and delays in completing the development and introduction of them. For product iteration, if we fail to successfully upgrade our existing products to adapt to market trends and customer needs, we may be unable to maintain the competitiveness of our currently successful products. Customers will continue to expect the sophistication of our semiconductor solutions to increase, and the number of consumer and industrial products that use semiconductors has continued to grow. This propels us to continue to design and develop semiconductors with advanced technologies that can be utilized in a wide range of applications. As our semiconductor solutions integrate new and more advanced technologies and functions, they become more complex and increasingly difficult to design, develop and produce. Successful product development and technological enhancements depends on a number of factors, including:

- accurate prediction of market requirements and evolving technical standards relating to our products and solutions;
- development of advanced technologies and capabilities;
- timely development completion and introduction of new semiconductor solutions that satisfy our customers' and their customers' requirements and specifications;
- development of semiconductor solutions that maintain technological advantages over the solutions of our competitors; and
- market acceptance of our new semiconductor solutions.

Accomplishing all of these factors is difficult, time consuming and expensive. We may be unable to develop new semiconductor solutions or technological enhancements or achieve iteration of our existing products and technologies in time to capture market opportunities, satisfy the requirements and specifications of our customers and their respective customers, or achieve significant or sustainable acceptance in new and existing markets. If our competitors develop solutions or technologies on a more expedited basis than us or are successful in developing solutions that are accepted more rapidly and broadly by the market than our solutions, we could lose market share. Matching or surpassing technological advances that may be developed by our competitors could require an extended period of time. In addition, our solutions could become obsolete sooner than anticipated due to a rapid change in one or more of the technologies related to our solutions or the reduced life cycles of consumer and industrial products.

Even if we are able to develop new semiconductor solutions or iterate our existing products and technologies and achieve design wins, we may initially experience lower manufacturing yields from them than our other more established solutions, potentially affecting our gross profit margin at least in the short term. These new solutions and technologies also often have a higher cost structure than our existing solutions and technologies as we devote more time and effort to their development, and our suppliers and manufacturers may incur additional costs by acquiring new equipment or components in order to meet our design specification and capacity requirements.

We depend on third-party foundries, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these foundries could materially interrupt our business operations and product offerings, and a significant increase in procurement costs could also affect our gross profit margin.

We adopt a fabless manufacturing strategy, where we focus on the design and sales of memory chip and mixed-signal chip products and solutions and partner with world-leading suppliers on wafer fabrication, packaging and testing. We have maintained long-standing partnership with world-leading foundries with whom we work collaboratively to leverage their facilities. We believe our fabless model reduces our capital requirements, operating expenses and time to market, which in turn enables us to focus and devote our resources to developing our core competencies in research and development, technological innovation, and product design. Historically, we relied on a small number of foundries. See "Business — Our Suppliers" for details of our top five suppliers that are third-party foundries.

We typically secure manufacturing capacity in any particular period on a purchase order basis. The foundries generally have no obligation to supply products to us for any specific period, in any specific quantity or at any specific price, except as set forth in a particular purchase order. In general, our reliance on third-party foundries involves a number of significant risks, including:

- reduced control over delivery schedules, quality assurance, manufacturing yields and production costs;

- lack of guaranteed production capacity or product supply;

- unavailability of, or delayed access to, next generation or key process technologies; and

- financial difficulties or disruptions in the operations of third-party foundries due to causes beyond our control, including geopolitical uncertainties.

The size of the orders we place with the foundries depends on actual or anticipated sales volumes of our products. Because our foundry partners also provide services to other companies, in the event they receive increased orders from us or other companies that they service, they may be unable to provide us with the requested quantity of supplies, may subordinate our request to the requests of other companies or may increase the prices they charge us. In recent years, the global semiconductor industry experienced supply chain constraints, in particular, during the period when global supply chain volatility coincided with surging demand. Notably, certain materials for producing a wafer are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues may limit the foundries to obtain such materials. During each period of the Track Record Period and up to the Latest Practicable Date, we had maintained a stable supply of wafers from multiple semiconductor manufacturers, and expect to maintain such stable relationship for the foreseeable future. During the Track Record Period, the wafer supply constraint had not had a material impact on our business operations and financial performance. The wafer supply constraint may force companies in the industry to take certain actions such as allocating available products and solutions among customers or increasing the prices of products and solutions. This could result in harm to customer relations, the loss of sales and, in some cases, the loss of future business with those customers. If constraints in supply exist or if for any reason our foundry partners are unable to provide a sufficient number of wafers to us on a timely basis and at acceptable yields and costs, we may be unable to achieve future growth, which could result in our revenue, gross profit margin and other financial results being materially and adversely affected.

The current global economic and geopolitical conditions could materially affect our foundry partners and cause them to be unable to provide necessary services to us. If any of our foundry partners were unable to continue manufacturing our wafers in the required quantities, at acceptable quality, yields and costs, or in a timely manner, we may have to identify and qualify substitute foundries, which could be time consuming and difficult, and could negatively impact our revenues in the short term as well as increase our costs or result in unforeseen manufacturing problems. In addition, if competition for foundry capacity increases, we may be required to pay higher prices for manufacturing services.

Meanwhile, our foundry partners may also be subject to upstream supply constraints. For example, the raw materials used for wafer fabrication are subject to availability constraints and price volatility caused by supply conditions, regulations, macroeconomic conditions and other unpredictable factors. In the event that the raw materials our foundry partners acquire from their upstream suppliers increase in price or reduce in availability, we may be required to increase the prices we charge our customers, which could result in decreased sales, and we may not successfully pass the increased costs to our customers, which could result in a loss or in decreased profits.

We are also exposed to additional risks if we transfer the production of our semiconductors from one foundry to another, as such transfer could interrupt our manufacturing process. Aiming to use the most advanced manufacturing process technology appropriate for our solutions that is available from third-party foundries, we evaluate the benefits of migrating our solutions to alternative process technologies on demand in order to improve performance and reduce costs. These ongoing efforts require us from time to time to modify the manufacturing processes for our solutions and to redesign some solutions, which in turn may result in delays in product deliveries. As new processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as more third-party intellectual properties, into our solutions. We may not be able to achieve higher levels of design integration or deliver new integrated solutions on a timely basis. We may face difficulties, delays and increased expense as we transition our solutions to new processes and potentially to new foundries.

Larger suppliers could also be in a better position to bargain for higher prices, longer contract duration, higher deposit, higher breach of contract penalties or other preferential terms for their products and services, which could result in an increase in our cost or penalty expenses. The good working relationships we have established with third-party foundries could be disrupted, and our supply chain could suffer, if they were to experience a change in control.

We mainly rely on third-party service providers for packaging and other back-end processes, which reduces our control over delivery schedules, product quality and costs. Any interruption or shortage or loss of capacity from these service providers could significantly interrupt our business operations and product offerings.

We rely on third-party service providers for substantially all of our semiconductor packaging processes. We also rely on several specialized service providers to perform other necessary processes, such as wafer probe tests. During the Track Record Period, costs attributable to the packaging and testing services providers accounted for approximately 34.2%, 30.4% and 29.4% of our total cost of revenue in 2023, 2024 and in the nine months ended September 30, 2025, respectively. If for any reason one or more of these service providers become unable or unwilling to continue to provide services of acceptable quality, at acceptable costs or in a timely manner, our ability to deliver our solutions to our customers could be severely impaired. We would have to identify and qualify substitute service providers, which could be time consuming and difficult and could result in unforeseen operational problems. Substitute service providers might not be available or, if available, might be unwilling or unable to offer services on acceptable terms or prices.

In addition, if competition among fabless companies for packaging and testing or our other outsourced services increases, we may be required to invest significant amounts to secure access to these services, which could adversely impact our results of operations. The number of companies that provide these services is limited. In the event our current providers refuse or are unable to continue to provide these services to us, we may be unable to procure services from alternate service providers. Furthermore, if customer demand for our solutions increases, we may be unable to secure sufficient additional capacity from our current service providers on commercially reasonable terms, if at all. These factors may cause unforeseen product shortages or may increase our costs of manufacturing, which could adversely affect our business, financial condition and results of operations.

We may be unable to adequately forecast demand for our semiconductor solutions due to the unpredictability of the sales cycle. If we fail to manage our inventory effectively as a result, our business, financial condition, results of operations and liquidity may be materially and adversely affected.

We generally have no long-term or minimum purchase commitments from our customers. In addition, even when customers may not have the contractual right to cancel or reschedule orders, it is customary business practice in the semiconductor industry for suppliers like us to permit such cancellations or rescheduling in order to maintain good relationships with customers or for other business reasons. As a result, we depend on our demand forecasts for various kinds of solutions to make manufacturing decisions and to manage our inventory. Demand for solutions, however, can change significantly between the time inventory is ordered and the date by which we target to sell it. Demand may be affected by cyclicity, new product launches, changes in product cycles and pricing, product defects, changes in customer purchasing patterns with respect to our solutions and other factors, and our customers may not order solutions in the quantities that we expect. In addition, when we begin selling a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast market demand.

Cancellations of, reductions in, or rescheduling of customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term.

Our performance is subject to fluctuations in demand from downstream industries that adopt our products, the prices of the end products, and the timing of our new product developments and iteration of our existing products.

Our business strategy depends in large part on the continued growth of the downstream markets into which we sell our semiconductor solutions, including consumer electronics, automotive and various other markets. The timing of new product developments and iteration of our existing products, the life-cycle of existing electronics products and the level of acceptance and growth of new products can also affect demand for our products. If these downstream markets do not grow and develop as we anticipate, or our customers fail to market and sell their products as they anticipate in the verticals for reasons out of our control, we may be unable to sustain or grow the sales of our solutions. In order to compete successfully, we must design, develop, market and sell new or enhanced products that provide high levels of performance and reliability, offer and integrate new functionalities and meet the cost expectations of the markets. The cyclical nature of the growth of the downstream markets of our semiconductor solutions could also adversely affect the demand of our solutions and our ability to accurately forecast market demand, leading to fluctuations in our business, financial condition and results of operations. In addition, our business and financial condition may be adversely affected if certain new verticals do not emerge or develop as expected. Securities [**REDACTED**] may factor revenue from such new verticals into their future estimates of our financial performance and should such verticals not develop as expected, such estimates, our business and financial condition could be adversely affected.

The downstream markets are also subject to rapid technological change. In order to compete successfully in these markets, we will have to correctly forecast customer demand for technological improvements and be able to deliver such solutions on a timely basis at competitive prices. If we fail to do so, our business, financial condition and results of operations could be materially and adversely affected. Our solutions have also been and will continue to be incorporated into other consumer and industrial applications. As our solutions begin to fill a greater role in these other verticals, the challenges and risks that we face in these other verticals could increase. If our sales to these markets do not increase and/or these verticals do not grow as expected, our business, financial condition, results of operations and prospects could be materially and adversely affected.

A large portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

Historically, our top five customers accounted for a substantial portion of our revenue. In 2023, 2024 and the nine months ended September 30, 2025, approximately 57.7%, 57.5%, and 59.3%, respectively, of our revenue came from sales to our top five customers in the respective periods. Any material delay, alteration, cancellation or reduction of purchase orders from or change in the purchasing patterns of such customers, which may in turn be attributable to changes in their respective customers' demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects will be affected by our ability to retain our existing customers and to attract new customers, as well as on the financial condition and success of our customers, including their ability to retain their respective customers and attract new customers. Furthermore, our major customers may have substantial bargaining power and leverage when negotiating contractual arrangements with us. Such customers have and may continue to seek advantageous pricing and other commercial terms and may require us, from time to time, to develop additional features in the solutions we sell to them. As a result, we may have to reduce the average selling price and/or incur increased average cost of our solutions, which may have a negative impact on our gross profit margin. If we are unable to retain one or more of our major customers, or if we are unable to maintain our current level of revenue and gross profits from such customers, our business, financial condition and results of operations could be impaired.

Our distributorship model increases the complexity of our business.

In line with the market practice, we use distributors to facilitate our sales. These distributors also assume responsibility for customer support. Revenues from sales of our products and solutions to our distributors represented approximately 68.7%, 54.0%, and 48.2% of our revenues in the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively. We expect that distribution will continue to represent a significant proportion of our total revenue, although they may vary from year to year. Indirect distribution introduces a number of operational and financial complexities, and our ability to manage these relationships effectively is critical to maintaining stable cash flows, and healthy gross margins.

Distributorship model increases the complexity of our business and may require us to, among other matters:

- manage a more complex sales network;
- negotiate credit terms, return policies and pricing with our distributor;
- evaluate the impact of credit terms, return policies, pricing and unsold inventory associated with each distributor; and
- assess the financial condition and creditworthiness of our distributors.

Any failure to manage these challenges could adversely affect our business, financial condition and results of operations. In particular, failure to implement robust distributor management systems and controls — such as real-time inventory tracking, regular audits, contract enforcement, and financial monitoring — could result in inaccurate revenue forecasts, excess or obsolete inventory, write-downs, unexpected returns, or even legal disputes. Any deterioration, termination or material change in our relationships with our distributors could adversely affect our sales channels and market coverage. These outcomes could materially and adversely affect our business, financial condition, results of operations, and stock price performance.

Our success depends on our ability to maintain close relationships with our customers and to convince our current and prospective customers to adopt our semiconductor solutions into their product offerings.

Our success has been, and will continue to be, dependent upon manufacturers and their customers designing our semiconductor solutions into their products. To achieve design wins, which are decisions by manufacturers and their customers to design our solutions into their systems, we must define and deliver cost effective and innovative semiconductor solutions on a timely basis that satisfy the manufacturers' and their customers' requirements and specifications. Our ability to achieve design wins is subject to numerous risks including competition from other solutions, the compatibility of our solutions with newly developed technologies or designs used in the end products, as well as delays in our product development cycle. Even if our solutions meet our customers' requirements and specifications, we may not eventually succeed in achieving a particular design win due to factors out of our control, such as the customers' pre-existing relationship with a particular supplier or other business considerations. If we do not achieve a design win with a prospective customer, it may be difficult to sell our semiconductor solutions to such prospective customer in the future because once a manufacturer has designed a supplier's solutions into its systems, it may be reluctant to change its source of components due to the significant costs, time, efforts and risks associated with qualifying a new supplier and, in many cases, modifying its design platforms. In addition, there is no guarantee that we will be able to continue to achieve design wins with customers with whom we have achieved design wins in the past. As our customers take on new projects, there is no obligation on their part to continue to design our solutions into their product offerings. Accordingly, if we fail to achieve design wins with key customers that embed semiconductors in their products, our market share or revenue could be adversely affected. Furthermore, to the extent that our competitors secure design wins, our ability to grow our business in the future will be impaired.

In addition, the selection process for semiconductors to be included in our customers' product offerings is typically lengthy and may require us to incur design and research and development expenditures and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our solutions will be selected. Because of our extended product life cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is possible that a design win will not result in meaningful revenue until one year or more or later, or at all. If we do not continue to achieve design wins, our revenue in the following years may deteriorate. As a result, the loss of any key design win or any significant delay in the production of the customer's products into which our product is designed could adversely affect our business, financial condition and results of operations.

If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly scientists, engineers, technicians and sales and marketing personnel with substantial experience in the semiconductor industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our research and development departments, managerial and operating systems, sales and marketing teams and other functionalities also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives.

As of September 30, 2025, we had 353 full-time employees, a majority of whom worked in our research and development and sales and marketing divisions. Competition for these personnel with the appropriate qualifications in the semiconductor industry can be intense, and we may experience difficulty in hiring and retaining such candidates. Failure to obtain stable and skilled personnel and other labor support may lead to underperformance of these functions and cause disruption to our business. Furthermore, our cost structure is vulnerable to increase in labor costs. If the compensation package we offer is not competitive in the market, we may not be able to provide sufficient incentives to or maintain a stable and dedicated talent pool. Any failure to address these risks and uncertainties could materially and adversely affect our business and results of operations. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

If our semiconductor solutions do not conform to, or are not compatible with, existing or emerging industry standards, demand for our semiconductor solutions may decrease, which in turn could harm our business, financial condition and results of operations.

There are prevailing standards in the industry for designing semiconductor solutions. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our customers. Our ability to compete in the future will depend on our ability to identify and ensure compliance with evolving industry standards in our target markets. The emergence of new industry standards could render our solutions incompatible or obsolete. If industry groups or other major players adopt new or competing industry standards with which our solutions are not compatible, our solutions could become less desirable to our current or prospective customers. As a result, our sales could suffer, and we could be required to make significant expenditures to develop new solutions or modify the existing ones. We cannot guarantee that our future solutions and technological enhancements will conform to the then prevailing industry standards under all circumstances. If our solutions do not conform to, or are not compatible with, existing or emerging standards, our business, financial condition and results of operations could be materially and adversely affected.

Our lengthy and complex product cycle including designing, taping-out, fabricating, packaging and testing, in addition to our customers' qualification and design cycle, may result in uncertainty and delays in revenue generation.

The production of our designs requires a lengthy manufacturing and packaging process. Additional time may pass before a customer commences taking volume shipments of products that incorporate our solutions. Even when a manufacturer agrees to design our solutions into its products, it may not deliver final products incorporating our semiconductor solutions. See also "— Our customers and/or end customers may require our semiconductor solutions to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our semiconductor solutions with a customer, our business, financial condition and results of operations could suffer."

Given this lengthy cycle described above, we may experience a delay between the time we incur expenditures for research and development and sales and marketing efforts and the time we generate revenue, if any, from these expenditures. This lengthy cycle makes it more difficult to forecast customer demand, which adds uncertainty to the manufacturing planning process and could adversely affect our business, financial condition and results of operations. In addition, the product life cycle for certain of our semiconductor solutions designed for use in certain applications can be relatively short. If we fail to appropriately manage the manufacturing and packaging process, our solutions may become obsolete before they can be incorporated into our customers' products and we may never realize a return on investment for the expenditures we incur in designing, developing and producing these solutions.

Quality control and reliability is especially critical in the semiconductor industry, and any product defects, delays in delivery and adverse performance reliability could negatively affect our business, financial condition and results of operations, and may expose us to contractual liabilities, litigation risks and regulatory actions.

Our customers generally establish demanding specifications for quality, performance, and reliability that our solutions are required to meet. Our solutions based upon evolving technologies are highly complex. The integration of additional functions into already complex solutions could result in a greater risk that customers or end-users could discover latent defects after we have already shipped significant quantities of a product, which might require product replacement or recall. Defective products can be caused by design, defective materials or component parts, or manufacturing difficulties. In particular, our third-party manufacturing processes or changes thereof, including raw material used in the manufacturing processes, may cause delays in production or cause our products to malfunction or fail. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a portion of the components on a wafer to be non-functional. These problems may be difficult to detect at an early stage of the manufacturing process and are often time-consuming and expensive to correct.

We may from time to time encounter product quality, performance and reliability issues. Delivery of products with defects or reliability, quality or compatibility problems may damage our reputation and ability to retain existing customers and attract new customers. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expense and costs associated with customer support, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which could harm our business, financial condition and results of operations. We may also face litigation and regulatory actions in relation to our product defects and failures. See "— If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities."

Furthermore, we cannot guarantee that we will always achieve acceptable yields at third-party foundries, which may result in delays in the availability of components. Moreover, an increase in the rejection rate of these components, or our solutions incorporating them, during the quality control process before, during or after the manufacturing process may result in lower yields and margin, as well as disruptions to our delivery schedule.

In addition, changes in manufacturing processes required as a result of changes in product specifications, changing customer needs and the introduction of new business lines may significantly reduce manufacturing yields, potentially affecting our gross profit margin at least in the short term. Poor manufacturing yields over a prolonged period of time could adversely affect our ability to deliver solutions on a timely basis, increase our gross profit margin, and maintain a stable relationship with our customers, which could materially and adversely affect our business, financial condition and results of operations.

Our customers and/or end customers may require our semiconductor solutions to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our semiconductor solutions with a customer, our business, financial condition and results of operations could suffer.

Prior to purchasing our solutions, our customers and/or end customers require that our solutions undergo extensive qualification processes, which involve testing of our solutions in the customers' systems, as well as testing for reliability. This qualification process may continue for several months. After our solutions are qualified, it can take several months or more before the customer commences mass production of components or systems that incorporate our solutions.

Moreover, qualification of a product by a customer does not assure final sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our foundry partners' manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and our holding excess or obsolete inventory. If we are unsuccessful or delayed in qualifying any of our solutions with a customer, sales of those solutions to the customer may be precluded or delayed, which may harm our business, financial condition and results of operations.

We may not be able to deepen our presence or increase our market share in target markets successfully. If we fail to expand our operations in target markets as expected, our growth could be adversely affected.

Our growth will be dependent upon, among other things, our ability to analyze correctly the conditions of our target markets we intend to penetrate, adapt to the business environment of the changing market conditions and conclude successful negotiation with potential business partners. If we fail to adapt to the business environment and conditions of these markets or fail to provide products matching demands of these markets, or the economies of the markets suffer any downturn, or there is any tension between the economies and where we mainly operate, or there is any fluctuation in currency exchange rates or unexpected changes in regulatory requirements of markets, or any of the business arrangements in which we are a party are not successful, our operation and financial performance will be materially adversely affected.

Strategic alliances, investments, acquisitions and divestures may affect our business, financial condition and results of operations. We may not be able to achieve our anticipated benefits and synergistic effects from such alliances, investments and acquisitions.

We may enter into strategic alliances with various third parties, such as our key customers and suppliers, to facilitate the implementation of our business strategies from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor such third parties' actions. To the extent the third parties suffer negative publicity or harm to their reputations from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we have in the past invested in additional assets, technologies or businesses that are complementary to our existing business. For example, we made investments in an IC design and sales company in 2023 and 2024, which has enhanced our technological capabilities and synergies across our business lines. We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including potential acquisitions of businesses, technologies, services, products and other assets, as well as strategic investments, joint ventures and alliances.

Investments or acquisitions and the subsequent integration of new assets and businesses into our own would require attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. The costs of identifying and consummating investments and acquisitions may be significant. We may also incur expenses in obtaining necessary approvals from relevant local government authorities. In addition, investments and acquisitions could result in the use of substantial amounts of cash, dilution of our stock prices due to share issuances and exposure to potential unknown liabilities of the acquired business. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. We may also face challenges in international acquisitions, such as compliance with local law and regulation, limited access to target companies and cultural assimilation challenges. Such investments or acquisitions may fail to deliver the anticipated strategic or financial benefits, including cost savings, revenue growth, or technological advancements. Any such negative developments could have a material and adverse effect on our business, financial condition and results of operations.

From time to time, we may also divest under-performing businesses, or businesses that no longer fit our overall strategy. Such divestitures may have a negative impact on our financial performance for the relevant period.

Other risks associated with strategic alliances, investments, acquisitions and divestures include:

- difficulty in realizing the potential technological benefits of the transaction;

- problems related to integrating the acquired key employees, operations, technologies or products into our existing business and semiconductor solutions, and to divesting under-performing businesses from us;

- difficulty in maintaining uniform standards, controls, procedures and policies;

- adverse effects on existing business relationships with employees, customers, suppliers and strategic partners as a result of integration of new businesses and management personnel;

- risks associated with entering markets in which we lack experience; and

- negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses.

Our failure to address these risks successfully could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to sustain our historical growth rates or effectively implement our business strategies and expansion plans. If we do not successfully manage our growth, our ability to increase our revenue and improve our earnings could be adversely affected.

We have experienced rapid growth in recent years. Our revenue increased from RMB769.1 million for the nine months ended September 30, 2024 to RMB932.8 million for the nine months ended September 30, 2025 and from RMB703.5 million in 2023 to RMB1,028.3 million in 2024. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our revenue growth may slow or our revenue may decline for any number of possible reasons, such as decreased customer orders, increased competition, slowdown in the growth or contraction of the semiconductor industry, changes in policies or general economic conditions, and natural disasters or outbreaks of pandemics. If our growth rate declines, [**REDACTED**] perceptions of our business and business prospects may be adversely affected and the [**REDACTED**] of our ordinary shares and H Shares could decline.

We plan to achieve our business growth by implementing a series of strategies, such as maintaining technology leadership and developing leading, feature-rich solutions, further increasing market share and penetrating our addressable markets, innovating our application-specific technologies to expand into new verticals, and continuing to strengthen global ecosystem through partnerships and supply chain optimization. There is no assurance that we will be able to implement our business strategies and expansion plans successfully, which in turn are subject to uncertainties and changing market conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialize. We may encounter difficulties in implementing our business strategies such as failing to further expand our operations due to intense competition in the semiconductor industry and the new regulations in the semiconductor industry that we may not be familiar with. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Further, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate.

To manage our growth effectively, we must, among other things:

- solidify our technology barriers and continuously enhance ability to innovate;
- continuously monitor market trends in real time and update our products accordingly;
- continuously improve our operational, financial and accounting systems;
- train, manage and maintain good relations with our existing employee base;
- continue to broaden our market presence by expanding into new markets, customers and sales channels;
- attract and retain qualified personnel with relevant experience;
- effectively manage trade receivables and inventory; and

- navigate evolving trade and investment policies — both domestically and internationally — that may impact our supply chain, market access, investment strategy, and overall business operations.

We must also manage multiple relationships with customers, business partners and other third parties, such as our foundry partners and packaging service providers. Moreover, future growth could significantly overburden our management and financial systems and other resources. We may not make adequate allowances for the costs and risks associated with our expansion. In addition, our systems, procedures or controls may not be adequate to support our operations, and we may not be able to expand quickly enough to capitalize on potential market opportunities. Our future results of operations will also depend, in part, on our ability to expand sales and marketing, research and development, accounting, finance and administrative support.

Our future results may fluctuate, fail to match past performance or fail to meet expectations as a result of conditions beyond our control, such as general economic conditions in the overseas and domestic markets, cyclical and other market conditions within our industry and the financial health and viability of our suppliers and customers.

Our results may fluctuate in the future, may fail to match our past performance or fail to meet our expectations and the expectations of [**REDACTED**] and [**REDACTED**] as a result of conditions beyond our control. Our results and related ratios, such as gross profit margin, operating profit margin and effective tax rate may fluctuate for a variety of reasons beyond our control, including:

- general economic and political conditions in the countries and regions where we sell our semiconductor solutions;

- the timing of new product introductions by our customers and our competitors;

- cyclicity and variability in downstream markets;

- movements in exchange rates, which can impact our reported revenues, cost of goods sold, and profitability, especially given that we operate across multiple jurisdictions and transact in various currencies;

- unexpected changes in the manufacturing and delivery capabilities of our foundry partners and packaging service providers;

- imposition of additional trade and investment restrictions, tariffs, export controls, or sanctions that could increase our costs, disrupt our supply chain, limit our access to key markets, or constrain our ability to invest in or collaborate with certain technologies or jurisdictions; and

- fluctuations in interest rates, which may affect our financing costs, capital expenditures, and investment returns, particularly if we rely on variable-rate debt or seek to fund growth through external financing.

Our success depends on the continuing and collaborative efforts of our management team, and our business may be disrupted if we lose their services.

Our success depends upon the continued services of our management. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose customers, suppliers, know-how and key professionals and staff members. All of our senior management members have entered into employment agreements and confidentiality and non-competition agreements with us. However, if any dispute arises between our officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements or we may be unable to enforce them at all. We may also incur increased operating expenses and be required to divert the attention of other senior executives away from their original duties to recruiting replacements for key personnel. In addition, we do not have key person insurance for any of our executive officers or other key personnel. Events or activities attributed to our executive officers or other key personnel, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our reputation, resulting in an adverse effect on our business, operating results and financial condition.

Natural disasters, health epidemics, acts of war or terrorism and other business disruptions beyond our control may have a material adverse effect on our business operations, financial condition and results of operations.

We are vulnerable to natural disasters, health epidemics, terrorist attacks, armed conflicts, wars and other acts of violence, in addition to regional or international crisis, calamity or emergency, which may lead to significant loss of personnel and damages to properties, or otherwise cause material disruptions to our business and operations. Our business could also be harmed if such events interrupt the operations of our foundry partners and service providers, or the operations of our customers, distributors and other business partners. The ultimate impact of business interruption events, both in terms of direct impact on us and our supply chain, as well as on our customers (including their willingness to procure, potential supply chain issues as well as end-market demand), may not be known for a considerable period of time following the events.

Our business depends on the proper functioning of internal processes and information technology systems. A failure of these processes and systems, data breaches, cyber-attacks, or cyber-fraud may cause business disruptions, compromise our intellectual property or other sensitive information, litigation or government actions, or result in losses.

We rely on the efficient and uninterrupted operation of complex information technology applications, systems and networks to operate our business. The reliability and security of information technology infrastructure and software, and our ability to expand and continually update technologies in response to changing needs is critical to our business. Any significant interruption in these applications, systems or networks, including new system implementations, computer viruses, cyberattacks, security breaches, facility issues or energy blackouts, could have a material and adverse impact on our business, financial condition and results of operations.

Cyber-attacks attempting to obtain access to our computer systems and networks could result in the misappropriation of proprietary information and technology. There can be no assurance that a future breach or incident will not have a material impact on our operations and financial results. In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. In the event of such breaches, we, our customers or other third parties could be exposed to potential liability, litigation, and regulatory action, as well as the potential loss of existing or potential customers, damage to reputation, and other financial loss. In addition, the cost and operational consequences of responding to attempted breaches and implementing remediation measures could be significant.

Cyber-attacks or other catastrophic events could result in interruptions or delays to us, our customers, or other third-party operations or services, financial loss, potential liability, and damage our reputation and affect our relationships with customers and suppliers. Further, we may be subject to theft, loss, or misuse of personal and confidential data regarding our employees, customers and suppliers that is routinely collected, used, stored, and transferred to run our business. Such theft, loss, or misuse could result in significantly increased business and security costs or costs related to defending legal claims.

Our business also depends on various outsourced IT services. We rely on third-party vendors to provide critical services and to adequately address cyber security threats to their own systems. Any material failure of third-party systems and services to operate effectively could disrupt our operations and could have a material and adverse effect on our business, financial condition and results of operations.

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

We collect and store business and transaction data generated during or related to our operations, including records of interactions and transactions with customers, suppliers, and business partners. The secure storage and maintenance of such data are critically important. We process this data in compliance with applicable legal requirements to ensure its security. We have adopted various measures to ensure legal compliance. See "Business — Data Privacy and Information Security Risk Management" for more information. However, the laws and regulations regarding privacy and data protection are generally complex and still evolving and changing. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Material changes in these laws and regulations could result in increased costs on us in order to maintain compliance, to meet the demands of our customers relating to their own compliance with applicable laws and regulations and to establish and maintain internal compliance policies. The legal and regulatory developments with respect to data protection may also affect how we design our IT systems, how we and our business partners process data, which in turn could affect demand for our products. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, or security breaches. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our solutions and could subject us to adverse legal, financial and operational consequences.

Our insurance coverage may not completely cover the risks related to our business and operations.

We maintain insurance policies that are required under the laws and administrative regulations of the jurisdiction where we operate as well as based on our assessment of our operational needs and industry practice. We maintain insurance policies on our buildings, equipment and inventories covering property damage and damage due to, among other events, fires, typhoons, earthquakes and floods. We maintain these insurance policies on our facilities and have arranged open cover insurance for import and export cargo transportation and domestic cargo transportation. We also maintain property insurance for our operations. Additionally, although we intend to purchase director and officer liability insurance for our directors and senior management, we currently do not maintain director and officer liability insurance. In compliance with the applicable PRC laws and regulations, we also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance to our employees. In addition, we also provide certain types of commercial insurance to our employees. We do not have insurance for business interruptions, nor do we maintain product liability insurance or key person insurance. We cannot assure you that our insurance coverage is sufficient to cover all of our risk exposure and prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or if the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business.

As of the Latest Practicable Date, we held nine leased properties in China which are primarily used as offices and warehouses. We generally enter into long-term lease agreements with our lessors. However, there can be no assurance that we would be able to renew the relevant lease agreements at reasonable cost, or at all; if we fail to do so, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, or we may not be able to find suitable alternatives in a timely manner, or at all, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not completed lease registration for such nine leased properties. As advised by our PRC Legal Advisor, failure to register such lease agreements as required by the relevant competent authorities may subject us to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. See "Business — Properties." If we are challenged by government authorities in connection with our use of the foregoing leased properties, we may be subject to fines and, as a result, our business, results of operations and financial condition may be adversely affected.

Our ability to compete will be harmed if we are unable to protect, maintain or enforce our intellectual property rights adequately. Our patents, trade secrets, know-how and other proprietary information may be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We believe that the protection of our intellectual property rights is, and will continue to be, important to the success of our business. We rely on a combination of patents, trade secret protection, non-disclosure and other contractual agreements and trademarks to establish and protect our proprietary intellectual property rights. Our inability to adequately protect our intellectual property rights could materially and adversely affect our competitive position, business, financial condition and results of operations.

Our ability to obtain additional patents is uncertain and the legal protection afforded by these patents may not adequately protect our rights or permit us to gain or keep competitive advantage. In addition, the specific content required of patents and patent applications that are necessary to support and interpret patent claims can be uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws in China, the United States or elsewhere may diminish the value of our intellectual property or narrow the scope of our patent protection. We cannot assure you that any patent will be issued as a result of any applications or, if issued, that any claims allowed will be sufficiently broad to protect our technology. It is possible that existing or future patents may be challenged, invalidated or circumvented. In addition, the cost to litigate infringements of our patents, or the cost to defend ourselves against patent infringement actions by others, could be substantial and, if incurred, could materially affect our business and financial condition. See "— If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities."

Proprietary trade secrets and unpatented know-how are also very important to our business. We rely on trade secrets to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets can be difficult to protect. Our employees, consultants, contractors, outside collaborators and other advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets may be expensive and time consuming and may not be successful at all. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights.

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which results in protracted and expensive litigation for many companies. We may receive claims from various industry participants alleging infringement of their patents, trade secrets or other intellectual property rights in the future. These claims may increase as our intellectual property portfolio becomes larger and/or more valuable. Intellectual property claims against us, and any resulting lawsuit, may cause us to incur significant expenses, subject us to liability for damages and invalidate our proprietary rights. Any potential intellectual property litigation against us would likely be time-consuming and expensive to resolve and could divert management's time and attention and could also force us to take actions such as:

- ceasing the sale or use of products or services that incorporate the infringed intellectual property;

- obtaining from the holder of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on acceptable terms, if at all; or

- redesigning those products or services that incorporate the disputed intellectual property, which could result in substantial unanticipated development expenses and delay and prevent us from selling the solutions until the redesign is completed, if at all.

If we are subject to a successful claim of infringement and we fail to develop non-infringing intellectual property or license the infringed intellectual property on acceptable terms and on a timely basis, we may be unable to sell some or all of our solutions, and our business, financial condition and results of operations could be adversely affected. We may in the future initiate claims or litigation against third parties for infringement of our intellectual property rights or to determine the scope and validity of our proprietary rights or the proprietary rights of competitors. These claims could also result in significant expense and the diversion of technical and management attention.

In addition, third parties may assert claims of infringement and misappropriation of proprietary rights based on the use or resale of our solutions against our business partners with whom we do business. In addition, the end customers may also be named as parties in these claims. Under our agreements with certain suppliers and customers, we may be required to defend protracted and costly litigation on their behalf, regardless of the merits of these claims, or to indemnify these parties for such claims. If we are required or agree to defend or indemnify any of our suppliers, customers or their end customers in connection with any claims of infringement or misappropriation of proprietary rights or injunctions are secured by third parties that prevent the sale of products that incorporate our solutions, we could incur significant costs and expenses and experience a significant decrease in our revenue that could adversely affect our business, financial condition and results of operations.

Our ability to design, introduce and sell our semiconductor solutions is dependent in part upon third-party intellectual property rights.

In the design and development of new semiconductor solutions, product enhancements and sales of current solutions, we rely in part on third-party intellectual properties such as development tools and testing tools. Furthermore, certain product features may rely on intellectual property acquired from third parties. The design requirements necessary to meet future customer demands for more features and greater functionality from semiconductor solutions may exceed the capabilities of the third-party intellectual property or development tools that are available to us. In addition, hardware and software tools and products procured or licensed from third parties may contain design or manufacturing defects that such third parties are unable to resolve, including flaws that could unexpectedly interfere with the operation of our solutions. Furthermore, some of the software licensed from third parties may not be available in the future on terms acceptable to us or allow our solutions to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future solutions or the enhancement of existing solutions. If the third-party intellectual property that we use becomes unavailable or fails to produce designs that meet customer demands, our business could be harmed.

The intellectual property laws of different jurisdictions may differ and we may not be able to protect or enforce our intellectual property rights in certain jurisdictions.

Our international operation requires us to seek protection of our intellectual property in various jurisdictions including China, Hong Kong, the United States or other countries or regions in which we operate, relying on a combination of trade secrets and regulatory protection methods. As of the Latest Practicable Date, we owned 76 patents, nine software copyrights, and 78 composition designs around the globe. The issuance, scope, validity and enforceability of our patents and other intellectual property rights are highly uncertain and differ significantly in different jurisdictions. For example, filing and prosecuting patent applications and defending patents covering our technologies in all countries across the world could be prohibitively expensive. Competitors may use our technologies in jurisdictions in which we have not obtained sufficient intellectual property protection and may subsequently export otherwise infringing solutions to territories where we have intellectual property protection, taking advantage of the varying levels of law enforcement across jurisdictions. Furthermore, while we intend to protect our intellectual property rights in our significant markets, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to expand our business.

In addition, the laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in certain other jurisdictions, and many companies have encountered significant difficulties in registering, protecting and defending such rights in certain jurisdictions. Furthermore, the legal systems of certain countries, particularly developing countries, may not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or the sales and marketing of competing solutions in violation of our proprietary rights generally. Proceedings to enforce our patent rights in different jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our business, financial condition and results of operations.

Our patent applications may not be issued as patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting solutions similar to ours.

We cannot be certain that we are the first inventor of the subject matter for which we have filed a particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application covering the same subject matter as we have developed, and such application has priority against our patent application, we may not be entitled to the protection sought by our patent application, including preventing third parties from commercializing the same or similar technologies. Further, the scope of protection of patent claims may be limited or narrowed if the examining authority determines there is cause to do so, such as if claims included in the patent application cover subject matter that is ineligible for patent protection or is obvious, or are deemed to lack sufficient detail to enable practicing the invention or in the event of the existence of prior art. As a result, we cannot be certain that the patent applications that we file will result in issued patents, or that our issued patents will be broad enough to protect our technology or otherwise afford protection against competitors with similar technology. In addition, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Our competitors may challenge or seek to invalidate our issued patents, or design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results. Also, the costs associated with enforcing patents, confidentiality and invention agreements, or other intellectual property rights may make aggressive enforcement impracticable.

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

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications that we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

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

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees and business arrangements with similar covenants with third parties to the extent necessary, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality, non-compete covenants with their prior employers, or establish business relationship with third parties who breached confidentiality covenants with their other business partners, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality, non-compete covenants in a way that benefits us. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including various disputes with or claims from our employees, shareholders, suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. We may be subject to litigation and regulatory proceedings relating to third-party and principal intellectual property infringement claims, contract disputes, employment related cases, cross-border payment and settlement disputes and other matters in the ordinary course of our business.

As our business expands, including across jurisdictions and through the addition of new businesses, we may encounter a variety of these claims, including those brought against us pursuant to anti-monopoly or unfair competitions laws or involving higher amounts of alleged damages. We may acquire companies that may become subject to litigation, as well as regulatory proceedings.

As a publicly-listed company, we may face additional exposure to claims and lawsuits, including securities law class actions. We will need to defend against these lawsuits, including any appeals should our initial defense be successful. The litigation process may utilize a material portion of our cash resources and divert management's attention away from the day-to-day operations of us, all of which could harm our business. There can be no assurance that we will prevail in any of these cases, and any adverse outcome of these cases could have a material and adverse effect on our reputation, business, financial condition and results of operations. In addition, certain of our Directors may be subject to alleged class actions due to their current or previous directorships in other listed companies. Our Directors and executive officers may also face litigation or proceedings (including alleged or future securities class action) unrelated to their respective capacity as a Director or executive officer of our company, and such litigation or proceedings may adversely affect our public image and reputation.

We operate in accordance with environmental, occupational health and safety and other similar laws and regulations, which may involve modifying our activities or incurring substantial costs, and such laws and regulations could subject us to substantial costs, liabilities, obligations and fines, or require it to have suppliers alter their processes.

The semiconductor industry is subject to a variety of international and domestic laws and regulations governing pollution, environmental protection and occupational health and safety. As a fabless company, we are focused on the design and sales of our products while outsourcing the manufacturing process, however, compliance with current or future environmental and occupational health and safety laws and regulations could restrict our ability to expand our business or require us to modify processes or incur other substantial expenses which could harm our business. Environmental and occupational health and safety laws and regulations have tended to become more stringent over time, causing a need to redesign technologies, imposing greater compliance costs and increasing risks and penalties associated with violations, which could seriously harm our business.

Our compliance and risk management systems may not be sufficient to protect us from credit, market, liquidity, operation and other risks.

We have business relationship with clients from countries around the world, including in countries with a strong commitment to anti-corruption and ethical behavior. We have established compliance and risk management systems that support our operational business processes to comply with laws and regulations. However, there can be no assurance that our compliance and risk management systems are adequate to address all applicable risks in every jurisdiction. We are subject to the risk that we, our employees or any third-parties that we engage to do work on our behalf in certain countries may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business. Corruption can result in huge economic losses due to fraud, theft and waste. Moreover, corruption can corrode critical public institutions, such as the courts, law enforcement and public pension administration, thereby undermining property rights, public confidence and social stability. As a result, corruption dramatically increases the systemic risks that exist in some of the jurisdictions in which we operate. We are thus exposed to the increased costs and risks of corruption where we operate, and there can be no assurance that any reform efforts will have a meaningful effect during our term. The United States has the FCPA, and other jurisdictions have adopted similar anti-corruption laws. Many of these laws have extraterritorial application. In addition, we will have internal ethics policies that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could also be substantially harmed.

In recent years, the U.S. Department of Justice has devoted greater resources to enforcement of the FCPA. Other countries have also adopted or improved their anti-corruption legal regimes in recent years. We are committed, to the fullest extent permitted by applicable law, to complying with the FCPA and other anti-corruption laws and regulations, anti-bribery laws and regulations, as well as anti-boycott regulations to which they/we are subject. As a result, we could be adversely affected because of our unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations can make it difficult in certain circumstances for us to act successfully on investment opportunities or to obtain or retain business.

Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, financial condition and results of operations. In addition, we will have internal ethics policies that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could also be substantially harmed. In addition, we could incur costs and expenses associated with engaging external counsel or other third-party consultants or professionals in connection with inquiries or investigations relating to FCPA or other applicable anti-corruption laws or anti-bribery laws. In these cases, we could suffer significant losses from the cost of defense, interruption to ordinary operations and fines and penalties.

Non-compliance on the part of our business partners or other third parties involved in our business could adversely affect our business.

We are exposed to the risk of non-compliance or improper conduct by our business partners or other third parties. Our business partners, as well as other third parties who entered into business relationships with us, may also be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all.

If any governmental investigations, lawsuits or other actions are instituted against us as a result of the actual or alleged illegal or improper activities by our business partners, or other third parties involved in our business, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

Any negative publicity with respect to us, the industry we are in or our business partners may materially and adversely affect our reputation, business, financial condition and results of operations.

We believe that our corporate reputation plays an increasingly important role in enhancing our competitiveness in the semiconductor industry and maintaining our business growth. Our ability to manage our corporate reputation depends on whether we could successfully provide innovative and reliable products to our customers. Many other factors, some of which are beyond our control, may negatively impact our corporate reputation if not properly managed. Product quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brand. In addition, we, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our [**REDACTED**] and customers.

We face risks associated with inventory impairments if we are unable to sell our products in a timely manner or market conditions change.

As of December 31, 2023, 2024 and September 30, 2025, we had inventories of RMB225.2 million, RMB243.4 million and RMB274.8 million, respectively. As we plan to continue expanding our business scale, we may increase our inventory level, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. To weather the impact of rising manufacturing costs and tightening supplies, we may strategically raise our inventory level from time to time, which can cause potential liquidity constraint to our operating cash flow and expose us to greater risk of negative price fluctuations. During the Track Record Period, we recorded write-down of inventories to net realizable value due to the lower estimated realizable value of our inventories than their costs. We recorded write-down of inventories to net realizable value of RMB7.6 million in 2023, RMB17.0 million in 2024, RMB32.7 million in the nine months ended September 30, 2025, respectively. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross profit margin. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products and solutions, or if our foundry partners fail to supply quality wafers in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We may be exposed to credit risk due to customer defaults, which could harm our business, financial condition, results of operations and cash flows.

As of December 31, 2023 and 2024 and September 30, 2025, our trade receivables were RMB132.1 million, RMB133.6 million and RMB179.2 million, respectively. The increased amount of our trade receivables exposes us to increased credit risk. We cannot assure you that in the future, we will be able to recover all the trade receivables. Should we fail to recover all the trade receivables, it will adversely affect our business, financial condition and results of operations. While we normally do not agree to extend the payment terms for our customers, we cannot guarantee that we will not have to do so in certain cases going forward. Any loss of or a sharp reduction in our customers' sales, default by our customers, a prolonged delay in the payment of trade receivables or the extension of payment terms for our customers could adversely affect our cash flow, liquidity, business, financial condition and results of operations.

Changes in the fair value of our financial assets may materially and adversely affect our results of operations, financial condition and prospects.

As of September 30, 2025, our financial assets at fair value through profit or loss amounted to RMB562.0 million, which primarily consisted of our investments private equity fund, structured deposits and wealth management products. Financial assets at fair value through profit or loss are stated at fair value, and net changes in their fair value directly affect our results of operations.

Asset valuations in future periods, reflecting then prevailing market conditions, may result in negative changes in the fair values of these financial investments, which could have a negative impact on our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our financial assets at fair value through profit or loss in the future. In addition, the value we ultimately realize from the disposal of these investments may be lower than their current fair value. Any of these factors could require us to record negative fair value adjustments, which may have a material and adverse effect on our results of operations, financial condition or prospects.

We cannot assure you that we can always obtain necessary or reliable data to apply relevant financial valuation models for determination of fair values, due to factors beyond our control such as loss of data or insufficient market information. In such circumstances, we need to make assumptions, judgments and estimates in order to establish the fair value. Since assumptions are subjective in nature and inherently uncertain, the actual results may differ from our estimates. Any consequential impairments or write-downs in future periods could have a material and adverse effect on our results of operations, financial condition and prospects.

We have granted, and may continue to grant, restricted shares and other types of awards under our share incentive plans, which may result in increased equity-settled share-based payments.

We have adopted share incentive plans to provide additional incentives to employees and Directors. We recorded RMB44.6 million, RMB29.3 million and RMB12.0 million in equity-settled share-based payments for the years ended December 31, 2023 and 2024 and for the nine months ended September 30, 2025, respectively. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with share-based payments may increase, which may have an adverse effect on our results of operations.

Our business is subject to cyclical fluctuations which may in turn cause fluctuations in our results of operations and cash flows from period to period.

Our results of operations were subject to cyclicity in the past due to a number of factors, many of which are beyond our control. These factors and other industry risks, many of which are more fully discussed in our other risk factors, include:

- the cyclical nature of the growth of end markets and customer demand for our solutions;
- our gain or loss of a large customer, or cutbacks in orders from such customers;
- competitive pricing pressures;
- our ability to achieve design wins;
- the availability of production capacity at our foundry partners;
- the growth of the market for semiconductor solutions and applications using semiconductor solutions;
- the deferral of customer orders in anticipation of new solutions, product designs or enhancements; and
- adverse changes in domestic or global economic conditions.

We also anticipate that the rate of orders from our customers may vary significantly from period to period, while our operating expenses are relatively fixed in the short-term. Consequently, if we do not achieve the revenue we expect in any period, expenses and inventory levels could be disproportionately high, adversely impacting our results of operations and cash flows for that period, and potentially in future periods.

All of these factors are difficult to forecast and could result in fluctuations in our results of operations. Fluctuations in our results of operations could adversely affect our share price in a manner unrelated to our long-term operating performance.

Our future tax rates and tax payments could be higher than we anticipate and may harm our business, financial condition and results of operations, and we are subject to risks associated with changes in the preferential tax treatment applicable to us and certain of our subsidiaries.

We conduct our business in multiple countries and are subject to taxation in multiple jurisdictions. The taxation of our business is subject to the application of multiple and sometimes conflicting tax laws and regulations. The application of tax law is subject to legal and factual interpretation, judgment and uncertainty. A number of other factors will also affect our future tax rate, and some of these factors could increase our effective tax rate in future periods, which could adversely impact our results of operations. These factors include changes in non-deductible share-based payments, changes in the proportion and geographic mix of our revenue or earnings, changes in the valuation of our deferred tax assets and liabilities, changes in available tax credits, and the resolution of issues arising from tax audits.

Furthermore, local tax laws and regulations have provided certain preferential tax treatments applicable to different enterprises, industries and locations. We and some of our subsidiaries are currently taxed at preferential rates due to the nature of our business activities and/or the location of our operations. For example, we enjoy a preferential income tax of 10% due to our qualifications as a "Key Integrated Circuit Design Enterprises and Software Enterprise." Any change or elimination of such preferential tax treatments may materially and adversely affect our business, financial condition and results of operations. See Note 12 to the Accountants' Report set out in Appendix I to this document for details on the tax expenses we accrued and tax rates we were subject to during the Track Record Period.

If we need additional capital in the future, it may not be available to us on favorable terms, or at all. Our ability to raise additional funds depends on a variety of factors, including our credit ratings and anticipated results of operations.

Our cash, cash equivalents and short term investments primarily come from cash provided by operating activities. Although we currently expect our available cash, cash equivalents and short term investments, together with cash we anticipate generating from operating activities, will be sufficient to satisfy our capital requirements for the foreseeable future, if we are unable to sell our inventories or collect on our trade receivables as anticipated, we may be required to raise additional capital through equity or debt financing. Such additional financing may not be available on acceptable terms, or at all, and could have a material and adverse effect on our business, financial condition, results of operations and prospects. If we raise additional funds through issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership and any new securities we issue could have rights, preferences and privileges senior to those of holders of our common shares. We are also subject to credit rating by third-party agencies, any decline in credit ratings could increase our financing cost, affect our ability to raise additional capital, and in turn have a material and adverse effect on the future growth of our business.

The strategic priorities and financial performance of many of our businesses are subject to the market and other dynamics related to carbon neutrality and ESG, which can pose risks in addition to opportunities.

There is an increasing focus from certain [**REDACTED**], customers and other parties in society concerning corporate responsibility, specifically related to ESG factors. Accordingly, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies in order to measure and assess ESG performance, which pose reputational, regulatory and other risks on us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint. In the meantime, given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to decarbonization efforts in response to climate change, and these changes present both risks and opportunities for our businesses. The process of developing new technology products and enhancing existing products to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all, which could impact our operating results and financial conditions. Furthermore, our success in advancing decarbonization objectives across our businesses will depend in part on the actions of governments, regulators and other market participants to invest in infrastructure, create appropriate market incentives and to otherwise support the development of new technologies.

In addition, the ESG factors by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we are unable to satisfy such new criteria or we are unable to respond or perceived to be inadequately responding to sustainability concerns, [**REDACTED**] may conclude that our policies with respect to corporate responsibility are inadequate and choose to purchase products from a competitor of us. We risk damage to our brands and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties.

In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity and material and adverse effect on our business, financial condition and results of operations. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could result in our competitors achieving competitive advantages through lower costs in supply chain or operation, which could adversely affect our business, results of operations, financial condition and prospects.

We are subject to a broad range of increasingly strict laws and regulations relating to, among other areas, the environment, occupational health and safety and labor practices, in jurisdictions in which we operate. As a fabless company, we focus on the design and sales of our products while outsourcing the manufacturing process. However, we are required to comply with laws, regulations and various industry standards relating to environmental protection such as air emissions, discharges of waste water, waste gas and solid waste, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things.

We are also subject to periodic monitoring by environmental protection authorities in various jurisdictions in which we operate. Compliance with these laws and regulations is costly, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of license to operate certain facilities and other sanctions, unexpected interruptions to operations, securities litigation and a general loss of [**REDACTED**] confidence, any one of which could have a material adverse impact on our business prospects, financial condition and results of operations as well as the market value of our Shares. Furthermore, future developments such as new and more restrictive or changes to existing laws and regulations relating to, among other areas, the environmental, occupational health and safety and labor practices, more aggressive enforcement of existing laws and regulations or the discovery of presently unknown environmental conditions may require us to make material changes to our products and operations or require additional expenditures, which could have an adverse effect on our business, financial condition and results of operations.

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenues.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning distributors, retailers, manufacturers, and their products and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and financial performance. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.

Although we are currently not subject to any litigation, we may in the future become subject to a variety of litigation and legal compliance risks. Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. Regardless of merit, legal and regulatory proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation and brand image, regardless of the existence or amount of liability. We estimate loss contingencies and establish accruals as required by the applicable accounting standard, based on our assessment of contingencies where liability is deemed probable and reasonably estimable, in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings, volatility in foreign currency exchange rates and other factors may affect our assessment and estimates of the loss contingency recorded and could result in an adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which amounts would be paid. Actual results may significantly vary from our reserves.

RISKS RELATING TO JURISDICTIONS IN WHICH WE OPERATE

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, while others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate.

These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats intended to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are influenced by government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations adopted by regulators are inconsistent with those applied by courts in analogous cases. As a result, we may not become aware of our violation of certain policies or rules until sometime after the violation has occurred. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

Operating across multiple jurisdictions also increases our compliance burden and cost base. We must navigate different legal standards, licensing requirements, labor laws, tax regimes, and reporting obligations, often requiring localized legal counsel and compliance infrastructure. These complexities may slow down decision-making, increase operational overhead, and heighten the risk of inadvertent noncompliance.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

As a company listed on the Shanghai Stock Exchange STAR Market, we, our Directors, senior management, employees and shareholders are subject to securities regulations and exchange listing rules in the PRC. Failure to comply with the applicable regulatory requirements could result in sanctions, penalties, fines and regulatory measures, which could have a material and adverse impact on our reputation, business, financial condition and/or results of operations.

As a company listed on the Shanghai Stock Exchange STAR Market, we, our Directors, senior management, employees and shareholders are subject to securities regulations issued by the CSRC and the listing rules of the Shanghai Stock Exchange STAR Market. New regulations and rules, and changes in the interpretation or enforcement of existing regulations and rules, may be adopted from time to time. We expect to fully comply with such regulations and rules at all times and such compliance would require us to incur increased expenses and devote considerable time and resources to such compliance. In addition, the CSRC and the Shanghai Stock Exchange STAR Market may have periodic or ad hoc inspections, examinations and inquiries with respect to our compliance with relevant regulatory requirements. Failure to comply with the applicable regulatory requirements could also result in sanctions, penalties, fines and/or regulatory measures. Accordingly, our reputation business, financial condition and results of operations would be materially and adversely affected.

Changes in the political and economic policies, as well as the interpretation and enforcement of law, rules and regulations in markets in which we operate may affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects are affected by the economic, political, and legal developments in the jurisdictions where we operate. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. In addition, the interpretation and implementation of the laws and regulations may also evolve from time to time, and we cannot assure you that our business operations will not be affected in the future.

We are exposed to risks associated with our global presence and will continue to be subject to such risks as we continue to expand our business overseas.

We derive a significant portion of our revenue overseas. Accordingly, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial performance.

International expansion is a significant component of our growth which is primarily driven by the expansion of our international customer base. While this strategy does not require significant capital investment in overseas production facilities, it exposes us to risks associated with our global presence. During the Track Record Period, revenue generated outside Chinese Mainland accounted for 46.1%, 54.4% and 57.3% of our total revenue in 2023, 2024 and the nine months ended September 30, 2025, respectively. We are subject to PRC law in addition to the laws of the foreign countries and regions in which we or our customers operate. If any of our operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business, financial condition and results of operations.

Our business operations are primarily located in the PRC. In addition, we may face difficulties in managing our foundry partners, third-party providers of packaging and testing services, distributors and other business partners on a global scale. Any negative changes in the global geopolitical environment may materially and adversely affect our ability to secure stable supplies from our foundry partners and, more generally, our ability to conduct our business. These risks include the following:

- legal, regulatory, political, economic and commercial instability and uncertainty;
- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- changes in international trade policies and regulations including those in relation to economic sanctions, export controls and import restrictions, as well in trade barriers such as imposition of tariffs;
- difficulty in coping with possible conflict of laws resulting from import/export controls measures of different jurisdictions where we operate;
- changes in foreign country regulatory requirements, including data privacy laws;
- complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws;
- difficulty in obtaining or enforcing intellectual property rights;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- trade customer insolvency and the inability to collect accounts receivable;
- challenges in communicating with clients and suppliers across different languages, regions, and time zones;
- challenges relating to foundries and third-party suppliers for packaging, testing, and other services being unable to provide localized services to meet overseas client demands, thereby reducing our product competitiveness;

- challenges associated with rising international shipping costs and extended transit periods;
- challenges in formulating effective local sales and marketing strategies targeting customers from diverse jurisdictions and cultures;
- geopolitical turmoil and instability in regions where our customers or suppliers operate, and any resulting disruption, instability, or volatility in global markets and industries; and
- claims and lawsuits, including class actions, brought against us from courts or regulators of other jurisdictions, which could materially and adversely affect our reputation, business and results of operations.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions as well as investment restrictions, together with any future downturns in the global economy resulting therefrom, could adversely affect our financial performance and the financial performance of our investments. If the aforementioned trade- and investment-related issues continue, particularly due to geopolitical tensions, it could result in significant additional impacts on the industries in which we operate, the jurisdictions of our investments, and potentially lead to other adverse effects on our investments.

We are subject to risks associated with sanctions and export control laws and regulations and tariff risks.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security of the United States Department of Commerce (the "**BIS**"). While most of the EAR's restrictions are based on the country to which an item is exported, the BIS also maintains lists of persons that are subject to enhanced export control restrictions. One such list includes non-U.S. persons on which certain additional trade restrictions are imposed (the "**Entity List**"). The EAR regulates U.S. export controls, and the BIS administers the EAR. The U.S. export control regime regulates the export, re-export or in-country transfer or disclosure of U.S. origin products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export, re-export or in-country transfer. In addition to U.S. origin products, a non-U.S.-produced item can be subject to the EAR if it incorporates or bundles U.S.-origin controlled items valued at a certain ratio or utilizes certain U.S.-controlled software or technologies during the production process. The BIS maintains lists of individuals and entities subject to enhanced export control restrictions. One of these lists, the Entity List, includes entities subject to specific licensing requirements for the export, re-export, or transfer of certain products and technology subject to the EAR. In recent years, the BIS has added hundreds of Chinese entities to the Entity List for a variety of reasons, including foreign policy, defense policy, and national security. The export, re-export and in-country transfer of items subject to the EAR to an entity on the Entity List is generally prohibited unless a license exception is available or specified license requirements are met. Our customers or suppliers may be added to the Entity List and become subject to restrictions from sourcing or selling technologies, software, or components from or to us. We may not be able to obtain, extend or maintain the requisite licenses in relation to our transactions with these customers and suppliers. The U.S. government also implements economic sanctions, primarily through the U.S. Department of Treasury Office of Foreign Assets Control ("**OFAC**"), and OFAC-administered sanctions have increasingly targeted persons and entities in China. Because we operate under a fabless model in China, it is not commercially feasible for us to avoid all dealings with parties on the Entity List. As BIS export control rules continue to evolve, future sanctions or export control measures may materially affect our business relationships with certain key customers or suppliers. Engaging with Entity List customers or suppliers may expose us to heightened regulatory and compliance risks under the EAR, particularly in light of the U.S. government's continued focus on enforcement actions involving China's semiconductor industry. These restrictions and regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions, may affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business.

We require our distributors and direct sales customers to comply with export regulations promulgated by China, the U.S. and any other applicable governments, and the buyers shall not sell our products to the countries or regions that are prohibited or sanctioned by relevant regulations of any country or region. Based on our implementation of the compliance measures to fulfill our export control obligations, our Directors are of the view that (i) our sales to our customers do not violate the EAR; (ii) the EAR and the other related laws and regulations on export controls had no material impact on the Group's business operations and financial performance during the Track Record Period and up to the Latest Practicable Date, and (iii) the Group complied with the EAR in all material respects during the Track Record Period and up to the Latest Practicable Date. However, U.S. export rules and sanctions are complex and subject to significant changes; we cannot assure you that our compliance measures will always be successful in avoiding violations. Also, as the EAR, U.S. sanctions laws and other regulations and their implementation can change, future developments in sanctions and export controls could significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. Any of these developments could have a material adverse impact on our reputation, business prospects, and financial condition.

As a fabless IC design company, we rely on software and commodities subject to the EAR, including certain electronic design automation ("**EDA**") tools. In 2025, as the United States continued to impose restrictions targeting China's advanced semiconductor industry, several major U.S. EDA suppliers disclosed that they had received notices from BIS in May 2025 requiring them to cease supplying EDA software to China. In July 2025, these suppliers reported that BIS had rescinded those restrictions. However, there is no assurance that similar restrictions will not be reintroduced in the future. Such regulatory volatility may create uncertainty in global supply chains, limit access to key design software, and increase production and compliance costs for companies in affected industries. If these trade restrictions or geopolitical tensions escalate, we may face additional risks, including reduced access to essential EDA tools, which could adversely affect our design capabilities and product development.

In addition, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. In April 2025, the United States imposed a 20% IEEPA Fentanyl Tariff and a 125% IEEPA Reciprocal Tariff. In May 2025, IEEPA Reciprocal Tariff was lowered to 10%. In November 2025, the United States government announced that IEEPA Reciprocal Tariff would remain at 10% until November 10, 2026, while lowering the IEEPA Fentanyl Tariff to 10%. Low value shipments into the United States through the international postal network valued at US$800 or less are subject to 10% duty. Alternatively, for a period of 6 months from August 29, 2025 (until February 2026), a specific duty rate of US$160 per item is available.

Our products were not subject to the IEEPA Reciprocal Tariff, as it remained suspended, but were subject to the reduced IEEPA Fentanyl Tariff of 10% as of the Latest Practicable Date. On December 23, 2025, the U.S. government announced that it would increase tariffs on Chinese semiconductor imports, with an initial tariff level of zero, increasing in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date. To our best knowledge and based on the information provided by distributors about the intended locations of their re-sales of our products, the estimated value of our products directly sold to, and resold by distributors to, the United States accounted for less than 1% of the total revenue as well in each year/period during the Track Record Period. Based on the above, our Directors believe that the tariff measures imposed or potentially to be imposed in the future will have limited impacts on our business. However, our products could be incorporated into various types of end-products and be imported into the United States, with tariffs, if any, to be borne by the importing party. Companies who import the products may wish to pass on the additional tariff on our customers selling those end-products, which could ultimately be passed on to us. Even if the tariff is not passed on to us, the reduced competitiveness of our customers' end products could lead to reduction or cancellation of their purchase orders from us.

It may be difficult to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the PRC laws and a majority of our assets are located in Chinese Mainland. In addition, most of our Directors and senior management reside in Chinese Mainland. As a result, it may be complex for [**REDACTED**] to effect service of process outside of Chinese Mainland upon us, our Directors or senior management or to enforce judgments obtained against us in courts outside Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese Mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible. On January 14, 2019, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), which became effective on January 29, 2024. The 2019 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese Mainland and those in Hong Kong. Therefore, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the 2019 Arrangement are met. However, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Fluctuations in exchange rates could have an adverse effect on our business, financial condition and results of operations. Conversion between RMB and other currencies may affect our business and operations, our ability to pay dividends and meet our financial obligations, and the value of your investment.

A substantial portion of the Group's revenue and cost are not denominated in Renminbi. Fluctuations in foreign exchange rates against the Renminbi could result in changes in reported revenue and results of operations due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations could decrease revenue and increase our cost of sales. During the Track Record Period, we recorded a net foreign exchange loss of RMB0.9 million in 2023, a net foreign exchange gain of RMB6.8 million in 2024 and a net foreign exchange loss of RMB5.5 million for the nine months ended September 30, 2025.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in the global political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar or other currencies in the future. It is difficult to predict how market forces, international relationships or policies may impact the exchange rate between Renminbi and the U.S. dollar or other currencies in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenue, earnings and financial position, and the value of any dividends we may pay. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollar could have an adverse effect on the Renminbi amount we could receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings.

There are limited hedging options available to reduce our exposure to exchange rate fluctuations. We do not currently maintain any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material and adverse effect on your investment.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

According to the Notice of the Ministry of Finance and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》) issued by the MOF and the SAT on May 25, 2012, revised on December 9, 2014 and January 20, 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of VAT policies. In addition, according to the PRC Value-Added Tax Law (中華人民共和國增值稅法) (the "VAT Law"), which came into effect on January 1, 2026, unless otherwise provided, a taxpayer exporting goods shall be subject to a zero VAT rate. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

Our Company is a PRC tax resident and is subject to PRC tax on its global income, and the dividends payable to [REDACTED] and gains on [REDACTED] our H Shares by our [REDACTED] are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are required to pay tax on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. For a Non-PRC individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the competent tax authority of the State Council or exempted by an international convention or agreement to which the PRC government is a party. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Non-resident individual H Share holders should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

Non-PRC resident enterprises that do not have establishments or premises in China, or that have establishments or premises in China but their income is not related to such establishments or premises are subject to the EIT at the rate of 10% on dividends received from Chinese companies and gains realized upon disposition of equity interests in Chinese companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise resides. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities' verification. As of the date of this document, there were no specific rules on how to levy tax on gains realized by non-resident enterprise H Share holders through the sale or transfer by other means of the H Shares. If any such tax were to be levied, the [**REDACTED**] of our H Shares may be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shanghai Stock Exchange STAR Market and will be [**REDACTED**] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other applicable regulatory regimes of all two jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange STAR Market, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange STAR Market. Following the [**REDACTED**], our A Shares will continue to be traded on the Shanghai Stock Exchange STAR Market and our H Shares will be [**REDACTED**] on the Hong Kong Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [**REDACTED**] or [**REDACTED**] between the H Share and A Share markets. With different [**REDACTED**] characteristics, the H Share and A Share markets have divergent [**REDACTED**] volumes, liquidity and [**REDACTED**] bases, as well as different levels of retail and institutional [**REDACTED**] participation. As a result, the [**REDACTED**] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the [**REDACTED**] of our H Shares. You should therefore not place undue reliance on the [**REDACTED**] of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

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

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the liquidity and [**REDACTED**] of our H Shares may be materially and adversely affected.

The price and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

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

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

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

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**] (except as disclosed in the section headed "[**REDACTED**]"), they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within a certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any [**REDACTED**] of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

The interests of our Single Largest Group of Shareholders may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, no further Shares are issued under the Restricted Share Incentive Plans and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], our Single Largest Group of Shareholders will hold approximately [**REDACTED**] of the issued share capital of our Company (taking into account the shares held by persons acting in concert with him). This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their shares of our Company as part of a sale of our Company and might reduce the [**REDACTED**] of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Group of Shareholders may differ from the interests of our other Shareholders. It is possible that our Single Largest Group of Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

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

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

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange STAR Market when [REDACTED] in our H Shares.

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

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

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

Certain facts, forecasts and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

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

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance.

U.S. persons [REDACTED] our H Shares in the [REDACTED] may be required to file notifications with the U.S. Treasury under the U.S. government's new China-focused Outbound Investment Security Program, and we could be negatively impacted by possible changes to this program. These requirements and possible changes to the program may adversely affect the value of our [REDACTED] securities.

On August 9, 2023, the U.S. government issued an executive order and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau (the "**Outbound Investment Security Program**" or the "**OISP**"). On June 21, 2024, Treasury issued a proposed rule for the OISP. On October 28, 2024, Treasury issued a final rule (the "**Final Rule**") setting forth the OISP regulations that implement the executive order of August 9, 2023, which targets transactions by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau, with business in certain technology sectors. The Final Rule took effect on January 2, 2025. The OISP could apply to certain U.S. persons (including their controlled foreign entities, if applicable) outside the United States who may participate in the [**REDACTED**] through offshore transactions in accordance with Regulation S.

The OISP could potentially limit our ability to raise additional capital from U.S. [**REDACTED**] or prevent us from securing sufficient capital when needed and at reasonable cost, negatively affecting our business, financial condition and prospects. As advised by the [**REDACTED**] legal advisor as to the U.S. outbound investment rules, we are likely to be deemed a "Covered Foreign Person" engaged in the design and packaging of semiconductors specified in the OISP. Specifically, we are engaged in the design and packaging of integrated circuits that are covered by the definition of "notifiable transaction" but not covered by the definition of "prohibited transaction" (as defined in the OISP). Certain U.S. person transactions with Covered Foreign Persons that meet the criteria described above are covered by the OISP's U.S. person notification requirements. Even though U.S. persons' purchase of certain publicly traded securities, such as our currently outstanding A Shares that already are traded on the Shanghai Stock Exchange STAR Market and the H Shares to be [**REDACTED**] on the Stock Exchange after the [**REDACTED**] pursuant to the [**REDACTED**], may be neither prohibited transactions nor notifiable transactions under an exception in the Final Rule (the "**Publicly Traded Securities Exception**") so long as the investment does not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person, it appears unlikely that U.S. persons' [**REDACTED**] of our H Shares to be [**REDACTED**] in the [**REDACTED**] would be eligible for the Publicly Traded Securities Exception. If the Publicly Traded Securities Exception is unavailable, U.S. persons (as defined under the Final Rule) that either [**REDACTED**] our H Shares in the [**REDACTED**] or are the parent of a non-U.S. person that [**REDACTED**] our H Shares in the [**REDACTED**] would be required to file a notification regarding such [**REDACTED**] with Treasury no later than 30 days after the relevant [**REDACTED**]. [**REDACTED**] should consult their legal counsel regarding the applicability of the Publicly Traded Securities Exception to the [**REDACTED**], notification obligations, if any, applicable to them under the OISP, and the procedures for filing such notifications. Failing to comply with the OISP notification requirements or failing to provide accurate and complete information in the filing under the OISP may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years. Because the OISP regulates U.S. persons and, in some cases, U.S. persons controlling or directing non-U.S. person-investors, and not the entities they are investing in, none of our Company, the Single Largest Group of Shareholders, the Directors and senior management of our Company will be required to file notifications pursuant to the Final Rule.

The OISP may be changed by executive actions of the U.S. government, including changes to the scope of activities and technologies applicable to notifiable or prohibited transactions or the scope and the availability of exceptions to the OISP's prohibitions or notification requirements. Specifically, on January 20, 2025, the U.S. government issued a national security presidential memorandum, entitled "America First Trade Policy," which, among other things, directs the Secretary of the Treasury and several other executive departments and offices of the U.S. government to review the OISP to determine if it includes "sufficient controls to address national security threats" and to determine whether the executive order implementing the OISP "should be modified or rescinded and replaced." In addition, on February 21, 2025, the U.S. government issued a national security presidential memorandum entitled "America First Investment Policy" which, among other things, states that the U.S. government will consider possible application of the OISP to a wider range of technology sectors and application of restrictions to a wider range of investments, including publicly traded securities. On April 3, 2025, the White House reported that Treasury and the National Security Council were evaluating options relating to the OISP and that the Trump Administration plans to evaluate whether the scope of outbound investment restrictions should be expanded. Possible changes to the OISP could limit or, in the worst-case scenario, eliminate our ability to raise capital or contingent equity capital (such as convertible bonds) from U.S. investors in the future, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital-raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the OISP could prohibit the purchase or trading of our [**REDACTED**] securities by U.S. persons, impose new notification or other regulatory requirements, or make our [**REDACTED**] securities less attractive to such investors. In such cases, the value of our [**REDACTED**] securities could significantly decline, and our liquidity may be materially and adversely affected.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the Listing Rules and exemption from the CWUMPO.

Rules	**Subject matter**
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules .	Appointment of joint company secretaries
Paragraph 10 of Part I of the Third Schedule to the CWUMPO	Disclosure requirements in respect of share incentive plans
[**REDACTED**]	[**REDACTED**]
[**REDACTED**]	[**REDACTED**]

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 and Rule 19A.15 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, and appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

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

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. WENG Huaqiang, an executive Director and secretary of the Board, and Ms. HO Sze Wah, Cecilia of Global Entity Compliance at Computershare Hong Kong Investor Services;

(ii) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(iii) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(iv) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Altus Capital Limited as compliance adviser (the "**Compliance Adviser**"), who will act as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Adviser will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

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

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

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the CWUMPO and the Takeovers Code;

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

(iv) professional qualifications in other jurisdictions.

Our Company appointed Mr. WENG Huaqiang, an executive Director and secretary of the Board, and Ms. HO Sze Wah, Cecilia of Global Entity Compliance at Computershare Hong Kong Investor Services Limited, as joint company secretaries of our Company. For further details, please see the section headed "Directors and Senior Management — Joint Company Secretaries" for their biographies.

Ms. Ho is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ho meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. WENG Huaqiang, who is an employee of our Company and who has day-to-day knowledge of our Company's affairs. Mr. WENG Huaqiang has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the [**REDACTED**], in accordance with paragraphs 11 to 16 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Ho is appointed as a joint company secretary to assist Mr. WENG Huaqiang in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Ho, during the three-year period, ceases to provide assistance to Mr. WENG Huaqiang as the joint company secretary; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our joint company secretaries. In addition, Mr. WENG Huaqiang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure Mr. WENG Huaqiang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Mr. WENG Huaqiang and the need for on-going assistance of Ms. Ho will be further evaluated by our Company. We will demonstrate Mr. WENG Huaqiang, having benefited from the assistance of Ms. Ho for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary, so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE INCENTIVE PLANS DISCLOSURE REQUIREMENTS

Rule 17.02(1)(b) of the Listing Rules requires a [**REDACTED**] to, inter alia, disclose in the document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [**REDACTED**] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards. Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Hong Kong Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the [**REDACTED**] could demonstrate that such disclosures would be irrelevant or unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted outstanding restricted Shares respectively under the Restricted Share Incentive Plans to 138 grantees (the "**Grantees**"), entitling them to subscribe for 3,011,850 A Shares, representing approximately [**REDACTED**] of the total number of Shares in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no new Shares are issued under the Restricted Share Incentive Plans and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and the [**REDACTED**], respectively). Among the outstanding restricted Shares, one Director and 137 Grantees (who are employees of our Group and are not Directors, members of senior management, consultants or connected persons of our Company) were granted restricted Shares for 54,000 A Shares and 2,957,850 A Shares, respectively. Save for the aforementioned, no restricted Shares were granted to any Director, member of senior management, connected person or consultant of our Company. No restricted Shares under the Restricted Share Incentive Plans will be further granted after the [**REDACTED**] and all restricted Shares have been granted to specific individuals under the Restricted Share Incentive Plans.

We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) in connection with the disclosure of certain details relating to the Restricted Share Incentive Plans and the Grantees in this document on the ground that the waiver will not prejudice the interest of [**REDACTED**] and full compliance with such disclosure requirements would be unduly burdensome for our Company for the following reasons:

(a) given that 138 Grantees are involved in the grant of outstanding restricted Shares under the Restricted Share Incentive Plans, our Directors consider that it would be unduly burdensome to disclose in this document full details of all the restricted Shares granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements as the Company would need to collect and verify the addresses of a large number of the Grantees to meet the disclosure requirement;

(b) the disclosure of the personal details of each Grantee, including their names, addresses for the Grantees and the number of restricted Shares granted, may require obtaining consent from all the Grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of the Grantees;

(c) the grant and vesting in full of the restricted Shares under the Restricted Share Incentive Plans will not cause any material adverse impact to the financial position of our Group;

(d) there will not be any new H Shares issued under the Restricted Share Incentive Plans as the foregoing plans are A-share incentive schemes;

(e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential [**REDACTED**] with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group;

(f) full disclosure of details of the Grantees (which include their names and addresses), as well as the restricted Shares granted to each of them, would provide the Group's competitors with the Group's employees' compensation details and facilitate their soliciting activities which may impact the Group's ability to recruit and retain valuable personnel;

(g) material information on the restricted Shares under the Restricted Share Incentive Plans have been disclosed in "Appendix IV — Statutory and General Information — Restricted Share Incentive Plans" to provide prospective [**REDACTED**] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the restricted Shares in making their [**REDACTED**] decision, and such information includes: (1) a summary of the terms of the Restricted Share Incentive Plans; (2) the aggregate number of A Shares subject to the outstanding restricted Shares; (3) and the percentage in our total issued Shares of which such number represents; (4) the details of the outstanding restricted Shares granted under the Restricted Share Incentive Plans by the range of underlying A Shares, including date of grant, vesting period, purchase price and the percentage of our Company's total issued share capital represented upon completion of the [**REDACTED**].

In light of the above, our Directors believe that the grant of the waiver sought under this application and the non-disclosure of the required information will not hinder potential [**REDACTED**] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the public [**REDACTED**].

The Stock Exchange [has granted] to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules with respect to the restricted Shares granted under the Restricted Share Incentive Plans, subject to the conditions that:

(a) on an individual basis, full details of the outstanding restricted Shares granted by the Company under the Restricted Share Incentive Plans to each of the Directors, members of the senior management, consultants and connected persons of the Company, will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans" as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part 1 of the Third Schedule to the CWUMPO;

(b) in respect of the restricted Shares granted by our Company under the Restricted Share Incentive Plans to the remaining Grantees other than those referred to in subparagraph above (the "**Other Grantee(s)**"), the following details will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans", on an aggregate basis, (i) the number of the Other Grantees and the number of A Shares underlying the restricted Shares, (ii) date of grant, the vesting period, and purchase price of the restricted Shares granted, and (iii) the percentage of our Company's total issued share capital represented by such restricted Shares upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised, no further Shares are issued under the Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]);

(c) the aggregate number of A Shares underlying the outstanding restricted Shares and the percentage of our Company's total issued share capital represented by such number of A Shares as of the Latest Practicable Date will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans";

(d) a summary of the principal terms of the Restricted Share Incentive Plans will be disclosed in the section headed "Appendix IV — Statutory and General Information — D. Our Incentive Plans" in this document; and

(e) the particulars of this waiver are set out in this document; and a full list of all the Grantees with outstanding restricted Shares for A Shares under the Restricted Share Incentive Plans, containing all details as required under Rule 17.02(1)(b) the Listing Rules be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection" in Appendix V to this document.

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Position	Address	Nationality
Mr. CHEN Zuotao (陳作濤先生)	Executive Director, and Chairman of the Board	Room 2202, Unit 2 Building 7, No. 8 Xiaoyun Road Chaoyang District Beijing China	Chinese
Mr. ZHANG Jianchen (張建臣先生)	Executive Director and General Manager	#705, No. 12 Lane 500 Zhongshan Nan 1st Road Huangpu District Shanghai China	Chinese
Mr. WENG Huaqiang (翁華強先生)	Executive Director and Secretary of the Board	Room 202, No. 53 Lane 36 Shangpu Road Pudong New Area Shanghai China	Chinese
Ms. LUO Zhi (羅知女士)	Independent non-executive Director	Room 701, 7th Floor Unit 1, Building 2 No. 360 Wuluo Road Zhongnan Street Wuchang District Wuhan Hubei Province China	Chinese
Ms. CHEN Dong (陳冬女士)	Independent non-executive Director	Room 504, Building 1 Poly Metropolis South Zhuodaoquan Road, Hongshan District, Wuhan Hubei Province China	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Position	Address	Nationality
Mr. MAO Zhenhua (毛振華先生)	Independent non-executive Director	Flat A, 7/F, Tower 2 Regent on the Park 9A Kennedy Road Central, Hong Kong	Chinese
Mr. SUN Kai (孫凱先生)	Independent non-executive Director	Room F2301 Lane 168, West Lanxianghu Road Minhang District Shanghai, PRC	Chinese

See "Directors and Senior Management" for further details.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong and U.S. laws* **Jones Day** 31st Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong

	As to PRC laws **Global Law Office** 36th Floor Shanghai One ICC No. 999 Middle Huai Hai Road Xuhui District Shanghai, China
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong laws* **King & Wood Mallesons** 13/F Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	As to PRC laws **King & Wood Mallesons** 18th Floor, East Tower World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District Beijing, PRC
Independent Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office and Headquarters in Chinese Mainland	Building 10, No. 1761 Zhangdong Road Pilot Free Trade Zone Shanghai, PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Company Website	www.giantec-semi.com *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	Mr. WENG Huaqiang (翁華強先生) Building 10, No. 1761 Zhangdong Road Pilot Free Trade Zone Shanghai, PRC Ms. HO Sze Wah, Cecilia (何詩華女士) 46/F, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Authorized Representatives	Mr. WENG Huaqiang (翁華強先生) Building 10, No. 1761 Zhangdong Road Pilot Free Trade Zone Shanghai, PRC Ms. HO Sze Wah, Cecilia (何詩華女士) 46/F, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Audit Committee	Ms. CHEN Dong (陳冬女士) *(Chairperson)* Ms. LUO Zhi (羅知女士) Mr. SUN Kai (孫凱先生)
Remuneration and Evaluation Committee	Ms. LUO Zhi (羅知女士) *(Chairperson)* Ms. CHEN Dong (陳冬女士) Mr. CHEN Zuotao (陳作濤先生)
Nomination Committee	Mr. SUN Kai (孫凱先生) *(Chairperson)* Ms. LUO Zhi (羅知女士) Mr. CHEN Zuotao (陳作濤先生)

Strategy Committee	Mr. CHEN Zuotao (陳作濤先生) *(Chairperson)* Mr. ZHANG Jianchen (張建臣先生) Mr. MAO Zhenhua (毛振華先生)

[**REDACTED**]

Compliance Adviser	Altus Capital Limited 21 Wing Wo Street Central, Hong Kong
Principal Banks	**Bank of Communications Co., Ltd.,** **Shanghai Zhangjiang Sub-Branch** No. 560 Songtao Road Pudong New Area Shanghai, PRC **China CITIC Bank Co., Ltd.,** **Shanghai Jinshan Sub-Branch** No. 1038 Longhao Road Jinshan District Shanghai, PRC

The information and statistics set forth in this section and other chapters of this document have been extracted from Frost & Sullivan reports commissioned by us, as well as various official government publications and other publicly available publications. We have engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report for the [**REDACTED**]. *We believe that the sources of the information are all appropriate sources for such information, and we have taken reasonable and prudent measures in excerpting and reproducing such information. We have no reason to believe that such information is false or misleading, or that any facts have been omitted that make such information false or misleading. Information from official government sources has not been independently verified by us, the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**] *and the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF GLOBAL INTEGRATED CIRCUITS INDUSTRY

Overview of Development of Integrated Circuits Industry

Integrated circuits, as the core components of electronic systems, play a key role in functions such as computing, storage, control, and communication. By product types, integrated circuits are generally classified into memory chips, logic chips, and analog chips, etc. With the rapid development of AI technology, cloud computing, and intelligent terminals, as well as the advancement of automotive electrification and intelligence, the demand for chips has been continuously growing in multiple terminals and application scenarios, serving as a core driving force for the upgrade and innovation of the global electronics industry.

AI servers and AI PCs driving the expansion of the integrated circuit industry

The explosive growth in computing power demand is driving a comprehensive infrastructure upgrade from cloud servers to terminal PCs. On the cloud side, with the explosive growth in demand for AI model training and inference, the related infrastructure continues to expand, driving increasing demand for AI servers. Global shipments of AI servers are expected to grow from 2.5 million units in 2025 to 6.5 million units in 2030, significantly boosting demand for SPD chips and other supporting chips. On the terminal side, AI PCs are accelerating their penetration. Global shipments of AI PCs are expected to grow from 86.8 million units in 2025 to 263.2 million units in 2030. New generation products generally feature higher memory and storage configurations than traditional products, simultaneously boosting the total volume of memory modules and their supporting chips, such as SPD chips.

Furthermore, the exponential leap in the scale of large model training and inference is driving the industry to accelerate its evolution towards CXL interconnect technology to address memory bottlenecks faced by traditional storage architectures. New-generation eSSDs and CXL memory expansion modules are becoming core equipment for breaking the boundaries between computing power and storage capacity, aiming to achieve pooled sharing and expansion of memory resources. To meet enterprise demands for efficient operation, new-generation eSSDs need to maintain ultra-large capacity storage while providing extremely low-latency read-write response and stable all-weather operation capabilities to support real-time loading and persistence of massive data. VPD chips are responsible for managing device identification, key parameter configuration, and system-level verification. Their accuracy and interface stability are directly related to the operational efficiency of large-scale computing clusters. As new-generation eSSDs and CXL technology standards continue to evolve, VPD chips have become an indispensable foundational cornerstone for ensuring the efficient and continuous operation of AI infrastructure.

Automotive evolution toward electrification, intelligence, and connectivity increasing chip usage

The accelerated transformation of automotive electrification, intelligence, and connectivity has significantly increased value of semiconductor per vehicle. Intelligent driving, intelligent cockpits, BMS, motor control, and domain controllers all require substantial support from memory chips, microcontrollers, sensors, and power devices. Memory chips such as EEPROM and NOR Flash are key components in the processes of configuring data storage, software version management, sensor calibration, etc. Furthermore, the increasing number of in-vehicle cameras per vehicle is further driving growth in demand for memory chips. As the trend towards software-defined vehicles strengthens, automakers are imposing higher requirements for long-term supply stability and functional safety certification of chips, while supply chain security considerations are also prompting some automakers to increase their acceptance of localized chip supplies.

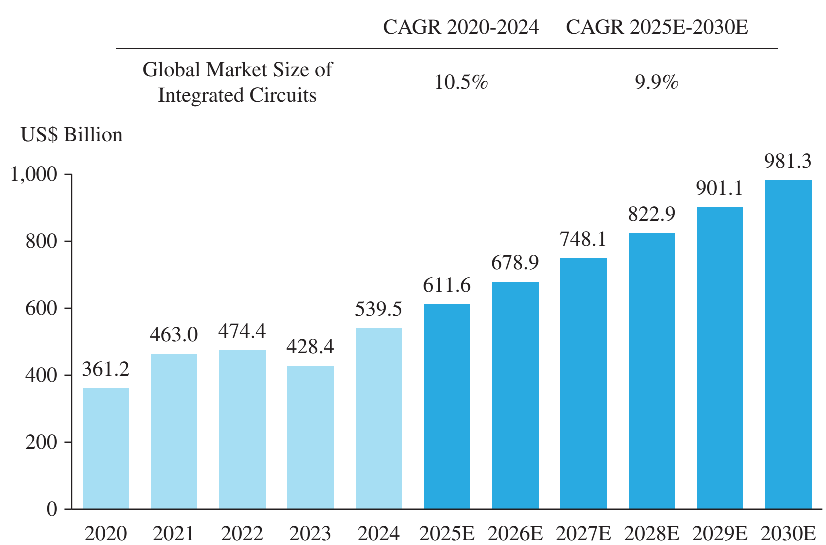
Smart upgrades in consumer electronics driving demand for chips

As AI technology penetrates into consumer electronics fields such as smartphones, wearables, and XR devices, the computing power, local data processing requirements, and real-time responsiveness of terminal devices have significantly improved, driving simultaneous expansion in demand for multiple types of integrated circuits. The role of memory chips in local model loading, parameter storage, and caching becomes increasingly critical, and their usage in AI terminals continues to grow. Additionally, lens driver chips undertake higher-precision and lower-power control tasks in intelligent imaging, spatial perception, and multi-camera systems, with demand expanding alongside imaging capability upgrades.

Market Size Analysis of Integrated Circuits Industry

Integrated circuits are the core carrier and data processing hub supporting strategic emerging industries such as artificial intelligence, cloud computing, and smart vehicles. The global market size of integrated circuit showed a fluctuating upward trend from 2020 to 2024. Despite the impact of cyclical supply and demand adjustments in the industry during this period, the overall market size still grew from US$361.2 billion to US$539.5 billion, with a CAGR of 10.5% from 2020 to 2024. With the deepening of digital transformation, the explosion in demand for high-performance computing, and the continuous iteration of semiconductor technology, the global market size of integrated circuit is projected to reach US$981.3 billion by 2030, with an expected CAGR of 9.9% from 2025 to 2030.

Global Market Size of Integrated Circuits, 2020-2030E



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Memory chips, as an important segment within the integrated circuit industry, are fundamental components enabling data storage, retrieval, and processing in information systems. From data centers and automotive electronics to consumer electronics, the core functionalities of various terminals and systems all rely on memory chips for persistent data storage and efficient data reading. As digitalization continues to deepen, and the scale of data generation, transmission, and processing continues to expand, the strategic position of memory chips within the entire integrated circuit industry chain has become increasingly prominent. Their development level directly impacts the performance, reliability, and cost structure of downstream applications.

Within the memory chip system, non-volatile memory chips, due to their characteristic of retaining data after power failure, are widely used in core functions such as system boot, firmware storage, configuration parameter preservation, and critical data protection. They are indispensable basic components for the stable operation of electronic systems. As terminal devices increase in complexity and application scenarios continue to expand, the application scope and value of non-volatile memory chips continue to extend, making them an important direction with long-term development potential within the field of memory chip.

OVERVIEW OF GLOBAL NON-VOLATILE MEMORY CHIPS INDUSTRY

Definition and Overview

Non-volatile memory chip is a semiconductor memory device that retains stored data even after power outage. It is widely used in scenarios requiring long-term data preservation as the data stored in it will not be lost when the power is off.

By product types, non-volatile memory chips primarily include EEPROM and NOR Flash, among others. EEPROM offers advantages such as power-off data retention, byte-level erasure/programming, low power consumption, high reliability, and long data retention time. EEPROM is mainly used for storing small-scale, frequently modified data in various devices, typically ensuring 1 million erasure/programming cycles and data storage over a 100-year period. NOR Flash, as a code-type flash memory chip, features fast random reading and high reliability. NOR Flash is primarily used for storing code and some medium-to-low capacity data, typically ensuring 100,000 erasure/programming cycles over a 20-year period.

By application scenarios, non-volatile memory chips are mainly used in memory module supporting chips, automotive electronics, consumer electronics, and other segments. Among these use cases, memory module supporting chips are those that provide additional functional support for the memory module. By working in coordination with memory chips, it enhances the performance, stability, and compatibility of memory modules, ensuring the correct storage, reading, and transmission of data.

Among memory module supporting chip applications, the primary products are SPD and VPD. In DDR5 memory modules, in addition to memory chips and interface chips, supporting chips such as SPD, TS, and PMIC are also required. Among them, the SPD chip contains integrated EEPROM, which is used for storing module information and configuration parameters for various components. With the generational upgrade of DDR and the rapid increase in volume of server memory, demand for SPD chips continues to rise. Furthermore, as cloud computing, AI server, and enterprise storage system capacities accelerate expansion, the demand for VPD chips supporting the new generation of eSSD and CXL modules is in a period of rapid growth. VPD chip is used in storage systems to store product information, configuration parameters, and security authentication data, serving as crucial foundational components for the new generation of eSSD and CXL modules.

Value Chain Analysis of Non-Volatile Memory Chips Industry

The upstream segment primarily includes areas such as semiconductor materials, equipment, and wafer fabrication. Raw materials for non-volatile memory chips are mainly silicon wafers, photo-resists, target materials, etc., while also requiring core equipment such as exposure machines, etching machines, thin-film deposition equipment, and testing and packaging equipment.

The midstream segment involves the design, manufacturing, and packaging & testing of non-volatile memory chips. Among them, the design stage is the key in determining the performance, power consumption and cost of the chip. Enterprises need to define chip architecture, interface protocols, and manufacturing processes based on different application scenarios such as AI servers, automotive electronics, and consumer electronics. The non-volatile memory chip industry includes the fabless model and the IDM model. Under the fabless model, enterprises do not require heavy capital investment to build foundries. They can focus R&D resources on enhancing chip design capabilities while flexibly engaging with professional foundry capacities. This allows for rapid response to market demand iterations and multi-scenario adaptation, accelerating the deployment and iteration efficiency of high-value-added memory chip products.

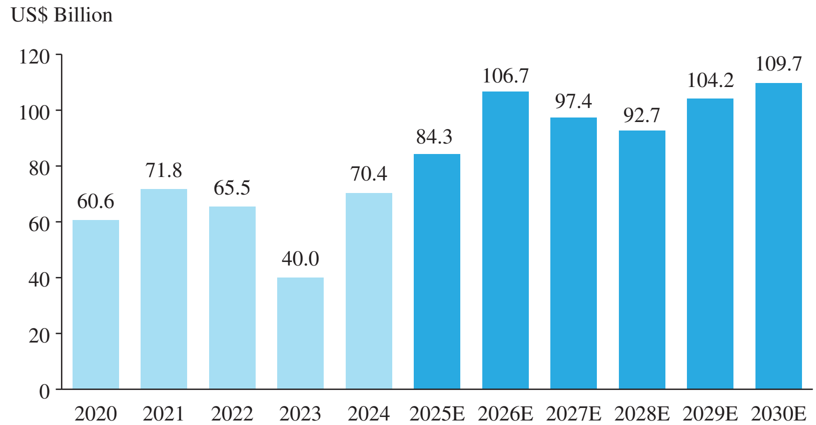
The downstream segment covers application fields such as AI servers, automotive electronics, and consumer electronics. Different application scenarios have significantly varying requirements for speed, endurance, temperature grade, and reliability, with automotive electronics having particularly high verification and quality demands. Since automotive-grade memory chips need to ensure high stability and reliability under wider variations in temperature, supply voltage, and other parameters, they impose higher requirements on design, testing, and mass production stages, with stricter production and quality control standards.

Market Size Analysis of Non-Volatile Memory Chips Industry

As core hardware that can permanently retain data in a powered-off environment, non-volatile memory chips have become strategic foundational components and data storage cornerstones for the development of key industries such as AI servers, automotive electronics, and consumer electronics. The global market size of non-volatile memory chip decreased from US$65.5 billion in 2022 to US$40.0 billion in 2023, primarily due to price declines caused by global overcapacity; subsequently, the market size quickly recovered to US$70.4 billion in 2024, with a CAGR of 3.8% from 2020 to 2024. With the explosive growth in downstream markets such as AI servers, AI PCs, automotive electronics, and consumer electronics, the global market size of non-volatile memory chip is projected to reach US$109.7 billion by 2030. Due to its high sensitivity to supply-demand dynamics and clear technological iteration rhythm, non-volatile memory chips exhibit distinct cyclicality, with a cycle typically spanning three to five years. This is mainly attributed to the high concentration on the supply side as the non-volatile memory chips were dominated by a few global large players. Over the long term, the industry is likely to follow a rising trend with cyclical fluctuations.

Global Market Size of Non-Volatile Memory Chip, 2020-2030E

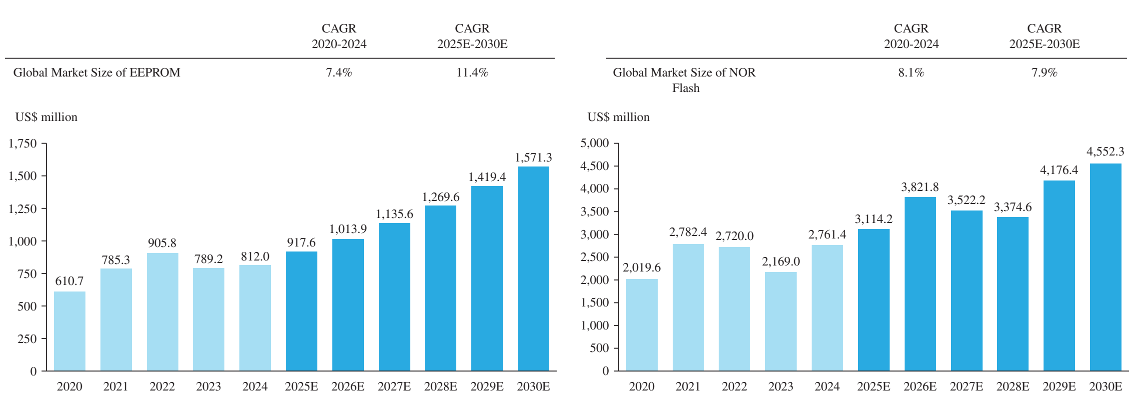
	CAGR 2020-2024	CAGR 2025E-2030E
Global Market Size of Non-Volatile Memory Chips	3.8%	5.4%



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Both EEPROM and NOR Flash, as core categories of non-volatile memory chips, play indispensable roles in critical applications such as automotive electronics, artificial intelligence and consumer electronics. The former enables flexible byte-level erasure/programming and high reliability for device parameter storage, while the latter, with its fast read speed and execute-in-place (XIP) capability, carries system boot code. The market size of EEPROM chips grew from US$610.7 million in 2020 to US$812.0 million in 2024, with a CAGR of 7.4%. The market size of NOR Flash chips grew from US$2,019.6 million in 2020 to US$2,761.4 million in 2024, with a CAGR of 8.1%. As the overall market for non-volatile memory chips grows steadily, the market size of EEPROM and NOR Flash chips are projected to reach US$1,571.3 million and US$4,552.3 million, respectively, by 2030. NOR Flash chips market will experience cyclical fluctuations in the future primarily due to the recurring misalignment between supply capacity, which is increasingly constrained by the semiconductor industry's prioritization of emerging AI components, and the volatile inventory correction cycles typical of the consumer electronics and automotive end-markets.

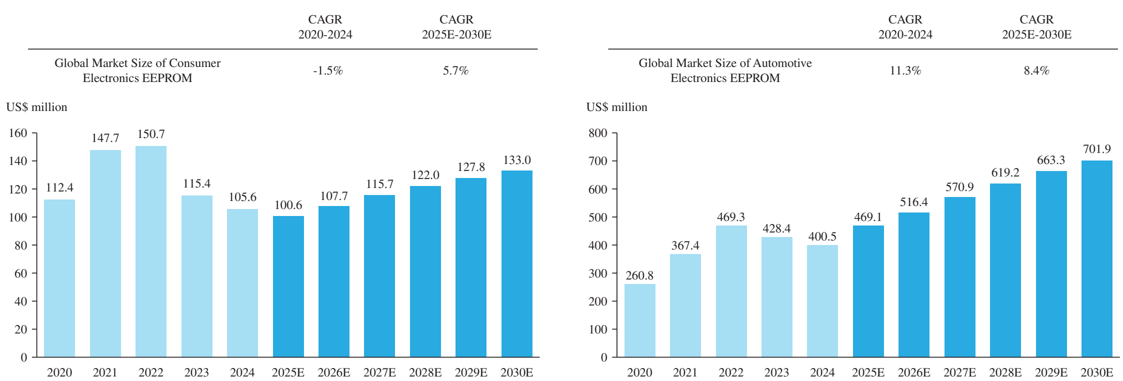
Global Market Size of EEPROM and NOR Flash, 2020-2030E



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Consumer electronics EEPROM and automotive electronics EEPROM, as core non-volatile storage solutions in specific application scenarios, hold important positions in their respective segments. The former is widely used in various consumer terminals due to its flexible parameter configuration capability, while the latter supports the real-time response of automotive intelligent systems with better environmental adaptability and higher product stability. Due to the gradual slowdown in global consumer electronics sales in recent years, the market size of consumer electronics EEPROM has seen a decline. Benefiting from the explosive growth of new energy vehicles, the market size of automotive electronics EEPROM grew rapidly from US$260.8 million in 2020 to US$400.5 million in 2024, with a CAGR of 11.3%. As downstream application demand recovers and upgrades, the market sizes of consumer electronics EEPROM and automotive electronics EEPROM are projected to reach US$133.0 million and US$701.9 million, respectively, by 2030.

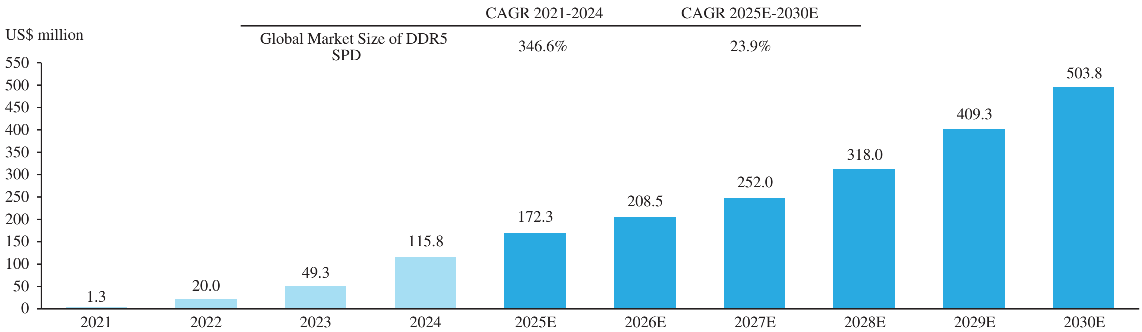
Global Market Size of Consumer Electronics and Automotive Electronics EEPROM, 2020-2030E



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

DDR5 SPD, as the core configuration chip for the new generation of memory modules, ensures high-speed, stable communication in memory systems with its integrated serial presence detect functionality and high-precision temperature sensor, playing an indispensable role in critical applications such as data centers, high-performance computing, and personal computers. The global market size of DDR5 SPD chip surged from US$1.3 million in 2021 to US$115.8 million in 2024, completing the leap from initial commercialization to large-scale application. As DDR5 memory penetration continues to increase and storage technology iterates, the market size of DDR5 SPD chip is projected to reach US$503.8 million by 2030, with an expected CAGR of 23.9% from 2025 to 2030.

Global Market Size of DDR5 SPD, 2021-2030E



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Market Drivers and Development Trends Analysis of Global Non-Volatile Memory Chips Industry

Development of AI servers, AI PCs, and eSSDs driving demand growth

The rapid development of AI computing power and large model training is driving profound changes in underlying hardware architecture, prompting significant increases in server memory configuration and accelerating demand for DDR5 memory modules and their supporting chips, such as SPD, etc. Furthermore, with the explosive growth in global data processing volumes, the rapid iteration of eSSDs will further unleash the enormous market potential for supporting VPD chips.

- **AI server memory configuration upgrade:** With the sharp increase in parameters of large language models, computing systems face urgent demand for memory bandwidth and capacity. To match computing power, mainstream AI servers typically need to deploy over 20 DDR5 memory modules, a configuration density far exceeding that of traditional general-purpose servers. Meanwhile, global shipments of AI server are projected to surge from 2.5 million units in 2025 to 6.5 million units in 2030, with a CAGR of 21.1% during this period. This architectural shift greatly boosts demand for SPD chips and other supporting chips. DDR5 SPD and related supporting chips need to handle more complex temperature control and configuration tasks, with their specification requirements and unit prices significantly higher than those of the DDR4 generation. Combined with the substantial increase in usage volume, the value contribution per server is experiencing a multiple-fold increase.

- **High-end PCs and thin & light laptops driving new demand:** The realization of the AI PC concept is reshaping the consumer electronics market. To smoothly run lightweight models with large parameters on the local device, terminal devices impose higher requirements on memory speed and energy efficiency. As major processor manufacturers launch processors integrated with NPUs, AI PC penetration is expected to rise rapidly, driving a replacement wave for high-capacity memory. Global AI PC shipments are projected to grow from 86.8 million units in 2025 to 263.2 million units in 2030, with penetration increasing sharply from 31.0% in 2025 to 85.0% in 2030. As an innovative form in the DDR5 era, the LPCAMM/LPCAMM2 memory modules, with its compact size, low-power consumption, and detachable nature, is gradually replacing on-board LPDDR5X memory, becoming an ideal solution for the new generation of thin & light laptops and other compact devices. Unlike on-board LPDDR5X memory solutions, each LPCAMM/LPCAMM2 module must be equipped with one SPD chip and one PMIC chip, opening up a brand-new pure incremental space for the supporting chips.

- **eSSD demand growth driving VPD chips:** As cloud computing providers, AI server clusters, and enterprise storage systems accelerate capacity expansion, to ensure power supply stability and security for stored data under high loads, the demand for VPD chips supporting eSSD and CXL modules, as critical protective components, will also maintain a high-speed expansion synchronized with eSSD shipments. Global shipment of AI eSSD is projected to grow exponentially from approximately 70EB in 2025 to 650EB in 2030, with a CAGR of 56.2% during this period.

Rapid development of automotive electronics driving demand for automotive-grade memory chips

The trends of automotive electrification, intelligence, and connectivity, especially the evolution of vehicle electronic and electrical architecture towards domain control and zonal control, have triggered a structural leap in demand for in-vehicle memory chips. This transformation has significantly increased the demand for highly reliable memory in in-vehicle electronic systems, driving the continuous expansion of the market size for automotive-grade EEPROM and NOR Flash. The rapid adoption of new energy vehicles and intelligent cockpits provides a broad market space for the development of automotive-grade memory.

- **New energy vehicle sales growth driving market expansion:** Global new energy vehicle sales are projected to grow from 23.4 million units in 2025 to 44.0 million units in 2030, with a CAGR of 13.5% during this period. As new energy vehicle sales rise rapidly, the deployment of memory chips per vehicle is expanding from a few key nodes to multiple domains and nodes. This directly drives a substantial increase in the loading of memory chips in core units including the new energy three-electric system (motor, battery, and electronic control), chassis & transmission, body control systems, and visual perception.

- **Intelligent cockpit and autonomous driving applications increasing chip demand per vehicle:** The high-performance development of autonomous driving domain controllers and intelligent cockpits continuously increases the demand for highly reliable memory. For example, the number of EEPROM chips required per vehicle has increased from approximately 10-15 in traditional fuel vehicles to approximately 30-40 in new energy vehicles. Furthermore, with the upgrade of ADAS visual perception systems, the number of in-vehicle camera modules continues to grow, further boosting the usage of chips like EEPROM and NOR Flash in the perception layer.

- **High-standard technical threshold:** Automotive electronics impose extremely high requirements on chip reliability and anti-interference capability. Automotive-grade memory chips need to comply with the AEC-Q100 standard, meeting requirements for wide temperature range adaptability and extremely low failure rates. As certification cycles last long, this stringent entry mechanism creates deep technical barriers for manufacturers with mature mass-production capabilities and high-quality products, establishing a long-term, stable growth space.

Intelligent terminals upgrade driving expansion of demand for non-volatile memory

As consumer electronic products evolve towards comprehensive intelligence and connectivity, and the deployment of AI large models at the edge reshapes hardware architecture, this trend strongly drives explosive demand for medium and small capacity non-volatile memory chips like EEPROM and NOR Flash. Emerging lightweight intelligent hardware is not only growing exponentially in quantity but also continuously diversifying in functionality, greatly expanding the market boundaries for small-capacity memory in the non-volatile memory chip field.

- **AI intelligent terminals driving demand upgrades:** With the accelerated deployment of new categories such as AI smartphones, AI PCs, and AI glasses, running on-device AI models imposes higher requirements on hardware performance. Among them, global AI smartphone shipments are projected to grow from 411.3 million units in 2025 to 1,167.0 million units in 2030, with a CAGR of 23.2% during this period. To support more complex system booting code, faster wake-up speeds, and real-time recording of massive sensor data, systems demand higher data throughput, erasure/programming endurance, and ultra-low power consumption performance from memory chips. This has directly driven up the demand of high-stability EEPROM and high-capacity NOR Flash in high-end terminals.

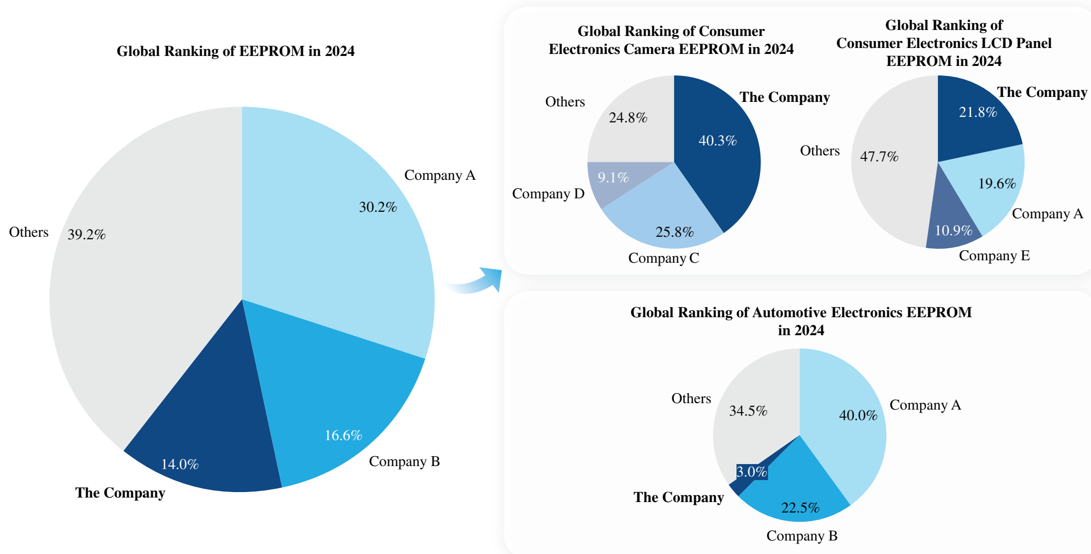
- **Growth in wearables and lightweight devices:** Miniaturized devices like smartwatches, handheld gimbals and various smart home sensors are witnessing a wave of popularity. Among them, global wearables shipments are projected to grow from 527.6 million units in 2025 to 709.7 million units in 2030, with a CAGR of 6.1% during this period. Such devices are tiny in size and highly sensitive to power consumption, thus creating enormous rigid demands for small-capacity memory chips with small packaging, low voltage, and high reliability. In particular, the iteration of segments like smartwatches, handheld gimbals and fitness wristbands has multiplied the storage capacity per device, opening up a vast market space for memory chip manufacturers.

- **Diversification of consumer electronics ecosystem:** Application scenarios for consumer electronics are expanding from single scenarios to a diversified ecosystem. Functions such as secure authentication for mobile payments, data logging for all-weather health monitoring, and local command libraries for AI voice assistants all rely on high-performance storage media. The richness of such ecosystem requires memory chips to possess advanced features like hardware-level encryption, further driving specification upgrades and increased demand for memory chips.

Competitive Landscape of Global Non-Volatile Memory Chips Industry

The global EEPROM market is relatively concentrated. In terms of revenue in 2024, in the global EEPROM market, the Company is the third-largest EEPROM supplier worldwide and the largest China-based EEPROM supplier. In the consumer electronics segment, the Company also holds the global leading position in both consumer electronics camera module EEPROM and consumer electronics LCD panel EEPROM markets with shares of 40.3% and 21.8%, respectively. Furthermore, in the global automotive electronics EEPROM segment, the Company ranked as the third-largest automotive electronics EEPROM supplier globally and the largest China-based automotive electronics EEPROM supplier. Through long-term dedication to the consumer electronics and automotive electronics segments, the Company has achieved a leading presence across multiple application sectors.

Competitive Landscape of Global EEPROM and Segmented Markets by Revenue in 2024



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Globally, there are currently two suppliers capable of providing SPD chips supporting DDR5 memory modules on a large scale. Among them, as the core market participant, the Company held a market share of over 40% by revenue in 2024. With the explosion in demand for DDR5 memory modules from AI servers and the penetration of DDR5 in the PC segment, this market is expected to achieve robust growth.

Notes:

1. Company A, founded in 1987 and headquartered in Switzerland, is listed on the New York Stock Exchange, Euronext Paris, and Borsa Italiana. It is primarily engaged in the design, R&D, manufacturing, and sales of semiconductors and related solutions, with products widely used in automotive electronics, industrial control, communications, and IoT, among other fields.

2. Company B, founded in 1989 and headquartered in the United States, is listed on the NASDAQ. It is primarily engaged in the design, R&D, manufacturing, and sales of microcontrollers, analog chips, memory, and related embedded control solutions, with products widely used in automotive electronics, communications, consumer electronics, and IoT, among other fields.

3. Company C, founded in 2016 and headquartered in China, is listed on the Shanghai Stock Exchange. It is primarily engaged in the R&D, design, and sales of non-volatile memory and related embedded storage solutions, focusing on application scenarios such as consumer electronics, industrial control, and IoT.

4. Company D, founded in 1998 and headquartered in China, is listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. It is primarily engaged in the design, development, and sales of integrated circuits, with its products widely used in sectors such as financial security, government public services, Internet of Things, and industrial control.

5. Company E, founded in 1958 and headquartered in Japan, is listed on the Tokyo Stock Exchange. It is primarily engaged in the R&D, manufacturing, and sales of power semiconductors, analog chips, discrete devices, and advanced power devices like SiC, widely used in automotive electronics and high-efficiency power systems.

OVERVIEW OF GLOBAL LENS DRIVER CHIPS INDUSTRY

Definition and Overview

Lens driver chips are a class of linear DC drivers used for driving the movement of the camera motor. They are widely used in consumer electronics, security and surveillance equipment, handheld gimbals, and other imaging-related fields. The lens driver chip is primarily used to control the lens driver to achieve the auto-focus function and optical image stabilization. Lens driver chips can be categorized into open-loop, closed-loop, and OIS lens driver chips.

The open-loop lens driver chip controls the motor's movement by detecting image signals via the processor, and outputs control signals. It has a simple structure and a cost advantage, mainly used in cost-sensitive scenarios with low requirements for focusing speed, such as mid-to-low-end smart devices and entry-level security cameras. The closed-loop lens driver chip incorporates position feedback components such as Hall sensors, allowing real-time monitoring and adjustment of motor position for precise control of the focusing process. Its focusing speed and accuracy are superior to those of the open-loop type, making it the mainstream choice for products such as mid-to-high-end smartphones, and professional cameras, etc. The OIS lens driver chip enhances imaging clarity by compensating in real-time for lens displacement caused by vibration. It is primarily used in scenarios requiring high shooting stability, such as mid-to-high-end smartphones and professional interchangeable lens digital cameras, and gradually extend to the mid-to-low-end smartphones.

Value Chain Analysis of Lens Driver Chips Industry

The value chain of lens driver chips industry can be divided into three segments: upstream raw materials and manufacturing equipment, midstream chip design and manufacturing, and downstream end-use applications. The upstream segment mainly includes semiconductor raw materials and manufacturing equipment, providing foundational support for the R&D and production of lens driver chips.

The midstream segment, which encompasses the design, manufacturing, and packaging & testing of lens driver chips, is the core value-creating segment of the value chain. Chip design needs to cover key technologies such as precision current driving, motor control algorithms, and displacement compensation algorithms. The manufacturing and packaging & testing stages impose high requirements for the miniaturized packaging and yield control of the chip, and it also needs to be highly compatible with different types of camera modules. As smartphone imaging functions continue to upgrade, and new terminals such as smart wearable devices demand higher miniaturization and lower power consumption, the comprehensive capabilities of midstream companies in design capability, process collaboration, and mass production and delivery have become their core competitiveness.

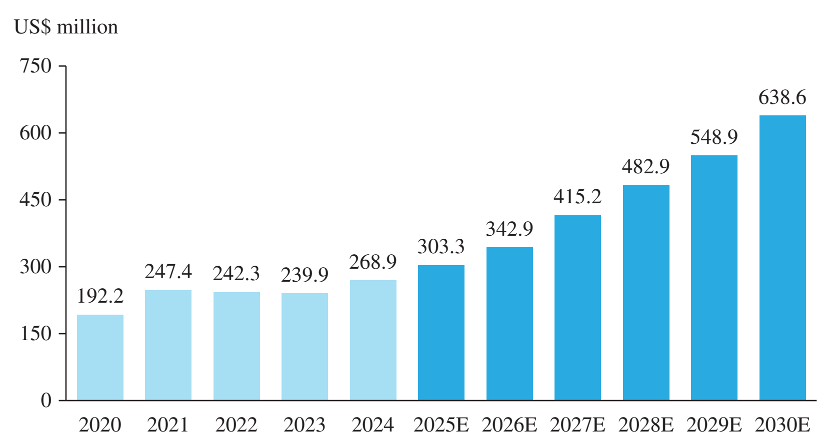
The downstream segment primarily includes manufacturers of smartphones, smart wearable devices, handheld gimbals, and other consumer- and industrial-grade imaging equipment. As a key control component enabling functions like auto-focus and optical image stabilization, the performance of lens driver chips directly affects imaging quality and system stability. As high-end smartphones continue to raise technical specifications for imaging performance and stability, and terminals such as foldable smartphones and smart wearable devices demand higher module miniaturization and structural reliability, downstream customers' requirements for lens driver chips regarding control precision, response speed, power consumption, package size and integration level, and long-term reliability are continuously increasing.

Market Size Analysis of Global Lens Driver Chips Industry

Benefiting from the continuous improvement in terminal imaging demands and the diversified expansion of application scenarios, the application of lens driver chips in core areas such as smartphone imaging systems and high-end security is deepening. The market size of global lens driver chips industry grew steadily from US$192.2 million in 2020 to US$268.9 million in 2024, with a CAGR of 8.8% from 2020 to 2024. As mobile terminals continue to raise requirements for imaging quality, the market size of global lens driver chips industry is projected to grow to US$638.6 million by 2030, with an expected CAGR of 16.1% from 2025 to 2030.

Market Size of Global Lens Driver Chips Industry, 2020-2030E

	CAGR 2020-2024	CAGR 2025E-2030E
Market Size of Global Lens Driver Chips Industry	8.8%	16.1%



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Market Drivers and Development Trends Analysis of Global Lens Driver Chips Industry

Smartphone imaging performance upgrades driving demand for high-precision, high-stability lens driver chips

The continuous evolution of the imaging system of smartphones, which is one of the most significant downstream application scenarios for lens driver chips, is a core factor driving the increasing performance demands for lens driver chips.

- **Performance requirements increase:** As global smartphone imaging systems evolve towards high-pixel sensors, large optical formats, and diverse focal length configurations, cameras' requirements for focusing accuracy and stability have significantly increased. This in turn imposes higher performance demands on lens driver chips regarding response speed, position control accuracy, linearity, and noise suppression.

- **Accelerated penetration of closed-loop and OIS technologies:** Closed-loop lens driver chips and OIS technology are important means for upgrading flagship model imaging systems. From 2020 to 2024, the share of global high-end smartphones in total smartphone shipments grew from 22.6% to 27.2%, and is projected to further increase to 31.3% by 2030, providing market space for the large-scale application of closed-loop control and stabilization technologies. On the other hand, as basic requirements for imaging stability and focusing performance in mainstream models continue to rise, demand for closed-loop control and stabilization capabilities is gradually extending from high-end models to mid-range models. In 2024, the combined share of mid-range and high-end smartphones in global smartphone shipments reached 65.5%, and this proportion is expected to reach 68.7% by 2030, driving the continuous penetration of closed-loop and OIS lens driver chips across a larger shipment base.

Emerging applications like action cameras, smart wearable devices, handheld gimbals, and security & surveillance systems driving industry growth

The application scenarios for lens driver chips are expanding into diversified new devices such as action cameras, handheld gimbals, smartwatches, XR devices, AI glasses, and in-vehicle cameras, driving industry growth. The differentiated demands of emerging application scenarios for lens driver chips are driving the evolution of driver chips towards higher integration, lower power consumption and higher combination property.

- **Action cameras and smart wearable devices:** Emerging terminals represented by action cameras, XR devices, and AI glasses are widely used in high-complexity scenarios such as dynamic shooting, real-time interaction, and spatial perception, which put forward higher requirements for imaging stability, continuous focusing capability, and response speed. This continuously elevates the technical standards for lens driver chips in terms of control precision and response performance. As AI glasses and XR devices gradually enter the stage of large-scale production, the shipments are projected to reach 71.6 million units by 2030, with a CAGR of approximately 36.7% from 2025 to 2030, providing new medium-to-long-term incremental demand for lens driver chips. Simultaneously, constrained by battery capacity, device size, and heat dissipation conditions, smartwatches impose more stringent requirements on the ultra-low power consumption operation capability and high integration of lens driver chips, pushing products towards lower power consumption and miniaturization.

- **Security & surveillance systems:** As security and surveillance systems develops towards higher resolution, telephoto capabilities, and all-weather stable imaging, requirements for imaging stability in low-light, long-distance, and vibration scenarios have significantly increased, driving the penetration of OIS solutions in the security field. OIS technology can effectively reduce the impact of environmental vibration, wind force or slight device shake on the image through precise control of lens or image sensor displacement.

Overall, the continuous penetration of diversified emerging terminals not only broadens the application boundaries of lens driver chips but also guides technological upgrade trends and enhances product added value through differentiated demands.

Product integration and diversification of driving technology requirements

As imaging systems continue to evolve towards thinner profiles, high performance, and high stability, lens driver chips are showing a clear development tendency towards integration and diversification of driving technologies.

- **Performance integration:** As lens drivers evolve from open-loop and closed-loop solutions towards complex systems integrated OIS, driver chips need to coordinate both AF and OIS actuators simultaneously, imposing higher requirements on multi-channel control, real-time response, and system stability. By highly integrating AF, OIS, and core control logic, integrated chips can effectively reduce signal delay and external interference, providing a hardware foundation for high-precision, low-jitter cooperative control, thereby supporting the overall performance improvement of the imaging system.

- **Functional integration:** Meanwhile, the integration of functional-level modules has been further deepened. Integrated solutions combine EEPROM and lens driving functions into a single chip, reducing the number of independent components in the module, improving factory calibration efficiency and parameter consistency, and better adapting to the demands of structurally complex imaging modules such as multi-camera setups, periscope lenses, and large-format lenses.

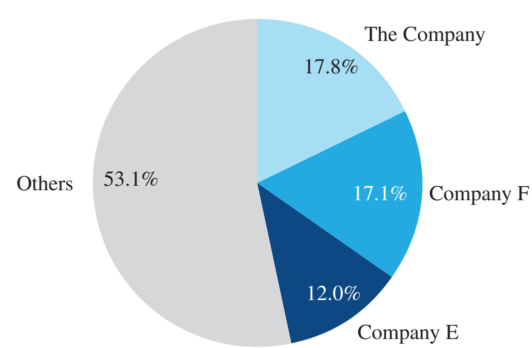
- **Diversification of driving technology requirements:** The forms of lens drivers are becoming more diverse, including new types based on VCM technology (such as slide-type motors and brushless DC motors) or other new technologies (such as piezoelectric motors). These new types of lens drivers require corresponding driving technologies, including both hardware and algorithms.

Overall, the trend towards integration continuously increases the value contribution of lens driver chips through system collaboration, functional integration, and reliability, driving the evolution from single-function to high-value-added lens driver chips.

Competitive Landscape of Global Lens Driver Chip Industry

In 2024, the competitive landscape of the global lens driver chip market was relatively concentrated. In the open-loop lens driver chip market, the top three companies accounted for 46.9% of the market share by revenue. Among them, the Company ranked first in the industry with a 17.8% market share.

Competitive Landscape of Global Open-Loop Lens Driver Chips Market by Revenue in 2024



Sources: World Semiconductor Trade Statistics Organization, SEMI, Frost & Sullivan

Notes:

1. Company F, founded in 2006 and headquartered in Seoul, Korea, is listed on the KOSDAQ. It primarily focuses on the analog semiconductor field, engaged in the R&D and manufacture of products such as auto-focus driver chips, optical image stabilization driver chips, and haptic feedback chips.

ANALYSIS OF ENTRY BARRIERS

Technological barriers: long-term technological accumulation and full-chain R&D capabilities

The integrated circuit industry features high technological complexity, especially for products such as memory chips and lens driver chips, which impose stringent requirements on reliability, lifespan, power consumption, security, and system compatibility. This necessitates that enterprises possess long-term technological accumulation and full-chain R&D capabilities. Due to the potential risks such as code loss, lifespan attenuation, and system failure in chips, customers are highly sensitive to reliability, requiring enterprises to build correction models and reliability databases through years of mass production data accumulation and technological iteration. In contrast, new entrants not only lack architectural design capabilities but also lack long-term accumulated correction data, algorithm optimization experience, and system- and platform-level verification systems, making it difficult to meet market-required performance and reliability standards in the short term, thus forming a significant technological barrier. The performance of closed-loop lens driver chips and OIS lens driver chips is closely tied to the structure and performance of the motor itself, requiring adaptation for specific motor models. The debugging capabilities and experience of customer support personnel are crucial for ensuring the performance of customer products, which necessitates years of accumulation and continuous investment.

Barriers to industrial chain collaboration: stable upstream production capacity supply and collaborative development with downstream customers

On the upstream supply side, leading manufacturers have established long-term strategic partnerships with foundries and packaging and testing giants, forming a solid capacity supply barrier. In the field of memory chips, particularly, leading enterprises, relying on their huge order scale and technological integration, can prioritize locking in scarce wafer production capacity. Such deep integration not only ensures the continuity and stability of supply amid industry cyclical fluctuations, but also makes it difficult for new entrants to obtain comparable supply chain support within a short timeframe. On the downstream application side, competitive barriers manifest as deep collaborative development with end customers. Unlike traditional general-purpose sales models, leading chip design manufacturers often engage with customers from the definition stage of their new products. This R&D collaboration model not only significantly enhances customer stickiness but also allows manufacturers to closely align with cutting-edge market demands, establishing a first-mover advantage when new generations of products are launched.

Customer resource barrier: high entry threshold and strong customer stickiness

As the core component of electronic products, the stability and reliability of chips directly impact the functional performance of terminal products. This makes downstream customers particularly cautious when selecting suppliers, typically requiring extensive long-term, full-process testing for reliability, compatibility, lifespan, and environmental factors. Consequently, once a customer completes validation and integrates a specific chip into their product platform, they are unlikely to switch solutions unless faced with quality or supply issues, resulting in strong customer stickiness. Leading enterprises in the industry have accumulated a large number of top terminal customers by virtue of stable quality and market reputation. This first-mover advantage will further strengthen the trust barrier, making it difficult for new entrants to enter the mainstream customer system in the absence of similar customer cases and verification experience.

Talent barrier: scarcity of and long development cycle for high-end interdisciplinary professionals

The integrated circuit industry heavily relies on interdisciplinary professionals skilled in technology, management, and marketing. Key roles span digital/analog circuit design, architecture definition, verification engineering, algorithm development, quality management, supply chain coordination, and specialized sales, all of which require years of industry experience and practical accumulation. Leading enterprises typically possess mature core R&D and management teams, creating a strong talent aggregation effect. For new entrants, limited brand influence and resources make it difficult to attract experienced professionals. Moreover, they are unable to build a complete, experienced, and balanced cross-functional team in a short period, making talent a significant limiting factor for their industry entry.

Capital barrier: high-intensity R&D and pilot production investments

The integrated circuit industry features high investment, long cycles, and significant risks. Continuous and substantial financial support is crucial for enterprises to maintain technological advancement, process leadership, and product competitiveness. Throughout various stages from product design to pilot production, enterprises not only have to bear substantial labor costs, but also need to invest in high tape-out fees, testing fees, and various verification and optimization expenses. These costs are often cyclical and incompressible. New entrants lacking sufficient financial resources will struggle to sustain ongoing R&D investments and will be unable to compete with leading enterprises that have already established scale advantages and technological accumulation in the market.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global integrated circuit industry, the global non-volatile memory chip industry, and the global lens driver chip industry, and to prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in New York in 1961, providing industry research and market strategies. We have entered into an agreement to pay Frost & Sullivan RMB500,000 for the preparation of the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research, including discussions with several leading industry participants regarding industry conditions and interviews with relevant individuals. Frost & Sullivan also conducted secondary research, including reviewing company reports, independent research reports, and data from its own research database. Frost & Sullivan derived the estimated statistics of total market size based on historical data analysis incorporating macroeconomic data, taking into account the aforementioned main industry drivers. Its market engineering forecast methodology combines multiple forecasting techniques with a system based on market engineering measurements and relies on the expertise of the analyst team to integrate the key market elements investigated during the project research phase. Such elements primarily include expert opinion forecasting methods, integration of market drivers and constraints, integration of market challenges, integration of market engineering measurement trends, and integration of econometric variables.

The Frost & Sullivan Report was prepared based on the following assumptions: (i) the social, economic, and political environments globally and in Chinese mainland are likely to remain stable during the forecast period; and (ii) the key relevant industry drivers may drive the market during the forecast period.

This section and other chapters of the document excerpt portions of information from the Frost & Sullivan Report, aiming to provide potential [**REDACTED**] with a more comprehensive introduction to the industry in which we operate. The Directors confirm that, to the best of their knowledge and after making reasonable enquiries, there have been no material adverse changes in overall market information since the date of the release of the Frost & Sullivan Report, which are sufficient to make material corrections, contradict or have an impact on such information.

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

REGULATIONS ON THE INTEGRATED CIRCUIT INDUSTRIES

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

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

On May 17, 2019, the Ministry of Finance (the "MOF") and the State Taxation Administration (the "SAT") jointly promulgated the Announcement on Enterprise Income Tax Policies for Integrated Circuit Design and Software Industries (關於集成電路設計和軟件產業企業所得稅政策的公告). Pursuant to the provision, integrated circuit design enterprises and software enterprises satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

In December 2020, the MOF, the SAT, the NDRC, and the Ministry of Industry and Information Technology (the "MIIT") jointly issued the Announcement on Corporate Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告). Pursuant to the aforesaid regulation, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from corporate income tax for the first to fifth years starting from the profit-making year, and shall pay corporate income tax at a reduced rate of 10% for the subsequent years.

On March 16, 2021, the Notice by the MOF, the General Administration of Customs and the SAT of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (財政部、海關總署、稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知) was promulgated, and has been implemented as of July 27, 2020. The above notice relating to importing tax for the integrated circuit industry have made some installment tax payment policies and import tariff exemption policies. On March 22, 2021, the Notice by the MOF, the NDRC, the MIIT and Other Departments of the Measures for the Administration of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (財政部、國家發展改革委、工業和信息化部等關於支持集成電路產業和軟件產業發展進口稅收政策管理辦法的通知) was promulgated, and has been implemented as of July 27, 2020.

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

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

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

REGULATIONS ON CORPORATION

Companies established, operated and managed within the PRC are bound by the "Company Law of the PRC (中華人民共和國公司法)" issued by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, last amended on December 29, 2023, and implemented since July 1, 2024. Under the PRC Company Law currently in force, companies are divided into limited liability companies and joint stock limited companies. The PRC Company Law shall also apply to foreign-invested companies, except where otherwise provided for in foreign investment laws, in which case such provisions shall prevail.

A joint stock limited company (the "joint stock company") is an enterprise legal person incorporated in the PRC in accordance with the PRC Company Law, which has independent legal person property and enjoys rights in relation to such property in its own name. The share capital of a joint stock company may be divided into shares of equal nominal value or shares without nominal value in accordance with the PRC Company Law. A joint stock company is liable for its debts with all of its assets, and the shareholders of a joint stock company shall be liable to the company to the extent of the shares they have subscribed for or held. The shareholders of a joint stock company are entitled, in accordance with applicable PRC laws, regulations and the articles of association, to rights including but not limited to the right to receive returns from the company's assets, the right to participate in major decision-making and the right to elect and be elected as directors and other senior management members.

According to the PRC Company Law, the shareholders' meeting of a joint stock limited company is composed of all of its shareholders and constitutes the organ of authority of the company, which shall exercise its functions and powers in accordance with the provisions of the PRC Company Law and the articles of association of the company. Pursuant to the PRC Company Law, in principle, the shareholders' meeting shall be convened by the board of directors, and an annual shareholders' meeting shall be held once every year; where any of the circumstances prescribed in the PRC Company Law arises, an extraordinary shareholders' meeting shall be convened within two months. The PRC Company Law does not prescribe any specific quorum requirement for the convening of a shareholders' meeting. Shareholders may appoint proxies to attend a shareholders' meeting on their behalf, and the scope of authorization for exercising the voting rights shall be expressly specified in the relevant power of attorney.

Pursuant to the PRC Company Law, each share held by a shareholder present at a shareholders' meeting entitles such shareholder to one vote, except where otherwise required for shareholders of different classes of shares. Shares of the company held by the company itself do not carry voting rights. Unless otherwise required under the PRC Company Law, resolutions of a shareholders' meeting shall be passed by more than one-half of the voting rights held by the shareholders present at the meeting. Resolutions of a shareholders' meeting in respect of amendments to the articles of association, increase or reduction of registered capital, merger, division, dissolution or change of the corporate form of the company shall be passed by shareholders representing not less than two-thirds of the voting rights carried by the shares held by the shareholders present at the meeting.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (adopted by the SCNPC on March 12, 1984, revised on October 17, 2020, and effective as of June 1, 2021), the Rules for the Implementation of the Patent Law of the PRC (中華人民共和國專利法實施細則) (promulgated by the State Council on June 15, 2001, revised on December 11, 2023, and effective as of January 20, 2024), and the Announcement of the State Intellectual Property Office on the Interim Measures for Handling Relevant Examination Business Concerning the Implementation of the Revised Patent Law and Its Implementing Rules (國家知識產權局關於施行修改後的專利法及其實施細則相關審查業務處理過渡辦法的公告) (promulgated by the State Intellectual Property Office on December 21, 2023, and effective as of January 20, 2024), the term of an invention patent is 20 years. The term of a utility model patent and a design patent with a filing date on or before May 31, 2021 is 10 years, while the term of a design patent with a filing date on or after June 1, 2021 is 15 years. All terms shall commence from the filing date.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, the Implementation Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例) which were issued on August 3, 2002 and last amended on April 29, 2014, the Trademark Office under the China National Intellectual Property Administration of the PRC, (the "Trademark Office"), shall handle trademark registrations and grant a term of 10 years to registered trademarks, which may be renewed for an additional ten-year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark, for the registration of which an application is made, does not conform to the relevant provisions of this Law or is identical with or similar to a trademark for the same kind of goods or similar goods that is already registered by another person or is preliminarily approved, the trademark office shall reject the application with no announcement. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party' s use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Integrated circuit layout-design

Pursuant to the Regulations on the Protection of Integrated Circuit Layout Designs (集成電路佈圖設計保護條例) (the "Protection Regulations"), which were promulgated by the State Council on April 2, 2001 and came into force on October 1, 2001, layout designs created by natural persons, legal persons or other organizations of the PRC shall enjoy the exclusive rights to such layout designs in accordance with the said Protection Regulations.

The exclusive rights to layout designs shall be established upon registration with the intellectual property administrative department of the State Council. Layout designs that have not been registered shall not be protected by the Protection Regulations. The term of protection for the exclusive rights to layout designs shall be 10 years, calculated from the date of filing the application for registration of the layout design or the date of the first commercial exploitation of the layout design anywhere in the world, whichever is earlier. However, regardless of whether the layout design has been registered or commercially exploited, it shall no longer be protected by the Protection Regulations upon the expiration of 15 years from the date of completion of its creation.

Copyright and Software Registration

According to the Copyright Law of the PRC (中華人民共和國著作權法) which was promulgated by the SCNPC on September 7, 1990 and implemented on June 1, 1991, and finally revised on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on May 30, 1991 and implemented on June 1, 1991, and finally revised on January 30, 2013. Copyright holders enjoy a variety of personal and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of communication of information on networks.

Pursuant to the Regulation on Computer Software Protection (計算機軟件保護條例) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory authority of domain names. The registration of domain names in China is on a "first-apply-first-registration" basis. A domain name applicant will become the domain name holder upon completion of the application procedure.

REGULATIONS ON TRADE SECRETS

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

REGULATIONS ON REAL ESTATES

According to the Land Administration Law of the PRC (中華人民共和國土地管理法), which was promulgated by the SCNPC on June 25, 1986 and last amended on August 26, 2019, and became effective on January 1, 2020, land owned by the State may, in accordance with the provisions of laws and administrative regulations, be allocated for use by entities or individuals. According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例), which were promulgated by the State Council on November 24, 2014, last amended on March 10, 2024 and became effective on May 1, 2024, registration of real estate shall be administered by the real estate registration authorities of the people's governments at or above the county level at the place where the relevant real estate is located.

According to the Civil Code of the PRC (中華人民共和國民法典), which was promulgated by the National People's Congress on May 28, 2020 and came into force on January 1, 2021, the establishment, alteration, transfer and extinguishment of real property rights that are subject to registration in accordance with law shall take effect upon registration in the real estate register. A real estate ownership certificate constitutes legal proof of the holder's ownership of the relevant real estate.

According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the Central Government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法)(adopted by the SCNPC on July 5, 1994, revised on December 29, 2018, and effective as of December 29, 2018), the Employment Contract Law of the PRC (中華人民共和國勞動合同法) (adopted by the SCNPC on June 29, 2007, revised on December 28, 2012, and effective as of July 1, 2013), employers shall conclude a written employment contract when establishing an employment relationship with employees. The wages paid shall not be lower than the local minimum wage standard. Employers shall establish and improve labor rules and regulations in accordance with the law to ensure that employees enjoy labor rights and perform labor obligations.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) (adopted by the SCNPC on October 28, 2010, revised on December 29, 2018, and effective as of December 29, 2018), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) (promulgated by the State Council on January 22, 1999, revised on March 24, 2019, and effective as of March 24, 2019), the Regulation on the Administration of Housing Provident Fund (住房公積金管理條例) (promulgated by the State Council on April 3, 1999, revised on March 24, 2019, and effective as of March 24, 2019), and the Regulation on Work-related Injury Insurance (工傷保險條例) (promulgated by the State Council on April 27, 2003, revised on December 20, 2010, and effective as of January 1, 2011), employers shall open social insurance accounts and housing provident fund accounts within 30 days from the date of employment. They shall also pay social insurance funds including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, and maternity insurance, as well as housing provident fund for their employees. Employers that fail to pay such funds shall be fined and ordered to make up the payment within a specified time limit.

REGULATIONS ON IMPORT AND EXPORT

Pursuant to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) (enacted by the SCNPC on May 12, 1994, revised and effective on December 30, 2022), the state permits the free import and export of goods and technologies, except as otherwise provided by laws and administrative regulations.

Pursuant to the Customs Law of the PRC (中華人民共和國海關法) (promulgated by the SCNPC on January 22, 1987, revised and effective on April 29, 2021), the General Administration of Customs of the People's Republic of China is the state organ responsible for the supervision and administration of the entry and exit of goods and personnel. The Customs shall exercise its jurisdiction in all respects in accordance with relevant laws and administrative regulations. Consignors and consignees of import and export goods, as well as customs declaration enterprises, shall complete customs declaration formalities and conduct filing with the Customs in accordance with the law.

Pursuant to the Notice on Matters Concerning the Filing of Consignors and Consignees of Import and Export Goods (關於進出口貨物收發貨人備案有關事宜的通知) (promulgated and implemented by the Department of Enterprise Management and Inspection of the General Administration of Customs on January 3, 2023), consignors and consignees of import and export goods applying for filing shall obtain market entity qualification and are not required to obtain the filing of foreign trade operators.

REGULATIONS ON FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments for current account transactions may be made with foreign exchange owned by the payer, or with the foreign exchange purchased from financial institutions duly authorized for foreign exchange sale and purchase operations with the presence of such valid documents as specified by the foreign exchange administration department of the State Council. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the State Administration of Foreign Exchange (the "SAFE") issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the "SAFE Circular 59"), which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. Pursuant to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by foreign-invested enterprises to their foreign shareholders are no longer subject to the approval or verification by the SAFE. In addition, a single entity may open multiple capital accounts in different provinces. Later, SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) in February 2015, which was partially abolished in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "SAFE Circular 21"), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the

PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (關於境外上市外匯管理有關問題的通知) issued by SAFE on December 26, 2014, the domestic companies shall complete the overseas listing foreign exchange registration with the branch of the SAFE at its place of registration within 15 working days from the date of completion of its overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "SAFE Circular 19") promulgated on March 30, 2015, coming effective on June 1, 2015 and was partially abolished and amended on December 30, 2019 and March 23, 2023 respectively, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in Renminbi (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estates not for self-use purposes (save for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which was partially revised by the Notice of Further Deepening Reform and Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知) on December 4, 2023. This Notice has lifted the restriction on domestic equity investment using capital funds for non-investment-oriented foreign-invested enterprises. Such enterprises may now conduct domestic equity investment with their capital funds in accordance with the law, on the premise that they do not violate the Negative List and the domestic projects to be invested in are authentic and compliant.

REGULATIONS ON TAXATION

Enterprise Income Tax ("EIT")

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (adopted by the National People's Congress on March 16, 2007, revised on December 29, 2018, and effective as of December 29, 2018; the "Enterprise Income Tax Law"), and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (promulgated by the State Council on December 6, 2007, revised and promulgated on December 6, 2024, and effective as of January 20, 2025; the "Regulations on the Implementation of the Enterprise Income Tax Law"), a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the state. High and new technology enterprises ("HNTEs") which are supported by the state may enjoy a reduced EIT rate of 15%.

Pursuant to the Announcement on Relevant Tax Policies for Further Supporting the Development of Micro, Small, and Medium-sized Enterprises and Individual Industrial and Commercial Households (關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), jointly promulgated by the MOF and the SAT on August 2, 2023, the policy under which small and low-profit enterprises calculate their taxable income at a reduced rate of 25% and pay enterprise income tax at a tax rate of 20% shall be extended until December 31, 2027.

In December 2020, the MOF, the SAT, the NDRC, and the MIIT jointly issued the Announcement on Enterprise Income Tax Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry (關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告). Pursuant to the aforesaid provisions, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from enterprise income tax for the first to the fifth years commencing from the profit-making year, and shall pay enterprise income tax at a reduced rate of 10% for the subsequent years.

Value-Added Tax ("VAT")

Pursuant to the Value-Added Tax Law of the PRC (中華人民共和國增值稅法), promulgated by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, and the Regulation on the Implementation of the Value-Added Tax Law of the PRC (中華人民共和國增值稅法實施條例), promulgated by the State Council on December 25, 2025 and came into effect on January 1, 2026 (collectively, the "**VAT Law**"), entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets, or real estate within the territory of the PRC, or in the importation of goods, shall be considered VAT taxpayers and shall pay the value-added tax. The VAT rates generally applicable are simplified as 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

On May 25, 2012, the MOF and the SAT jointly promulgated the Notice on Policies for VAT and Consumption Tax on Exported Goods and Labor Services (關於出口貨物勞務增值稅和消費稅政策的通知) (the "Notice on Exported Goods"), which became effective on January 1, 2011. Pursuant to the Notice on Exported Goods, the VAT refund rate applicable to an export enterprise's exported goods is generally the same as the VAT rate applicable to such goods. Exports of goods by a manufacturing enterprise are exempt from VAT, and the corresponding input VAT may be credited against its output VAT payable, with any uncredited balance refundable.

REGULATIONS ON FOREIGN INVESTMENT

Pursuant to the PRC Company Law promulgated on December 29, 1993, which was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively, and has come into force on July 1, 2024, the Company Law shall apply to all companies established in the PRC. The Company Law, which regulates the establishment, corporate structure and management of companies, also applies to foreign-invested companies. In cases where the special laws on foreign investment provide otherwise, such provisions shall prevail.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "FIL"), which was promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, defines "foreign investment" as investment activities conducted within China, either directly or indirectly, by foreign individuals, enterprises or other organizations (collectively, "Foreign Investors"). Such activities include the following categories: (1) a foreign investor sets up a foreign-invested enterprise in the territory of China individually or jointly with any other investor; (2) a foreign investor acquires shares, equities, property interests or other similar rights and interests of an enterprise in the territory of China; (3) a foreign investor invests in a new project in the territory of China individually or jointly with any other investor; (4) investment in other ways as prescribed by laws, administrative regulations or prescribed by the State Council. The FIL further adopts the management system of pre-establishment national treatment and negative list for foreign investment. The "Pre-establishment national treatment" referred to in the preceding paragraph means that the treatment accorded to foreign investors and their investments at the stage of investment access shall be no less favorable than that accorded to domestic investors and their investments; "negative list" referred to in the preceding paragraph means the special administrative measures for the access of foreign investment in specific sectors as stipulated by the State. The State accords national treatment to foreign investments outside the negative list. The negative list shall be issued by, or with the approval of, the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "Implementation Rules") which came into effect in January 2020. The Implementation Rules further clarified that the state shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment and advance a higher-level opening.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)), and the Catalogue of Industries for Encouraging Foreign Investment (2022 version) (鼓勵外商投資產業目錄(2022年版)) (the "Encouraging List"). In addition, the Catalogue of Industries for Encouraging Foreign Investment (2025 Version) (鼓勵外商投資產業目錄(2025年版)) was promulgated on December 15, 2025 and will come into effect on February 1, 2026. The Negative List, which came into effect on November 1, 2024, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List, which came into effect on January 1, 2023, sets out the encouraged industries for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of the Negative List and is not subject to special administrative measures.

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was released by Ministry of Commerce and the State Administration for Market Regulation (the "SAMR") on December 30, 2019, and became effective on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports, etc. to the competent commerce authorities in accordance with the Measures on Reporting of Foreign Investment Information. When submitting an annual report, a foreign-invested enterprise shall submit the basic information on the enterprise, the information on the investors and their actual controlling party, the enterprise's operation and asset and liabilities information, etc., and where the foreign investment admission special administrative measures are involved, the foreign investment enterprise shall also submit the relevant industry licensing information.

REGULATIONS ON FOREIGN DIRECT INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment by Enterprises (企業境外投資管理辦法) (promulgated by the NDRC on December 26, 2017 and effective as of March 1, 2018), domestic enterprises of the People's Republic of China engaging in overseas investment shall complete formalities such as approval and filing for overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval-based administration covers sensitive projects carried out by investment entities directly or through overseas enterprises controlled by them; the scope of filing-based administration covers non-sensitive projects directly carried out by investment entities, i.e., non-sensitive projects involving the direct input of assets, equities, or the provision of financing or guarantees by investment entities.

Pursuant to the Measures for the Administration of Overseas Investment (境外投資管理辦法) (promulgated by the Ministry of Commerce on March 16, 2009, revised on September 6, 2014, and effective as of October 6, 2014), the Ministry of Commerce and provincial competent commercial departments shall implement filing and approval administration respectively based on different circumstances of enterprises' overseas investment. Where an enterprise's overseas investment involves any sensitive country or region, or any sensitive industry, approval-based administration shall apply. For all other circumstances of overseas investment, filing-based administration shall apply. The SAFE issued the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) on February 13, 2015, abolishing the approval requirement for foreign exchange registration of direct investment. Banks shall directly examine and process foreign exchange registration for overseas direct investment. The SAFE and its branches shall exercise indirect supervision over foreign exchange registration for overseas direct investment through banks.

REGULATIONS RELATING TO OVERSEAS SECURITIES [REDACTED]

Securities Law

According to the Securities Law of the PRC (中華人民共和國證券法) (the "PRC Securities Law"), which was promulgated by the SCNPC on December 29, 1998, and was last amended on December 28, 2019 and came into effect on March 1, 2020, securities activities in the PRC, including the issuance and trading of securities, takeovers of listed companies, the activities of stock exchanges and securities companies, as well as the functions and responsibilities of securities regulatory authorities, are comprehensively regulated. The PRC Securities Law further provides that domestic enterprises which offer or list their securities overseas, whether directly or indirectly, shall comply with the relevant provisions of the State Council, and that detailed measures in respect of the subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the China Securities Regulatory Commission (the "CSRC") is the securities regulatory authority established by the State Council to supervise and administer the securities market in accordance with the law, maintain market order and ensure the lawful operation of the securities market.

Overseas Securities [REDACTED]

The CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The CSRC promulgated the Notice on the Filing Administration Arrangements for Overseas Issuance and Listing of Domestic Enterprises (關於境內企業境外發行上市備案管理安排的通知) on February 17, 2023, which came into force on February 17, 2023.

The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system. According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering.

Moreover, upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within three working days after the occurrence and public disclosure of the event: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; and (4) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within three working days after occurrence of the changes.

Pursuant to the Opinions on Severely Crackdown on Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見) (promulgated and effective as of July 6, 2021) jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council on July 6, 2021, it is emphasized that cross-border regulatory cooperation shall be strengthened, relevant laws and regulations on data security, cross-border data flow, and classified information management shall be improved, the provisions on strengthening the confidentiality and archives management related to overseas securities issuance and listing shall be revised promptly, the primary responsibility of overseas listed companies for information security shall be consolidated, and the standardized management of mechanisms and processes for cross-border information provision shall be enhanced.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the "Provision on Confidentiality"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state.

OVERVIEW

Our history dates back to the establishment of Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司) in November 2009 under the laws of the PRC. Over the years, we have evolved into a global leader in high-performance non-volatile memory chip design. We are committed to meeting the rapid iteration and expansion of memory requirements in the AI era, supplying key memory chips — such as SPD chips, EEPROM, and NOR Flash — and mixed-signal chips such as lens driver chips, together with supporting solutions. Leveraging deep R&D capabilities and global market experience, our products now span core memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics. Since our Company's establishment in November 2009, our Company has consistently driven innovation and excellence in memory chip design, earning widespread industry recognition and certifications, including regional high-tech enterprise status and multiple awards for technology innovation. According to Frost & Sullivan, in 2024, we held over 40% of the global DDR5 SPD chip market by revenue and 14.0% of the EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments.

Mr. CHEN Zuotao saw the prospect of our Group and acquired the majority interest in our Company in July 2016, and has been appointed as the chairman of the Board of Directors and an executive Director of our Company since April 2017. In September 2018, we converted from a limited liability company into a joint stock limited company, with our corporate name changed to Giantec Semiconductor Corporation (聚辰半導體股份有限公司). In December 2019, our A Shares (SHSE: 688123) were listed on the Shanghai Stock Exchange STAR Market, marking a significant milestone in our growth. This listing enabled us to enhance our research and development capabilities and expand our market presence.

KEY CORPORATE DEVELOPMENT MILESTONES

The following table sets forth our key corporate development milestones:

Year	Milestone
2009	In November, our Company was incorporated in Shanghai under the name of Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司).
2011	We secured a key supplier position for our EEPROM chips with one of the world's leading smartphone companies.
2012	We were accredited as a High and New Technology Enterprise (高新技術企業) in Shanghai.

Year	Milestone
2013	We were accredited as a Shanghai Science and Technology "Little Giant" (Cultivation) Enterprise* (上海市科技小巨人(培育)企業) by Shanghai Science and Technology Commission* (上海市科學技術委員會) and Shanghai Municipal Commission of Economy and Informatization* (上海市經濟和信息化委員會).
2016	We were recognized as a Shanghai Certified Enterprise Technology Center* (上海市認定企業技術中心) by Shanghai Municipal Commission of Economy and Informatization* (上海市經濟和信息化委員會).
2018	In September, we were converted into a joint stock limited company under PRC laws. We were recognized as the Pudong New Area High-Growth Headquarter (浦東新區高成長性總部) by Shanghai Pudong New Area People's Government (上海市浦東新區人民政府).
2019	In December, the A Shares of our Company were listed on the Shanghai Stock Exchange STAR Market (SHSE: 688123).
2021	We were recognized as a "2020 Outstanding Enterprise Contributing to Pudong New Area's Economy" in the "Innovation and Entrepreneurship" category (2020年度浦東新區經濟傑出貢獻企業"創新創業"). We were selected as one of the Key Integrated Circuit Design Enterprises (重點集成電路設計企業) by National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會).
2023	We were recognized as a National Specialized and Innovative "Little Giant" Enterprise* (國家級專精特新"小巨人"企業) by the Ministry of Industry and Information Technology of the PRC.

Year	Milestone
2024	We were recognized as a 2024 Shanghai Municipal "Manufacturing Single Champion" Enterprise by the Shanghai Municipal Commission of Economy and Informatization* (上海市經濟和信息化委員會).
	We were recognized as a Regional Operation Headquarter in Pudong New Area (浦東新區營運總部) by the Shanghai Pudong New Area People's Government (上海市浦東新區人民政府).
2025	We were awarded the 2025 STAR Market Top 50 (2025科創板價值50強) by the China Media Group and the Shanghai Municipal People's Government.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Group comprised our Company and seven subsidiaries. The following table sets out certain information of each of our Major Subsidiaries as of the Latest Practicable Date:

Name of Subsidiary	Date and place of incorporation	Equity interest attributable to our Group	Authorized share capital/ Registered capital	Principal business activities
Giantec-Semi Import & Export (Hong Kong) Limited (聚辰半導體進出口(香港)有限公司)	December 11, 2009 Hong Kong	100.00%	HK$100	Sales of integrated circuits
Giantec Semiconductor (Nanjing) Co., Ltd.* (聚辰半導體(南京)有限公司)	September 16, 2021, PRC	100.00%	RMB10,000,000	Integrated circuit R&D and sales

The Company held 100% of the equity interests in the above subsidiaries throughout the Track Record Period.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Further Information about Our Major Subsidiaries" for more details on the share capital changes of our Major Subsidiaries.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of Our Company

Our Company was established in Shanghai as a limited liability company named Giantec Semiconductor (Shanghai) Co., Ltd.* (聚辰半導體(上海)有限公司) on November 13, 2009 with an initial registered capital of US$7,000,000.

Equity Transfer in 2016 and Conversion into a Joint Stock Limited Company in 2018

Mr. CHEN Zuotao saw the prospect of our Group and acquired approximately 73.46% of our equity interests in July 2016 by way of acquisition through Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) (previously known as Jiangxi Heguang Investment Management Co., Ltd.* (江西和光投資管理有限公司)), for a cash consideration of US$24,829,918. The consideration of the Acquisition was determined after arm's length negotiation between the parties. He has been appointed as the chairman of the Board of Directors and an executive Director of our Company since April 2017.

On September 26, 2018, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited company. The registered share capital of our Company immediately after its conversion into a joint stock company in September 2018 was RMB90,631,400.

Listing on the Shanghai Stock Exchange

In December 2019, we completed the listing of our A Shares on the Shanghai Stock Exchange STAR Market (SHSE: 688123). We offered a total of 30,210,467 A Shares in connection with the listing, which represented 25% of our Company's total share capital immediately following the listing.

Subsequent Shareholding Changes

Subsequent to the completion of the A Share listing, there had been several instances of share capital changes of our Company as a result of repurchase of A Shares under repurchase mandates, issuance of A Shares under employee stock ownership plans, and conversion of capital surplus into share capital. The total issued share capital of our Company was 158,271,044, comprising 158,271,044 A Shares as of the Latest Practicable Date. For details of changes in share capital of our Company within the two years immediately preceding the date of this document, See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 2. Changes in Share Capital of Our Company."

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEE STOCK OWNERSHIP PLANS

In order to incentivize our Directors, senior management and core employees for their contributions to our Group and to attract and retain suitable personnel to our Group, since April 2021, we have adopted a series of employee stock ownership plans. See "Appendix IV — Statutory and General Information — D. Our Incentive Plans" to this document for details.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE STAR MARKET AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Company has been listed on the Shanghai Stock Exchange STAR Market since December 2019. Since our listing on the Shanghai Stock Exchange STAR Market and as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors and having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisors are of the view that for the years ended December 31, 2023 and 2024 and up to the Latest Practicable Date, we have complied with the relevant laws and regulations on A-share listing applicable to us in all material respects. Based on the view of our PRC Legal Advisors as disclosed above and the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange STAR Market during the Track Record Period and up to the Latest Practicable Date.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, further enhance overseas financing capabilities, further advance our global strategic footprint, and better attract overseas investors and talents. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" for more details.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Our A Shares are listed on the Shanghai Stock Exchange STAR Market. So far as our Directors are aware, all [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**], representing approximately [**REDACTED**] of our total issued share capital immediately upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), will be counted towards the [**REDACTED**] for the purpose of Rule 19A.13A of the Listing Rules at the time of the [**REDACTED**].

Accordingly, at the time of [**REDACTED**], we will maintain a sufficient [**REDACTED**] as required under Rule 19A.13A(2) of the Listing Rules where at least [**REDACTED**] of our Company's total number of issued shares will be held by the public.

[**REDACTED**]

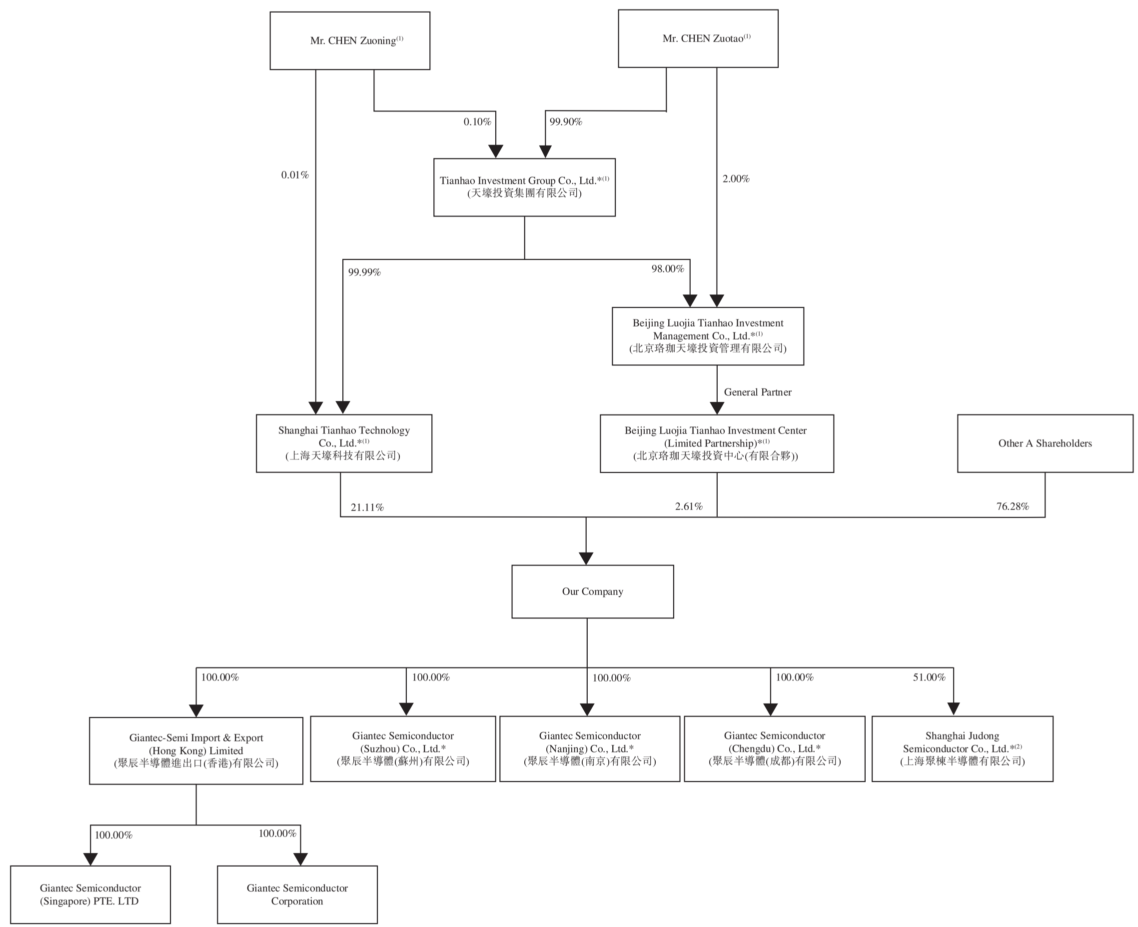
[**REDACTED**]

Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low-end of an indicative [**REDACTED**], we will satisfy the [**REDACTED**] requirement under Rule 19A.13C(2) of the Listing Rules.

OUR CORPORATE AND SHAREHOLDING STRUCTURE

Shareholding and Corporate structure immediately before the completion of the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]):



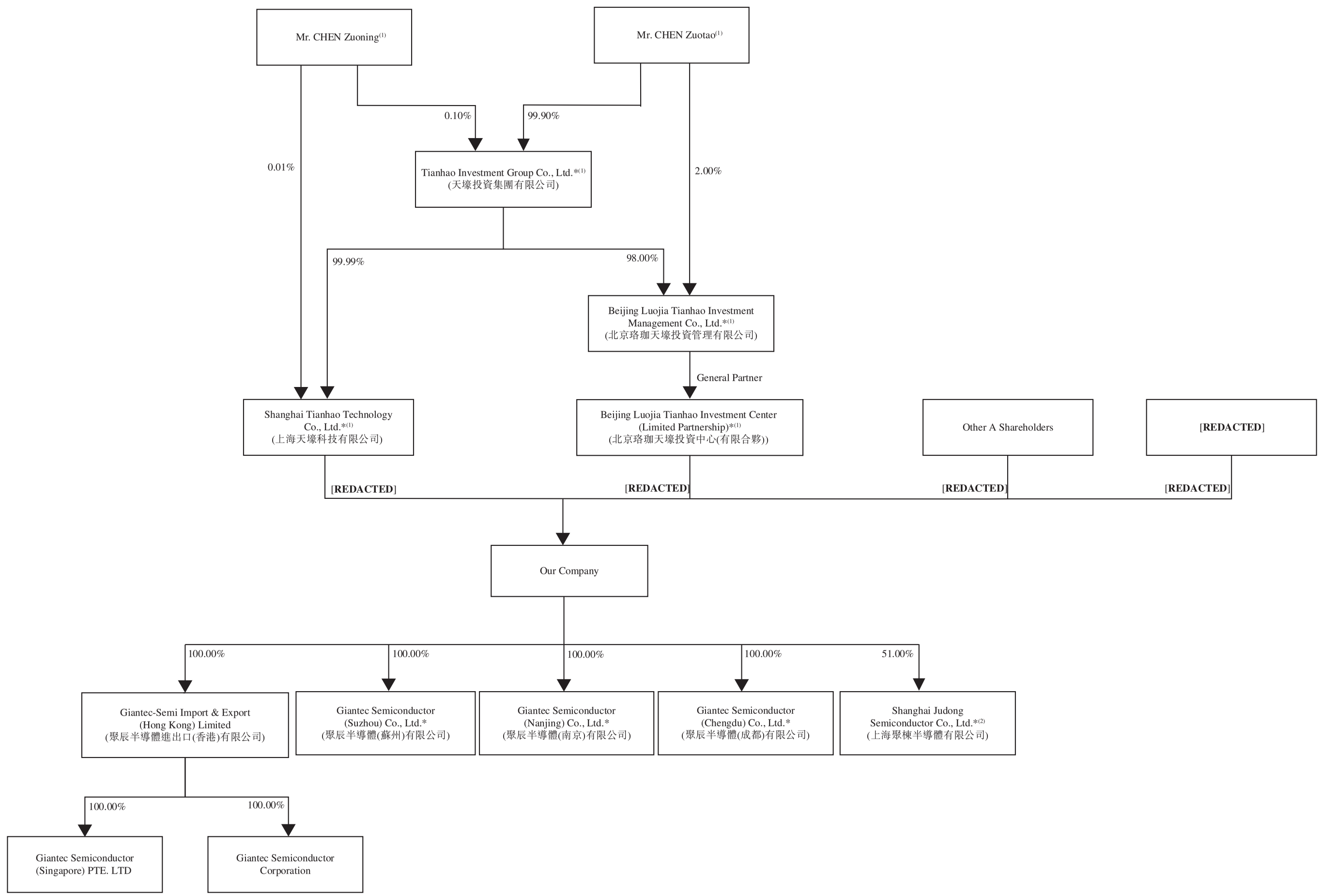
Notes:

(1) Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details. Mr. CHEN Zuotao is indirectly interested in 37,539,030 A Shares of our Company through (i) Tianhao Technology, which directly owns 33,414,920 A Shares of our Company and (ii) Luojia Investment, which directly owns 4,124,110 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Luojia Management, as general partner, controls Luojia Investment and owns approximately 9.52% limited partnership interest in Luojia Investment. The remaining 90.48% limited partnership interest in Luojia Investment is owned by Independent Third Parties. Each of Tianhao Investment and Mr. CHEN Zuotao owns 98% equity interest and 2% equity interest in Luojia Management, respectively. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately 23.72% of the issued share capital of our Company immediately before the [**REDACTED**].

(2) As of the Latest Practicable Date, Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司) was owned as to 51.00% and 49.00% by our Company and Shanghai Donglong Microelectronics Co., Ltd.* (上海棟隆微電子有限公司) ("**Shanghai Donglong**"), respectively. Shanghai Donglong is a limited liability company incorporated in the PRC on October 22, 2020 and its ultimate beneficial owners are Independent Third Parties.

Shareholding and Corporate structure immediately following the completion of the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]:



Notes:

(1) Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details. Mr. CHEN Zuotao is indirectly interested in 37,539,030 A Shares of our Company through (i) Tianhao Technology, which directly owns 33,414,920 A Shares of our Company and (ii) Luojia Investment, which directly owns 4,124,110 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Luojia Management, as general partner, controls Luojia Investment and owns approximately 9.52% limited partnership interest in Luojia Investment. The remaining 90.48% limited partnership interest in Luojia Investment is owned by Independent Third Parties. Each of Tianhao Investment and Mr. CHEN Zuotao owns 98% equity interest and 2% equity interest in Luojia Management, respectively. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**].

(2) As of the Latest Practicable Date, Shanghai Judong Semiconductor Co., Ltd.* (上海聚楝半導體有限公司) was owned as to 51.00% and 49.00% by our Company and Shanghai Donglong Microelectronics Co., Ltd.* (上海楝隆微電子有限公司) ("**Shanghai Donglong**"), respectively. Shanghai Donglong is a limited liability company incorporated in the PRC on October 22, 2020 and its ultimate beneficial owners are Independent Third Parties.

The table below sets forth the shareholding structure of the Company (a) as of the [**REDACTED**]; and (b) as at the end of the [**REDACTED**] exercise period, assuming that the [**REDACTED**] is fully exercised.

		As of the [REDACTED]		As at the end of the [REDACTED] exercise period, assuming that the [REDACTED] is fully exercised	
	Description of Shares	Number of Shares	Approximate % of the issued share capital	Number of Shares	Approximate % of the issued share capital
Our Single Largest Group of Shareholders[(1)]	A Shares	37,539,030	[REDACTED]	[REDACTED]	[REDACTED]
Other A Shareholders	A Shares	120,732,014	[REDACTED]	[REDACTED]	[REDACTED]
[**REDACTED**]	H Shares	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		[REDACTED]	100.00	[REDACTED]	100.00

Note:

(1) Represents (i) 33,414,920 A Shares of our Company directly owned by Tianhao Technology and (ii) 4,124,110 A Shares of our Company owned by Luojia Investment. Mr. CHEN Zuotao is the chairman of the Board of Directors and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details. Mr. CHEN Zuotao is indirectly interested in 37,539,030 A Shares of our Company through the A Shares directly held by Tianhao Technology and Luojia Investment. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Luojia Management, as general partner, controls Luojia Investment and owns approximately 9.52% limited partnership interest in Luojia Investment. The remaining 90.48% limited partnership interest in Luojia Investment is owned by Independent Third Parties. Each of Tianhao Investment and Mr. CHEN Zuotao owns 98% equity interest and 2% equity interest in Luojia Management, respectively. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and [**REDACTED**]. See "Relationship with Our Single Largest Group of Shareholders — Our Single Largest Group of Shareholders."

OUR MISSION

To be a leader in our focus area and to continuously create value for our customers and employees.

OUR VISION

To shape the future of human life with our advanced semiconductor technology.

OVERVIEW

We are a global leader in high-performance non-volatile memory (NVM) chip design. We are committed to addressing the rapidly evolving and expanding memory requirements in the AI-era, developing and offering key memory chips (such as SPD chips, EEPROM and NOR Flash), mixed-signal chips (such as lens driver chips), and NFC chips, together with supporting solutions. According to Frost & Sullivan, we are the largest China-based EEPROM supplier and the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue. Leveraging strong R&D expertise and global market experience, our product portfolio now covers a wide range of memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics.

Memory chips have penetrated nearly every aspect of modern life. AI infrastructure, such as data centers and server clusters, is expanding rapidly with the accelerated adoption of AI technology. Automotive-grade systems in intelligent driving and vision sensing are evolving continuously as vehicles become smarter, and everyday consumer electronics such as smartphones and home appliances all rely on high-performance and high-reliability memory chips. Memory chips not only support fundamental functions such as system boot, parameter storage, and program loading, but also play a critical role in real-time data processing, edge computing, and concurrent multitasking. Their applications extend to almost all electronic devices and systems, making them essential components underpinning the digital economy.

In the AI-era, computing takes care of the core number-crunching work for model training and inference, while memory serves as the foundation for data capture, transfer, buffering, and storage. Fueled by AI, the scale of training keeps growing, and inference is quickly making its way into end-market verticals. The rapid growth of global data is accelerating the upgrade of memory technology and reshaping the role and value of the memory chip industry.

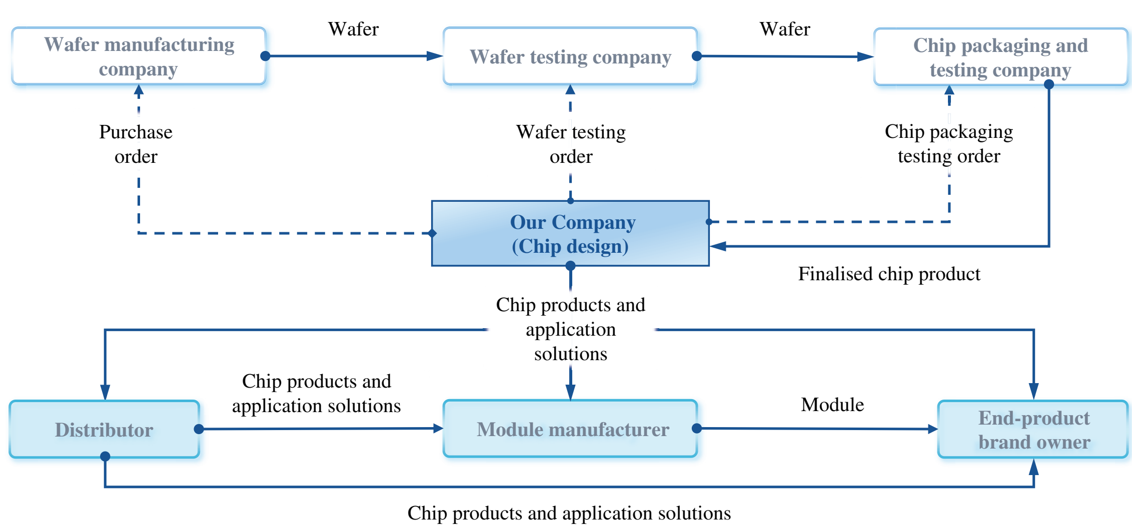
Against this backdrop, memory density and performance requirements are reaching unprecedented levels. As AI, IoT, and 5G converge and proliferate, electronic systems are imposing far more stringent requirements on memory capacity, speed, power, and reliability.

Drawing on over 15 years of industry experience and a deep understanding of market needs, we have developed our core product lines — memory chips, mixed-signal chips, and NFC chips. Our products are widely adopted by the world's leading memory-module vendors, well-known automotive brands, and mainstream smartphone manufacturers, both in China and overseas. According to Frost & Sullivan, in 2024, we held over 40% of the global DDR5 SPD chip market by revenue and 14.0% of the EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments, specifically, we were:

- the third largest EEPROM supplier in the world in 2023 and 2024 by revenue,
- the largest China-based EEPROM supplier in 2023 and 2024 by revenue,
- the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue, and
- the only China-based supplier offering a full spectrum, series-grade, automotive-grade EEPROM portfolio as of the end of 2025.

Our Business Model

We operate a fabless model focused on the R&D, design, and sale of integrated circuit products.



Highlights of Our Product Offerings

Our product portfolio includes (1) memory chips that cover certain core memory application scenarios, including memory module supporting chips highlighted by a full series of SPD chips that supports DDR2 through DDR5 memory modules; high-reliability memory chips for automotive electronics and industrial control; and memory chips for consumer electronics, (2) mixed-signal chips, namely lens driver chips, and (3) other products, primarily including NFC chips.

Memory module supporting chips

We have adopted a co-development model that enables us to serve as a core supplier to major global memory companies, in particular, top-tier DRAM module players in the world. The AI-era is driving substantial upgrades in memory configurations for servers and PCs used in AI infrastructure. Mainstream AI servers typically deploy more than 20 DDR5 memory modules — about twice that of general-purpose servers. The increasing adoption of AI PCs is also driving successive upgrades in memory configurations for our customers. We have developed SPD chips for memory modules since DDR2. For DDR5, building on our mass-production track record and core technologies, we have established an in-depth partnership with a global leader in memory interconnect chips. As DDR5 spreads across data centers and edge computing, we believe our SPD chip technology will continue to be recognized by enterprises specializing in memory modules and provide technological underpinnings for secure and controllable digital infrastructure in China and globally.

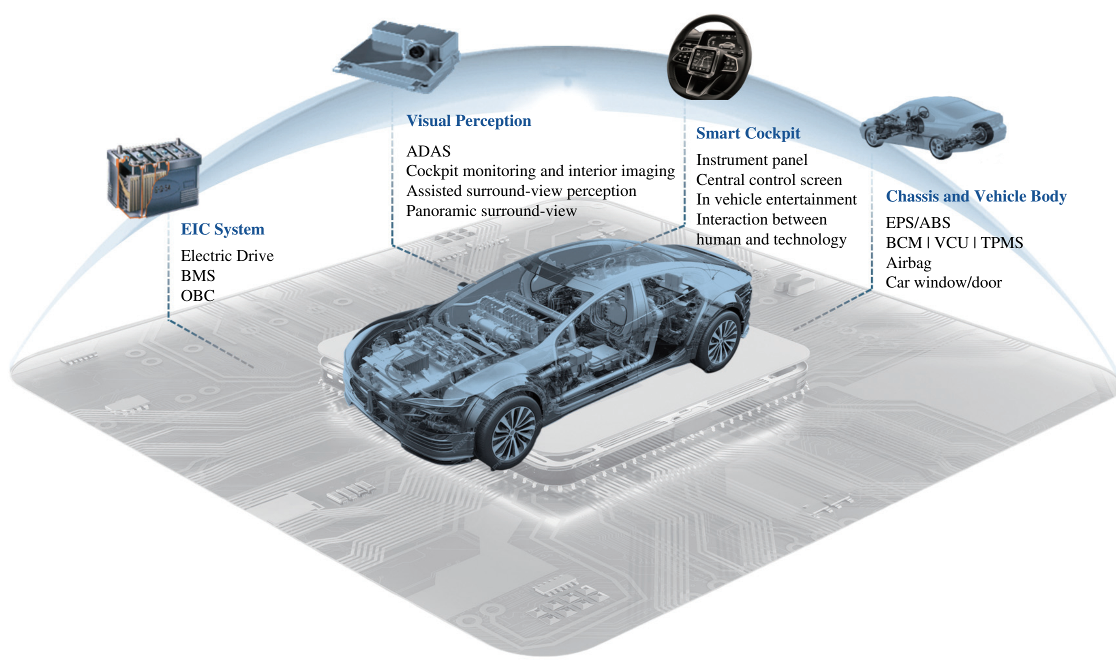
We supply the essential SPD chips for our strategic partner's DDR5 memory interface solutions, which are critical components used in DRAM modules in servers. Therefore, we benefit from this synergistic collaboration in terms of expedited product roll-out and quickly access the world's major DRAM module suppliers. The global server DRAM market is highly concentrated, with top-tier players capturing the vast majority of market share, a landscape that enables us to capitalize on the market's rapid growth. According to Frost & Sullivan, the global top three DRAM suppliers together accounted for over 90% of the server DRAM market in 2024 and we are the world's second largest supplier of DDR5 SPD chips in 2023 and 2024 by revenue.

We are also actively extending our product lines and have introduced VPD chips supporting next-generation high-performance memory devices. VPD has become a key component in new-generation enterprise SSD (eSSD) modules and CXL (Compute Express Link) memory expansion modules, where it provides vital parameter management, device identification, and system-level verification. As model training and inference scale up, AI servers and high-performance computing systems demand more of memory performance, reliability, and manageability. Standards for eSSD and CXL are advancing accordingly, imposing tighter requirements on VPD accuracy, stability, and interface capability. In VPD, we have partnered with a globally leading memory manufacturer that leads standard setting and product specifications, becoming the first VPD developer to enter the design-in phase to support that company's next-generation eSSD modules and CXL memory expansion modules, thereby establishing a first-mover advantage and building technical and customer barriers.

High-reliability memory chips for automotive electronics

The demand for high-reliability products is setting up competitive barriers in the industry, benefiting leading companies like us. Notably, automotive electronics is one of the most definitive and high-potential markets for memory chips. Upgrades to automotive E/E architectures driven by electrification, intelligence, and connectivity are triggering a structural step-up in automotive memory demand. At the application level, functionality upgrades in core modules are directly increasing per-vehicle memory requirements, such as intelligent cockpits moving to multi-screen and high-performance computing platforms, ADAS and autonomous driving advancing to higher levels, and the rising number of domain controllers. Vehicle use of high-performance memory chips such as EEPROM and NOR Flash for parameter and firmware memory continues to increase. According to Frost & Sullivan, global sales volume of NEV is expected to rise from 23.4 million units in 2025 to 44.0 million units in 2030, representing a CAGR of 13.5%. Compared to 10-15 units of EEPROMs typically used in a single internal combustion engine (ICE) vehicle, the count of EEPROMs in a new energy vehicle has grown to 30-40 units.

Automotive electronics has stringent requirements on reliability, temperature tolerance, and noise immunity of memory chips, resulting in higher quality and development thresholds. Our high-reliability memory chips for automotive electronics meet AEC-Q100 A1-A2 standards, with EEPROM densities from 1 Kb to 4 Mb and NOR Flash densities from 512 Kb to 16 Mb. Our memory chips are widely adopted across dozens of sub-modules in the four major automotive domains — visual perception, smart cockpit, electrified powertrain, and body/chassis.



According to Frost & Sullivan, we are the only China-based supplier offering a full spectrum, series-grade automotive-grade EEPROM portfolio as of the end of 2025. With our first-mover advantage and the trend toward domestic sourcing by Chinese OEMs, our products are deployed widely across multiple core in-vehicle modules by 16 of the world's top 20 and all of China's top 20 car brands, as well as over 85% of China's self-owned passenger car brands. Given that automotive-grade certification typically takes a relatively long period, this deep engagement model creates natural customer barriers and long-term stickiness. This position not only reflects our technical strength, but also supports further market share gains and consolidation of our leadership.

Memory chips for consumer electronics

Leveraging over 15 years of experience, we continually adopt product upgrades to address unmet need in the AI-era. For example, as a basic memory component, our EEPROM is widely used across consumer electronics end-products. AI is making consumer electronics end-products smarter. As features evolve and categories emerge, the breadth and depth of memory applications are rising, expanding the market for memory chips. We hold leading global positions in several important sub-segments such as smartphones, LCD panels, and Bluetooth modules, and our penetration continues to increase. We are also seizing opportunities in edge AI, extending our product application into new categories to reinforce our growth momentum.

For consumer electronics, our memory chip lineup includes high-performance EEPROM and advanced NOR Flash products. We offer a full spectrum of EEPROM with densities from 1 Kb to 4 Mb. Our NOR Flash focuses on low-power SPI NOR, including products built on our NORD platform covering a density range of 512 Kb to 64 Mb, with an ETOX-based reserve from 32 Mb to 512 Mb to meet larger firmware needs of certain consumer electronics end-products, giving customers tiered choices.

We have long focused on smartphones, the largest sub-segment in consumer electronics. Our EEPROM has been used in camera modules of one of the globally leading smartphone brands since 2011. Our products are widely used by major global smartphone brands and in the end-products of many leading consumer-electronics companies. Our leadership and customer breadth both validate our competitiveness and strengthen the foundation for business expansion in the AI-era.

Our Market Opportunities

AI servers and AI PCs

- As large-model training and inference scale up, global AI infrastructure is entering a new development phase. AI servers that carry cloud computing and AI PCs with local inference capability are both poised for explosive growth. According to Frost & Sullivan, global shipments of AI servers will exceed 2.5 million units in 2025 and will reach 6.5 million units in 2030, with a CAGR of approximately 21.1% during the period, and AI PC penetration rate will rise from 31.0% in 2025 to 85.0% in 2030.

- Faster deployment of AI infrastructure is increasing memory per system. In data centers, mainstream AI servers typically deploy over 20 DDR5 DIMMs — double that of traditional servers — and are increasingly configured with more DRAM and SSD modules. On the device side, AI PCs are ramping up more rapidly and equipped with higher-capacity DRAM and SSD configurations than traditional PCs. With both cloud and devices expanding, system counts, and per-system content are rising in tandem, significantly increasing the installed base of modules and corresponding memory chips.

- Against this backdrop, our SPD chips, which are already in commercial deployment and supporting DDR5, and our VPD chips for eSSD and CXL modules, which are currently in the design-in stage, are poised to see adoption and/or wider deployment by leading global cloud providers, server manufacturers, and AI-PC brands, broadening our key-account coverage and penetrating across AI infrastructure.

Automotive electronics

- The shift to smart, electric, and connected vehicles is accelerating, with E/E architectures evolving toward domain and zonal control. The number of controllers for autonomous driving, intelligent cockpit, body, chassis, and battery management is rising. The kinds and counts of memory chips per vehicle are well above those in traditional ICE models, moving from "a few critical nodes" to "multi-domain and multi-node."

- The automotive electronics EEPROM market is poised for explosive growth. Frost & Sullivan estimates that the global automotive electronics EEPROM market will exceed over US$700.0 million in 2030. As ADAS, cockpit, and electrified powertrain functions roll out across more models and trims, the number of controllers per vehicle continues to increase, and multiple modules for sensing, control, display, and power require dedicated memory to support software operation and function management. Rising penetration together with more memory points per vehicle is lifting total automotive-grade memory consumption.

- We supply EEPROM and NOR Flash for automotive electronics, and, given our products' reliability and stability, we expect to penetrate more models and modules at global automotive brands as the market expands.

Consumer electronics

- Edge AI in consumer electronics is moving from early pilots to broad deployment across many endpoints. According to Frost & Sullivan, global shipments of edge AI consumer devices will exceed 700 million units in 2025 with penetration over 30.0%. Edge AI is permeating smartphones, tablets and wearables, becoming a key direction for terminal functionality.

- Consumer electronics have large unit volumes and broad user reach. Installed base and replacement demand are high, as edge AI spreads across price tiers and product forms, per-device memory consumption is trending up, creating a large and expanding application space for memory chips.

- Consumer electronics sector drives growth in the NOR Flash market, fueled by growing demand for AIoT solutions and the accelerating deployment of edge AI devices, while the booming TWS earphone and smartwatch market requires high-density, low-power NOR Flash for complex firmware and instant-on connectivity, sustaining steady demand.

- Our memory chips are already applied in smartphones and edge AI applications, with volume shipments to multiple brand customers. The rapid development of edge AI will continue to expand demand for our products.

OUR STRENGTHS

Leading position in global non-volatile memory market

We are a global first mover and leader in non-volatile memory, with multi-dimensional advantages spanning breadth of portfolio and depth in sub-segments.

From a product-layout perspective, our main product lines cover SPD chips, EEPROM and NOR Flash, as well as mixed-signal chips and NFC chips, comprehensively serving core memory application scenarios in memory modules, automotive, industrial control, and consumer electronics. In each sub-segment we invest heavily in technology and market development, building full-chain advantages from product definition and R&D to customer validation and scale delivery, ranking among the global leaders in multiple niches.

Specifically, according to Frost & Sullivan, we were:

- the third largest EEPROM supplier in the world in 2023 and 2024 by revenue.

- the largest China-based EEPROM supplier in 2023 and 2024 by revenue.

- the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue.

- the only China-based supplier offering a full spectrum, series-grade automotive-grade EEPROM portfolio as of the end of 2025.

Our leading position and strategic layout in the memory chip market have given us a strong competitive advantage in the industry that is hard to replicate, thereby enabling us to continuously identify structural opportunities amidst the substantial incremental market space brought by the rapid development and surging memory demand from the growth of the AI sector.

A category-defining pioneer capable of consistently seizing market opportunities

We offer complete solutions across SPD chips, EEPROM, NOR Flash, lens driver and NFC chips, and we are advancing the design-in of VPD chips. We are also increasing production and shipments of higher-end closed-loop and OIS chips, aligning an all-generation, high-reliability, high-performance portfolio to diverse market needs, and gradually entering fast-growing categories such as edge AI.

Validated across demanding industries, our product quality has been recognized by applications with stringent quality and reliability thresholds. In 2023, 2024, and the nine months ended September 30, 2025, device-side failure rates for our memory chips were well below the common 50 PPM threshold applied to commercial-grade components. Our automotive-grade memory covers A1-A2 grades, holds IATF 16949 compliance certification, and passes AEC-Q100 tests, meeting top commercial performance levels. Our high-reliability EEPROM features wide voltage, strong compatibility, and low power, with up to 4 million program/erase cycles at room temperature and data retention up to 200 years.

We take a market-led approach to new products, strengthening our definition capability through deep customer collaboration.

- For DDR5 SPD, we are in an in-depth collaboration with Montage, a leading global memory interconnect supplier.

- In VPD, we are in partnership with a global leading memory vendor that leads standard setting and specifications, becoming the first VPD chip developer to enter the design-in phase to support that company's next-generation eSSD modules and CXL memory expansion modules, laying the groundwork for faster commercialization and deployment.

- In lens driver chips, we work with well-known smartphone brands and module makers on new technology development, specification definition, and validation, continuously lifting our chip R&D, algorithm, and system-tuning capabilities in closed-loop and OIS lens driver chips, supporting the expansion of closed-loop and OIS-related business and deepening customer engagement.

- For NFC chips, we continue to reduce die area, improve RF sensitivity, expand packaging options, and to actively explore new application scenarios.

A high-stickiness, top-tier customer base with significant cross-selling potential

With mature mass-production experience and long-term market cultivation, we are a trusted partner to leading global companies. In memory module supporting chips, our DDR5 SPD co-developed with our strategic partner has been accepted by leading memory manufacturers for their DDR5 modules. In automotive and industrial, our products are widely used across multiple core modules for 16 of the world's top 20 and all of China's top 20 car brands, as well as over 85% of China's self-owned passenger car brands. In consumer electronics, our products have entered the core supply chains of multiple global smartphone brands and are applied across the devices of many well-known consumer-electronics companies.

Memory quality, reliability, and stability are critical to system performance, and as a result, the industry naturally demonstrates high customer stickiness. In memory modules, automotive electronics, and industrial control and consumer electronics, supplier certification process is highly rigorous and time-consuming. Such process covers a whole range of aspects including product reliability, environmental tolerance, long-term stability, and mass production capability. Once a supplier is certified and ramps up production, they are rarely replaced. After many years of effort, we have gained market share across multiple products, including SPD for memory modules, EEPROM for automotive applications, EEPROM for smartphone cameras and LCD panels, and we supply memory chips to mainstream auto OEMs. The strong customer stickiness, combined with our proven track record of reliability, underpins our sustainable market leadership and ongoing growth.

Our broad customer base also enables efficient cross-selling. We typically start by offering a flagship product to a customer, build a solid reputation for consistent quality and reliable supply, then expand to meet their other memory chip needs. As our partnership grows, we participate in their discussions on further needs of memory solutions and specification design. By getting our products designed into their systems early on, during the definition and validation phases, we reduce time-to-market, boost success rate, and grow our share of business with key customers. In memory modules, long-standing SPD leadership opened the door to VPD for next-generation eSSD and CXL memory expansion. In automotive electronics, we have expanded from displays and infotainment to body, chassis, and electrified powertrain. In smartphones, we have broadened from EEPROM into lens driver chips and NOR Flash, increasing platform coverage with key customer accounts.

We maintain a global sales network, supported by a mature distributor system that aligns us with top customers across applications and underpins long-term strategic relationships. We also deploy localized sales or technical support in China, Korea, the United States, and other key markets, tracking dynamics and needs, and offering timely on-site response, tailored adaptation, and operational support. By responding quickly and professionally, we improve satisfaction and reinforce customer stickiness.

A highly coordinated, responsive global supply chain

As a fabless company focused on design and R&D, we have over 15 years of mass production experience and built long-term relationships with leading foundries and OSAT partners around the world. These partners possess advanced manufacturing processes and ample production capacity.

To support our global expansion strategy, we are strengthening our overseas supply chain networks. We are establishing supply chain networks of wafer fabrication and assembly/test operations in regions like Singapore and South Korea, and partnering closely with multiple international suppliers. This approach not only gives us access to cutting-edge manufacturing processes, but also reduces regional risks and ensures steady supply. By adopting a diversified, global supply chain model, we optimize resources on a worldwide scale, balance cost and product performance, and deliver reliable, uninterrupted supply to our customers.

Experienced management and R&D teams

Our management team has extensive expertise in the IC industry. Core members bring an average of over 20 years of experience in semiconductors and enterprise management, with tenures at leading global firms and top domestic players alike. They possess a thorough grasp of the global memory chip value chain and key customer requirements, and bring with them strengths spanning from strategy, R&D, operations, and market development.

Our core R&D professionals hold relevant academic degrees and have worked at renowned semiconductor companies both domestically and abroad, with an average of over 15 years of industry experience. They possess specialized technical skills in memory chip design, process development, and system integration. We have assembled a diverse talent pool with strong track records in product planning, IC design, and validation. R&D staff account for approximately 60% of our total workforce, and over 30% of our employees hold master's degrees or higher. Driven by sustained innovation in SPD and EEPROM and lens driver chips, we held 76 granted patents and 78 composition designs as of the Latest Practicable Date, a testament to our systematic R&D capabilities and continuous technological breakthroughs.

OUR STRATEGIES

Deepen our advantages in segments where we lead

We intend to continue to focus on segments where we lead, proactively capturing opportunities from industry shifts, and solidify our leadership.

- *Embrace the AI-era*. AI is driving explosive growth and upgrades in memory quantity and performance. With our pronounced lead in DDR5 SPD, we are the first to lay out VPD for next-generation eSSD and CXL modules and will consolidate this global leadership.

- *Advance in automotive electronics*. After more than a decade of technical and market investments, we hold a leadership position in China's in-vehicle market. Our customers cover all major domestic brands and extend to most global OEMs and Tier-1 suppliers. We will further expand our presence in overseas markets and aim to become a global leader in in-vehicle EEPROM in order to capture significant growth opportunities.

- *Increase penetration in consumer electronics*. We have maintained a leading position in EEPROM solutions for smartphone camera modules and LCD panels for over a decade. Going forward, we will capture new opportunities arising from emerging edge AI-driven features in various consumer electronics applications.

Continue to deepen our collaboration with top-notch customers and create value for them by focusing on a long-term development strategy and technology innovation

As speculative heat recedes, focus on the semiconductor industry is expected to return to technology and innovation. We do not wish to participate in price wars, and will instead focus on developing differentiated products and sustained innovation that deliver lasting customer value and support long-term, sustainable growth.

- For lens driver chips, particularly closed-loop and OIS, we work closely with top customers and apply innovations to solve pain points and help migrate high-performance features from premium phones down to mid-range and even entry-level models, enlarging the total market.

- In industrial markets where we have a strong EEPROM market share, we will invest in high-performance computing products and companion devices used alongside them to expand use in new-energy systems, industrial power and control, AIDC power supplies, and solid-state transformers (SSTs).

- Building on our leadership in memory chips, we will track industry trends and long-term customer needs, and actively develop new memory solutions that will create value for our customers and us.

Expand and enhance our product offerings through leveraging a corporate culture of equality, openness, efficiency, and pragmatism

Good corporate management culture is key to a company's long-term success and health. We stay true to our values, including keeping customers at the center of what we do, and focusing on doing what is right. We communicate clearly and get things done quickly. Our team works to create value for both customers and us, and in return, we try to create value for both our customers and employees. We are honest about our limits, we reflect on our work, and we are always willing to learn new things, enter new markets, develop new products, and work with new teams.

Building on this corporate management culture, we will expand our product line in a sustained manner through:

- Leveraging the strong, trusted relationships we have, to market and sell more of our products to our existing customers, and extend our know-how from our core products and use it to reach new customers and new applications.

- Keeping a close eye on potential technological trends and talented teams in the market, and attract external talents and teams with strong product development capabilities by providing a favorable development environment and incentive system, so as to fuel the R&D and expansion of new products.

- Seeking potential targets that possess industry-leading advantages, high technical barriers, synergistic effects with our existing business, and alignment with industrial development trends. Subject to comprehensive evaluation, we will steadily advance strategic investment and integration to speed up the deployment of cutting-edge technologies and new products.

Expand overseas presence and strengthen global supply chain and teams

We will continue to expand internationally, building and optimizing a global supply-chain system. Building on existing overseas customers and business, we will deepen cooperation with local partners, increase localization in procurement, quality, and delivery, improve supply stability and flexibility, and better handle uncertainties in the global environment. In line with our migration toward higher-end applications, we will introduce more mature overseas processes and technology resources to ensure future performance upgrades.

We will also build international professional teams. By attracting and working with top overseas technical teams, we will continuously improve our R&D and design capabilities, which will support our technological upgrades and global business expansion.

OUR EVOLUTION

Our long-term vision has been to build a global fabless semiconductor company at the cutting-edge of NVM and mixed-signal chip technologies, developing and delivering advanced, AI-driven memory chip solutions for applications across industries. We have focused on the intersection of business insight and technological innovation and it continues today — we create value for customers by providing innovative memory chip products and solutions that leverage our proprietary technology and deep expertise across industries and business processes. Over the years, centered around a business strategy to identify the industries and customers that have a significant unmet need for our technology capabilities to solve the application issues they encounter, we have been able to consistently innovate, develop and apply our technology capabilities, and evolve our business.

We adopt a fabless manufacturing strategy, where we focus on the design and sales of NVM and mixed-signal chip products and solutions and partner with world-leading suppliers on wafer fabrication, packaging and testing. At the core of our business is semiconductor design, which involves the complex translation of design requirements and features into a specific physical circuit layout. Key steps in this process include system specification, RTL coding, circuit design, simulation and verification. We believe our fabless model reduces our capital requirements, operating expenses and time to market, which in turn enables us to focus and devote our resources to developing our core competencies in research and development, technological innovation, and product design.

The following represents certain highlights of development milestones since our founding in 2009:

- 2011 — Entered into the supply chain of a world-leading mobile phone manufacturer.

- 2016 — Became the world's top EEPROM supplier for smartphones, serving as a key supplier for a world-leading smartphone enterprise.

- 2019 — Began mass production of open-loop lens driver chips.

- 2020 – Launched the self-developed integrated lens driver + EEPROM two-in-one product.

- 2021 Q4 — Began mass supply of automotive-grade EEPROM products and DDR5 SPD chips (co-developed with our strategic partner) entered commercialization phase following JEDEC standards.

- 2021 — Obtained IATF 16949 automotive quality management system certification and achieved technical breakthrough in EEPROM with 4 million program/erase cycles and 200-year data retention.

- 2023 — Certified as a National Specialized and Innovative "Little Giant" Enterprise.

- 2024 — Won Shanghai Municipal Manufacturing Single Champion Product award for EEPROM memory chips.

OUR ADVANCED PRODUCT OFFERINGS

Our product portfolio includes (1) memory chips that cover certain core memory application scenarios, including memory module supporting chips highlighted by a full series of SPD chips that supports DDR2 through DDR5 memory modules, with a primary focus on DDR5; high-reliability memory chips for automotive electronics and industrial control; and memory chips for consumer electronics, (2) mixed-signal chips, namely lens driver chips, and (3) other products, primarily including NFC chips.

Memory chips

Memory chips provide memory for identity, configuration, calibration data and executable code, and, on modern memory modules, also enable management and thermal sensing. We offer non-volatile memory (NVM) chips, which enable long-term data retention and stable operation in a wide range of application scenarios. Within such memory chips, we organize our offerings into three application-led groups described below.

- *Memory module supporting chips, which primarily include SPD chips installed on DDR (double data rate) DRAM modules used in PCs and servers*. SPD chips are our primary product offering in this category, which store the module's identity and timing parameters and, in DDR5, also mediate I^2C and I^3C and sense temperature. In addition, we are developing VPD chips intended to provide module identity and configuration memory for next-generation enterprise SSDs, extending our module-management know-how from DRAM modules into enterprise memory.

- *High-reliability memory chips for automotive electronics and industrial control, which comprise automotive-grade and industrial-grade memory chips.* This segment has far stricter requirements for reliability, temperature tolerance, and certification (such as AEC-Q100, IATF 16949) than consumer-grade products, forming high entry barriers. We are the only China-based supplier offering a full spectrum, series-grade automotive-grade EEPROM portfolio as of the end of 2025. These efforts have built solid competitive barriers. We serve 16 of the world's top 20 car brands, and the relatively long automotive certification cycle creates strong customer stickiness for our memory chips for automative electronics and industrial control.

- *Memory chips for consumer electronics*. Compared to automotive and industrial-grade products, the certification requirements of memory chips for consumer electronics prioritize ultra-low power consumption and compact size. Our memory chips for this segment serve broader applications (smartphones, handheld gimbal, wearables, home appliances) with reliability calibrated to typical consumer product life cycles.

Memory module supporting chips

We design and supply SPD chips that provide the identity, configuration memory, management channel and thermal telemetry required across DDR generations from DDR2 through DDR5, currently with a primary focus on DDR5. Every DDR module carries an SPD chip, which embeds a non-volatile SPD that stores the module's identity and timing parameters so the system can bring the memory up correctly at power-on and operate it at rated performance. In DDR5, the SPD also integrates an I^2C/I^3C hub that mediates the Sideband Bus among on-module devices and a high-precision temperature sensor at the SPD. JEDEC standards require a PMIC on DDR5 modules to manage local power delivery, and our SPD interoperate with the PMIC and TS over the management channel to support standards-compliant configuration and thermal control.

We have built this product line generation by generation. During the DDR2 and DDR3 eras, we established a complete SPD portfolio across mainstream module types, through which we built relationships with major module makers. In the first half of 2022, we leveraged a market-wide DDR4 SPD supply shortage to broaden our presence with leading module manufacturers. Our initiatives in this period reinforced our reputation for reliable delivery and fast platform adaptation of our SPD chip products.

The transition to DDR5 marked a step-change in both specification and market opportunity. We launched DDR5 in the fourth quarter of 2021. Since then, our co-developed DDR5 SPD chips have moved into broad deployment at major memory module players. We had established an in-depth partnership with Montage, a global leader in memory interconnect chips. We hold a leading market position in DDR5 SPD. We are the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue, according to Frost & Sullivan.

Our products' form factor and platform coverage has expanded in line with market demand. Our DDR5 SPD is not only applied on memory module formats used in desktops, laptops, and servers, including UDIMMs, SODIMMs, and RDIMMs, but also supports new slim-form-factor memory module packaging formats, such as CAMM/CAMM2 and LPCAMM/LPCAMM2. These memory modules require one SPD and one PMIC per module. As premium thin-and-light laptops and other electronics products gradually shift from the older LPDDR to LPCAMM2, the demand for our DDR5 SPD chips increases. In addition, our DDR5 SPD covers memory module packaging formats, such as RDIMM, LRDIMM, MRDIMM and SOCAMM/SOCAMM2. A typical DDR5 server DIMM carries one SPD, two TS and one PMIC under the JEDEC standard. AI servers commonly use over 20 DIMMs per system, roughly twice as many as for a mainstream general-purpose server. This multiplies the number of units needed for our SPD chips, creating a significant need for our DDR5 SPD chips.

Our strong technology and standards compliance underpin this product line. We design our SPD hub for the JEDEC-defined I^2C and I^3C management channel used on DDR5 DIMMs. This allows system controllers to discover and configure on-module devices, read vital product data, and monitor thermal conditions with high reliability. The embedded non-volatile SPD keeps identity and configuration data even when power is off for the entire life of the module. The integrated TS provides continuous readings at the SPD location to support thermal management and performance derating policies.

In 2023, we began developing a VPD chip which is the first VPD chip to enter the design-in phase to support next-generation eSSD modules and CXL memory expansion modules, extending our module-management expertise beyond DRAM and aligning with the industry's move toward standardized non-volatile identity in enterprise memory storage.

Key features and application scenarios of memory module supporting chips

Our DDR5 SPD integrates three functional blocks, an 8 Kb EEPROM for identity and configuration, an I^2C/I^3C hub that complies with the JEDEC-defined I^2C/I^3C management channel on DDR5 DIMMs, and a high-precision temperature sensor located at the SPD site for local thermal telemetry. Our DDR5 SPD is in mass production and can be applied across UDIMM, SODIMM, CAMM/CAMM2, LPCAMM/LPCAMM2, SOCAMM/SOCAMM2, RDIMM, LRDIMM and MRDIMM. We co-developed our DDR5 SPD with Montage and established broad deployment by major memory module players beginning late 2021. As compared with DDR4 SPD, our DDR5 SPD contains higher specifications and richer on-module content, increasing the value of our DDR5 SPD per module. In addition, a wider application of AI servers and AI PCs further increases demand for our DDR5 SPD chips.

The application scenarios of our memory module supporting chips include, without limitation:

- *PCs*. DDR5 SPD is applied on UDIMM and SODIMM for desktops and notebooks and on the new thin-and-light formats CAMM/CAMM2 and LPCAMM/LPCAMM2, which are gaining adoption in new notebooks and compact designs. As the industry moves toward AI PCs, memory modules in these systems tend to carry more memory chips creating more opportunities for us.

- *Data centers, servers, and AI servers*. In data centers, DDR5 SPD handles identification and management-bus communications across RDIMM, LRDIMM, MRDIMM formats and also supports SOCAMM/SOCAMM2 formats for accelerator-class and AI-server designs. AI servers typically use more than twenty DDR5 DIMMs in a single system, about twice as many as mainstream general-purpose servers. As AI servers adopt more DDR5 DIMMs, the need for our DDR5 SPD is expected to grow compared with DDR4. In addition, the next-generation GPU solution from one of the world's largest GPU suppliers will adopt the SOCAMM2 memory module form factor, and this solution also relies on DDR5 SPD chips to complete memory parameter configuration.

- *Enterprise SSDs*. In 2023, we began developing a VPD chip that brings identity and configuration functions to next-generation eSSD modules and CXL memory expansion modules. A VPD chip enables consistent identity, field updates, and fleet-wide management across SSDs.

- *Legacy and embedded systems*. Our DDR3 and DDR4 SPD chips remain available for long-lifecycle platforms in industrial, embedded, and specialty computing.

Across these application scenarios, our SPD chip's embedded non-volatile EEPROM stores identity and configuration data even when power is off. Its integrated hub supports standards-compliant I^2C/I^3C communications among on-module devices, and its temperature sensing helps systems manage performance and stability under heavy load. In DDR5, our SPD chip works smoothly with on-module PMICs and temperature sensors in line with JEDEC's module topology, which enables reliable system bring-up, telemetry, and thermal management in PCs, servers, and AI platforms.

High-reliability memory chips for automotive electronics and industrial control

We design and supply high-reliability non-volatile memory chips for demanding embedded systems in vehicles and in industrial control equipment. Our portfolio centers on EEPROM for small, frequently updated parameters, identifiers, and logs. Our portfolio also includes NOR Flash for executable code and larger configuration blocks that must be read quickly and predictably. These chips are built for long service life, strong data integrity, and stable operation under electrical noise, voltage swings, and frequent power cycling.

(i) Automotive electronics

Our automotive-grade EEPROM spans the A1-A2 series and covers densities from about 1 Kb to 4 Mb. Our automotive-grade EEPROM support I^2C, SPI, and Microwire interfaces and offer compact packages to accommodate space-constrained control boards of a smart vehicle. We also offer automotive-grade NOR Flash focused on low to mid densities, centered around the 512 Kb to 16 Mb range, to host safety-critical and performance-sensitive code. The design, screening, and reliability testing processes of our automotive memory chips adhere to established automotive industry standards and have completed AEC-Q100 validation.

We have progressed through successive design wins and process improvements. We have introduced the A1-A2 automotive EEPROM and expanded densities and interfaces of our memory chip products for this segment over multiple generations. We also improved write endurance and data retention to meet vehicle lifetime targets. By 2023, our selected EEPROM achieved AEC-Q100 validation and entered series production with Tier-1 suppliers.

In 2024, we introduced low-density automotive NOR Flash, which can be applied in automotive cockpit and body. In addition, we have made our automotive NOR Flash, mainly for use in ADAS systems and power electronics.

(ii) Industrial control

For industrial control markets, our EEPROM products span roughly 1 Kb to 4 Mb and our NOR Flash products span 512 Kb to 64 Mb, with higher densities expected to be introduced in the future to support growing firmware images in automation, energy, and communications.

We develop this product line to gain broad adoption in factory automation and communications equipment. Through 2024 and 2025, we taped out and sampled higher-density industrial NOR Flash at 64 Mb, with additional densities under development for larger over-the-air updatable firmware in automation, digital energy, and networking.

Key features and application scenarios of high-reliability memory chips for automotive electronics and industrial control

We design our high-reliability memory chips for automotive electronics and industrial control with long service life and ability to provide steady performance under harsh environments. They are built to keep data intact, tolerate noise and power swings, and fit into dense circuit boards and modules.

EEPROM. We target multi-million write cycles at room temperature with controlled derating at higher temperatures. Our EEPROM products for automotive electronics and industrial control offer long data retention, low standby current, and compact packages, and also offer interface options covering I^2C, SPI, and Microwire, with common voltage and pin-count variants to make replacement and design-in straightforward. Our automotive-grade EEPROM spans the A1-A2 series and continues to gain acceptance of customers across their automative cockpit, visual perception, body, and powertrain programs.

NOR Flash. Our NOR Flash products can realize 100,000 erasure/programming cycles and nominal data retention over a 20-year period at room temperature. Read performance of our NOR Flash supports fast random access and execute-in-place, meaning code can run directly from flash. Our NOR Flash is also hardened for ESD and latch-up to handle noisy environments.

Across these memory chip products, we continue to refine our technology to reduce quiescent power, and improve electromagnetic and electrical robustness to meet evolving automotive and industrial standards.

The application scenarios of our memory chips for automotive electronics and industrial control include, without limitation:

- *Cockpit systems*. Our high-reliability memory chips for automotive electronics and industrial control store configuration, calibration, logs, and code across major electronic domains in a smart vehicle. In the intelligent cockpit, instrument clusters, infotainment head units, and head-up displays use our EEPROM to retain trim data, feature flags, and event logs through repeated updates and power cycles.

- *ADAS and vision sensing*. Camera modules, millimeter-wave radar modules and laser lidar modules use our EEPROM for lens and sensor calibration, module IDs, and diagnostics that must stay accurate for the life of the vehicle. With sensor counts and data rates keep increasing in a smart vehicle, durable parameter storage and quick code execution of our EEPROM become more critical to the steady performance of these modules.

- *Body and chassis systems*. Body control modules, electric power steering, and integrated braking systems write and rewrite parameters, status, and fault logs throughout their service life. Our EEPROM supports these frequent updates with high write endurance and noise immunity to protect data during cranking, brownouts, and load dumps.

- *Electrified powertrain*. Battery management systems, traction inverters, onboard chargers, and auxiliary controllers combine EEPROM for configuration and diagnostics. These applications emphasize long retention, resistance to electromagnetic interference, and dependable behavior under sustained thermal stress. Our memory chip products meet these needs across OEM qualification flows and extended service horizons.

- *Industrial automation*. Our EEPROM powers programmable logic controllers, servo drives, robotics, and factory gateways. Engineers store IDs, calibration constants, and field logs in EEPROM that must tolerate frequent updates and sudden power loss. Human-machine interface panels use EEPROM in display and touch modules to deliver responsive user interfaces and safe, repeatable firmware updates over many years.

- *Digital energy and power electronics*. In photovoltaic inverters, energy-storage systems, DC/DC and AC/DC converters, and EV charging equipment, our EEPROM records configuration and fault or event logs that survive brownouts, service cycles, and grid disturbances. As these platforms add richer telemetry and remote management, demand grows for larger code storage and more frequent parameter updates.

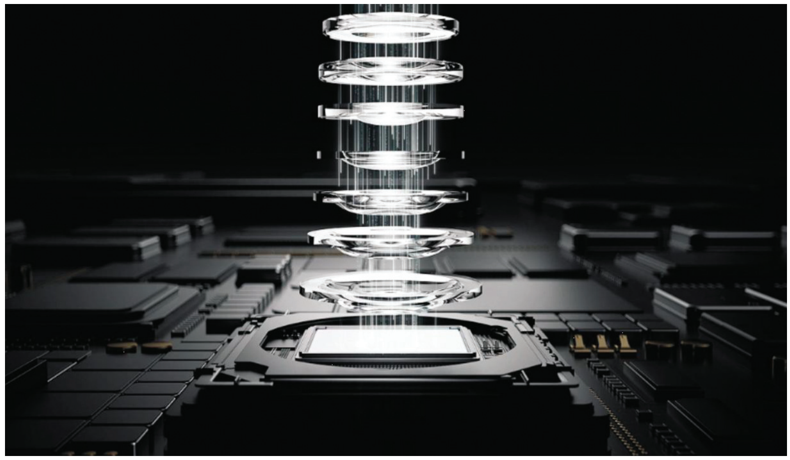
- *Communications infrastructure and optical modules*. Our EEPROM stores module identifiers, digital diagnostics, and calibration data that host systems read for monitoring and control. Optical transceivers and access or aggregation equipment require compact footprints, low power, and predictable long-term retention, and we tailor our memory chip products for dense, thermally constrained line cards and modules.

- *Medical devices and instruments*. Manufacturers use our EEPROM to retain calibration, device identifiers, and maintenance histories across regulated lifetimes of their end-products. These end-products run under controlled but extended temperature ranges and duty cycles, so we focus on data integrity and read stability to support long product lifecycles of these end-products.

Memory chips for consumer electronics

We serve consumer electronics end-products with a broad portfolio of non-volatile memory chips tailored for compact form factors and tight power budgets typically required of consumer electronics end-products. In these systems, our EEPROM stores small, frequently updated parameters such as calibration data, device identifiers, pairing keys and production records, and it preserves those data without power across the use life of particular consumer electronics end-products. We offer EEPROM from approximately 1 Kb to 4 Mb across I^2C, SPI and Microwire interfaces, and low-power SPI NOR Flash from 512 Kb to 64 Mb for consumer applications. We also offer SPI NOR Flash with higher-density reserves on ETOX with tens and hundreds of megabits to support larger firmware of certain consumer electronics end-products.

We established an early leadership position in smartphone imaging through entering the camera module of a top-tier mobile phone supplier in 2011. By 2016, we have become a top supplier of smartphone EEPROM for that use. As consumer electronics end-products demand lower power, we introduced an ultra-low-voltage smartphone EEPROM in January 2022 operating at 1.2 V and supporting automatic interface-voltage recognition for 1.2 V and 1.8 V I^2C rails, and it was selected as the sole EEPROM for the reference design of a leading smart phone brand. That design win accelerated the adoption of our memory chip products across power-sensitive wearables and emerging AI glasses.



EEPROM chips used in smart phones

By 2024, we ranked among the top global EEPROM suppliers by market share and held leading positions in smartphone cameras, LCD/AMOLED panels and Bluetooth modules. In 2025, we continued to improve our memory chip products to address package miniaturization requirements of certain consumer electronics end-products. In addition, we are developing higher-density SPI NOR Flash on ETOX to address larger over-the-air updatable firmware images in displays and connected accessories of certain consumer electronics end-products.

Key features and application scenarios of memory chips for consumer electronics

EEPROM. Our consumer EEPROM memory chips target multi-million write cycles at room temperature with controlled derating at higher temperatures. They offer long data retention, low standby current, and broad interface support across I^2C, SPI, and Microwire. Our memory chip products offer ultra-low-voltage options down to about 1.2 V, with automatic interface-voltage adoptation between 1.2 V and 1.8 V for I^2C, fitting the power budgets of smartphones, handheld gimbals, wearables, and AI glasses. Our consumer EEPROM also offer package choices, primarily small-footprint WLCSP.

NOR Flash. Our consumer NOR Flash memory chips focus on low-power SPI NOR from 512 Kb to 64 Mb. They deliver fast random reads for execute-in-place firmware, strong ESD and latch-up robustness, and extended nominal retention.

Commercially, our consumer memory chips are in mass production across smartphones, displays, connectivity modules, comprising a wide range of consumer electronics. Our consumer memory chips have gained adoption in wearables, handheld gimbals and AI-adjacent devices. We continue to enhance penetration of our consumer memory chips through new design wins in AI-enabled consumer electronics end-products and to grow share in established markets, such as LCD and AMOLED panels and connectivity modules, solidifying our position as a leading supplier of consumer-grade non-volatile memory chips.

The application scenarios of our memory chips for consumer electronics include, without limitation:

- *Smartphones and mobile imaging*. Our EEPROM memory chips sit inside camera modules to retain factory calibration, lens IDs, and production data that are read at power-on and during use to keep image quality stable over time. They are chosen for their high write endurance under frequent updates, long data retention, and reliable reads. Ultra-low-voltage options by our consumer memory chips help extend battery life in power-sensitive product designs of our customers. In the same camera assemblies, designers pair our EEPROM with our mixed-signal chips where needed.

- *Display systems*. Display systems rely on fast and consistent random reads for quick startup and smooth user interaction. They are often paired with small-density EEPROM to hold configuration and trim data that can be updated in the field while preserving long-term retention. This combination is widely used in smartphones, tablets, monitors, and TVs, and extends to embedded HMI displays in consumer and small-appliance products.

- *Connectivity and audio accessories*. In Bluetooth headsets and TWS earphones, Wi-Fi modules, smart speakers, and soundbars, our EEPROM stores pairing information, calibration constants, and production records that change over the device's life. Compact packages and low standby current are key selection factors, and we offer options that meet the size and energy limits of these consumer electronics end-products.

- *Wearables and AI glasses*. Our ultra-low-voltage EEPROM helps extend battery life and simplify power-rail design of wearables and AI glasses. These products require long data retention and predictable read behavior despite aggressive duty cycling, and our consumer memory chips are tuned for these needs. We are expanding SPI NOR densities to fit larger firmware while keeping power low.

- *Other consumer electronics and appliances*. Appliance control boards of many consumer electronics end-products use EEPROM for storing parameters, usage logs, and service data that must survive power loss and maintenance cycles. Our memory chip products are also used in computers and selected IoT devices that need persistent configuration and compact code storage, including printers, PC accessories, and home-automation nodes.

Mixed-signal chips

Mixed-signal chips combine analog and digital circuits to sense, drive, and control physical systems under digital control. We focus on lens driver chips used in camera modules to convert electrical energy into precise motion for small actuators. By combining precision current drive, control algorithms, sensing, and calibration, our lens driver chips deliver stable and repeatable positioning across open-loop, closed-loop, and optical image stabilization variants. We also work with our customers to integrate EEPROM in the same package with our lens driver chips to store calibration data and parameters, which simplifies module design of the end-products of our customers.

Lens driver chips

We have built this product line step by step and moved up the value chain. Our early-stage open-loop driver chips delivered fast autofocus in compact packages and helped establish our brand. Several series of our open-loop lens driver chips were included in municipal innovation catalogs in 2019 and 2023, underscoring our technology advantages in this product line. In 2023, we introduced a new generation of open-loop driver chips that features automatic interface-voltage adoptation between 1.2 V and 1.8 V, with self-adaptive capabilities to accommodate different voltage requirements of end-products. With this product type reaching mass production, our lens driver chips have received wide customer acceptance and recorded robust growth. In parallel, we advanced development of closed-loop and OIS driver chips by solving key challenges in closed-loop control, high-precision ADC design, and gyro-assisted stabilization algorithm. After passing platform validation, we have began deliveries of closed-loop and OIS driver chips to leading smartphone OEMs.

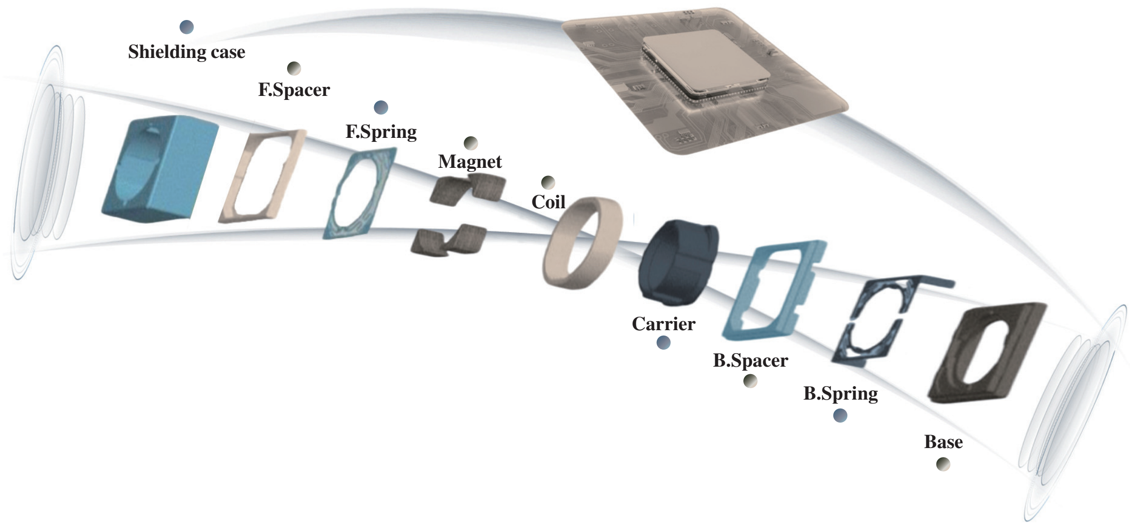
During 2024, we started producing additional variants of open-loop lens driver chips, including driver chip-plus-EEPROM combinations, and expanded validations and pilot shipments for closed-loop and OIS driver chips into mid- to high-end models. In 2025, we began shipping multiple OIS driver chips to major smartphone brands, showcasing our ability to develop and deliver lens driver chips in the highest value tier of this segment. We plan to focus on broadening the penetration of our OIS driver chips, compressing stabilization time even further, optimizing the gyro-assisted stabilization algorithm, and continuing to reduce chip size and power so the parts can fit thinner camera modules and higher-end periscope modules. We will also continue to extend driver chip-plus-memory integration to meaningfully lower module size and make calibration simpler.

Key features and application scenarios of lens driver chips

Our open-loop lens driver chips use damping-aware algorithms, lens-parameter self-detection, and offset-current self-calibration to achieve fast-settling control. They deliver quick autofocus, minimizing module size and allowing large motor tolerance. Certain types of our open-loop lens driver chips also enable automatic interface-voltage adoptation between 1.2 V and 1.8 V to accommodate different voltage requirements of end-products.

Our closed-loop drivers chips contain precise sensing and tighter control to improve accuracy and keep performance of the end-products, such as smartphones and cameras, steady across temperature and power changes. Our closed-loop driver chips are moving from customer testing into wider use. Our OIS driver chips together with gyro-assisted stabilization are now applied in mid- to high-end smartphones. We expect adoption of our lens driver chips to keep growing as premium camera modules make multi-axis stabilization standard.

We focus our lens driver chips on enabling fast lens stabilization that settles in a fraction of one actuator cycle and broader tolerance to actuator variation, such that our customers can source lenses from multiple suppliers. We also offer built-in memory options that integrate with our lens driver chips, such as EEPROM or on-chip NOR Flash, to store calibration and control parameters locally. We strive to enhance performance, stability, and energy efficiency of our lens driver chips while keeping their sizes small for thin camera stacks and other space-constrained modules. With the wider acceptance of lens-embedded mobile and connected consumer electronics end-products, we believe the penetration of our lens driver chips will continue to grow.



A pictorial illustration of the assembly structure of a lens driver chip

The application scenarios include, without limitation:

- *Smartphones*. Our lens driver chips power autofocus and stabilization in rear and front camera modules, improving focus speed, stability, and image sharpness from mainstream to flagship phones. Our open-loop driver chips are used in high-volume autofocus channels where fast settling and low cost matter the most. They choose closed-loop driver chips for channels that require faster settling and higher-precision focus control. They adopt OIS drivers in mid- to high-end modules to reduce blur in photos and video caused by shaking. As multi-camera arrays spread and front cameras add autofocus, the number of lens per smartphone increases and therefore, the demand for our lens driver chips is expected to rise, too. We also offer driver chips-plus-EEPROM options to shrink module size and simplify parts count.

- *Handheld gimbal*. Lens driver chips provide precise attitude control and image stabilization functions. From entry-level smartphone gimbals to professional camera gimbals, they enhance footage smoothness, response speed, and shooting stability. Applications for consumer-grade lightweight gimbals prioritize low power consumption, quiet operation, and cost-effectiveness. With the growing popularity of short-form videos and video blogs, handheld gimbals require higher motor torque and response precision, which is expected to drive up the demand for lens driver chips.

- *Other compact imaging devices*. Manufacturers require the same control and stabilization of lens in video-conference terminals, access-control and intercom cameras, and scanner or imaging modules in retail and logistics settings. These end-products value fast settling, low noise, and stable long-term lens performance in tight, thermally constrained surroundings. We optimize our algorithms to achieve stabilization in less than one actuator cycle and maintain tolerance to driver frequency variation, enabling compatibility with multiple lens driver chips with only minor adjustments to chip parameter settings. In tablets and consumer cameras, our closed-loop and OIS driver chips enable sharper images in low light and during motion for casual photography and content creation.

- *Wearables and smart-home imaging*. Space and power are especially limited in wearables and smart-home imaging devices. We emphasize small packages, low quiescent power, and driver chip-plus-memory integration to preserve space for optics while keeping autofocus fast and repeatable. We work with module makers to co-optimize the mechanical stack and control targets so focus and stabilization settle quickly within ultra-thin assemblies.

Other products

Beyond memory chips and lens driver chips, we apply our non-volatile memory and mixed-signal expertise to identification and contactless communication. Our primary product in this category is the NFC chip.

NFC chips

Our NFC chips are built for broad interoperability and practical security. They follow the chip specifications made by the NFC Forum and common ISO/IEC proximity standards, so they work seamlessly with smartphones and mass-market IC readers. They combine a sensitive RF front end that saves energy and keeps the connectivity stable with an anti-collision mechanism, such that multiple e-tags can be read without interference. Embedded non-volatile memory of our NFC ships stores fixed identifiers and application data that our customers can update in the field for provisioning, feature enablement, and after-sales support, with safeguards such as password protection, lock bits, and optional authentication. Our NFC chips are tuned for low power so they read reliably at longer distances for a given antenna size, and they deliver consistent performance across manufacturing and environmental variation to ensure predictable behavior in large deployment. Across the portfolio we strive to reduce die area, improve RF sensitivity, streamline memory organization for faster reads and writes, and expand packaging options to simplify integration into space-constrained products and labels.

The application scenarios include, without limitation:

- *Electronic price tags*. Our NFC chips are integrated into electronic price tags, supporting rapid device initialization, battery-free E-ink refreshing, and interactive consumer marketing. Built-in memory stores SKU identifiers, configuration parameters, and dynamic promotional links, ensuring real-time retail data and traceability. Our NFC chips ensure fast and stable read or write performance, even in high-density environments.

- *Consumer electronics and smart-home devices*. Manufacturers embed our NFC chips to enable tap-to-pair and tap-to-configure experiences. An end-user brings a smartphone near a speaker, headset, TV, set-top box, or home-automation node to complete secure pairing, provision Wi-Fi credentials, or start a guided setup. The NFC chip embedded in the e-tag stores configuration data, device identifiers, and service links that persist without power and can be updated in subsequent installation or maintenance.

- *Major appliances and small household devices*. Our NFC chips streamline onboarding and after-sales service. Technicians and end-users can tap an appliance to retrieve model and serial numbers, installation parameters, diagnostics, and maintenance logs stored in the tag's memory. Because the tags are battery-free, they add little cost and provide support over the end-product's life.

- *Packaging, accessories, and brand engagement*. Our NFC chips support anti-counterfeit checks, interactive product information, dynamic price updates for electronic price tags and after-sales services. Our NFC chips store marketing data that remain accessible for the life of the end-product. We are working to optimize RF sensitivity for small antennas and challenging placements so tags can be integrated into labels, cartons, compact accessories and electronic price tags without hurting read reliability.

- *Light industrial and facility uses*. Customers deploy our NFC chips for asset identification, configuration handover, and maintenance records where short-range and intentional reads are preferred. Field personnel tap tools, fixtures, or installed equipment to retrieve or update configuration and service data in the chip's memory without powering the host system. Our NFC chips have strong data retention and comply with common standards. This makes them easy to use with commodity mobile devices or common IC readers.

OUR KEY OPERATING AND FINANCIAL DATA

The following table sets forth a breakdown of our revenue among our three main business lines during the Track Record Period, both in amounts and as percentages of total revenue:

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Memory chips[1]	561,688	79.8	885,989	86.2	659,554	85.8	825,258	88.5
Mixed-signal chips[2]	87,163	12.4	105,010	10.2	78,774	10.2	83,326	8.9
NFC chips and others	54,626	7.8	37,278	3.6	30,755	4.0	24,226	2.6
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**769,083**	**100.0**	**932,810**	**100.0**

Notes:

(1) Comprising memory module supporting chips highlighted by SPD chips in DDR memory modules, high-reliability memory chips for automotive electronics and industrial control, and memory chips for consumer electronics.

(2) Comprising lens driver chips.

The table below sets forth the product shipping volume by number of chips per product line for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
Memory chips[1]	1,631,496,546	67%	2,374,000,980	71%	1,812,483,598	72%	1,975,084,303	72%
Mixed-signal chips[2]	414,697,215	17%	552,381,200	17%	407,460,700	16%	450,208,500	16%
NFC chips and others	385,641,444	16%	386,359,130	12%	311,920,448	12%	318,887,295	12%
Total	**2,431,835,205**	**100%**	**3,312,741,310**	**100%**	**2,531,864,746**	**100%**	**2,744,180,098**	**100%**

Notes:

(1) Comprising memory module supporting chips highlighted by SPD chips in DDR memory modules, high-reliability memory chips for automotive electronics and industrial control, and memory chips for consumer electronics.

(2) Comprising lens driver chips.

The following table sets forth a breakdown of our revenue by sales channel for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
						(unaudited)		
			(in thousands, except for percentages)					
Direct sales	220,064	31.3	473,394	46.0	350,770	45.6	483,315	51.8
Distribution	483,413	68.7	554,883	54.0	418,313	54.4	449,495	48.2
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**769,083**	**100.0**	**932,810**	**100.0**

The table below sets forth a breakdown of our revenue by region for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Chinese Mainland[(1)]	379,027	53.9	468,877	45.6	348,426	45.3	398,398	42.7
Macau, Hong Kong and Taiwan[(1)]	260,674	37.1	465,170	45.2	347,036	45.1	480,564	51.5
South Korea[(1)]	40,486	5.8	66,655	6.5	51,687	6.7	37,522	4.0
Other countries/ regions[(1)]	23,290	3.2	27,575	2.7	21,934	2.9	16,326	1.8
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**769,083**	**100.0**	**932,810**	**100.0**

Note:

(1) The revenues we report by geography are based on locations where the customers are incorporated.

OUR TECHNOLOGY

Our technology platform is built on NVM technology, integrated with advanced mixed-signal circuit design, cross-fabrication process collaboration, and rigorous device-level qualification capabilities. We apply these capabilities across memory chips — SPD chips for DDR modules, EEPROM and NOR Flash, and across mixed-signal products, including lens driver chips, as well as NFC chips. The focus of our technology development is long-term data integrity, low power, compact die size and robust operation over extended temperature ranges.

Core NVM design and process platforms

Our NVM technology targets high endurance, long retention, low supply voltage, and compact arrays. We have developed circuit and array techniques that raise write-cycle capability, reduce leakage and charge loss, and stabilize program/erase behavior. In EEPROM, we maintain full-range I^2C/SPI/Microwire interfaces from approximately 1 Kb through 4 Mb, with ultra-low-voltage options suited to power-sensitive mobile and wearable designs.

Set forth below is a summary of selected NVM technologies (applicable to EEPROM and NOR Flash) and representative parameters as disclosed.

Technology area	Specific technique/feature	Representative parameter/value	Benefit/impact	Status/IP coverage
Charge handling and reliability	High-efficiency charge pumps, program/erase slope control, online error correction	Stable P/E behavior, improved data integrity (qualitative)	Higher endurance and lower error rate during frequent updates	In production, covered by internal know-how and patents
Array/die efficiency	Compact decoder architectures, Y-decoder R/W multiplexing, "no byte-select transistor" layouts	Smaller die at given density (qualitative)	Lower cost per bit, smaller packages	In production
Low-voltage operation	Ultra-low-voltage NVM operation, I^2C interface voltage auto-recognition	Selected EEPROM operate at 1.2 V, auto-recognition for 1.2/1.8 V	Extends battery life, simplifies system design	In production (1.2 V smartphone EEPROM)
Endurance and retention (EEPROM)	Array/cell lifetime tuning	Up to multi-million write cycles, long retention at room temperature (selected devices)	Frequent small updates without data loss	In production

SPD chip technologies

DDR5 modules require an SPD chip on each DIMM. Our DDR5 SPD integrates three functional blocks: an EEPROM that stores module identity and configuration, an I^2C/I^3C hub that mediates Sideband Bus among on-module components, and a high-precision temperature sensor located at the SPD site.

Set forth below is a summary of the key technology differentiators of our SPD chips in DDR modules.

Function block	Interface and capacity	Representative parameter/value	Role on module	Benefit/impact	Status
EEPROM	I^2C/I^3C, 8 Kb	Non-volatile memory of module data	Module identity/ configuration for system bring-up	Reliable initialization, standards compliance	In mass production

Function block	Interface and capacity	Representative parameter/value	Role on module	Benefit/impact	Status
I^2C/I^3C hub	I^2C/I^3C	Compliant with the JEDEC-defined I^2C/I^3C management channel on DDR5 DIMMs	Mediates low-speed communications among managed devices	Simplifies system control topology	In mass production
Temperature sensing	I^2C/I^3C	High-precision sensing over a wide temperature range, JEDEC DDR5 module compliant	Local temperature telemetry at SPD location	Supports thermal management and derating	In mass production

Lens driver control and precision analog

Our lens driver technology spans open-loop, closed-loop and OIS. Open-loop driver chips provide fast, precise current control for autofocus without feedback. Closed-loop driver chips add high-precision sensing and control to refine lens positioning in real time. OIS devices integrate gyroscope-based stabilization and close loop control algorithms to counteract blur caused by shaking.

Set forth below is a summary of our selected lens control and analog technologies.

Control/analog block	Specific technique/feature	Representative parameter/value	Applied products	Benefit/impact	Status
Current drive and settling	Fast stabilization algorithms, damping-aware control	Rapid lens settling, low position error (qualitative)	Open-loop, closed-loop, OIS	Faster autofocus, reduced blur	In mass production (open-loop), validated/ramping (closed-loop), shipping (OIS)
Calibration and tolerance handling	Lens-parameter self-detection, offset-current self-calibration	Automatic parameter adaptation (qualitative)	Open-loop, Closed-loop, OIS	Consistent performance across actuator tolerances/temperature	In production (selected models)
Precision sensing and controlling	High-resolution ADCs and low noise PGA for position feedback	High-precision conversion (qualitative)	Closed-loop, OIS	Accurate and quick lens positioning	In production/validation
OIS control	Gyroscope-based stabilization	Integrated gyro input and control (qualitative)	OIS driver chips	Motion compensation during capture	Commercial shipments since 2025

RESEARCH AND DEVELOPMENT

As of September 30, 2025, we had a total of 203 full time employees engaged in research and development. In 2023 and 2024 and in the nine months ended September 30, 2025, our research and development expenses amounted to RMB160.8 million, RMB175.6 million and RMB146.5 million, respectively.

Our research and development programs focus on the development of our core NVM and mixed-signal technologies. Our R&D teams cover circuit design, analog and mixed-signal, firmware and algorithms, product engineering, reliability, and applications support.

Our first priority in our R&D efforts is to solidify our position in SPD chips in DDR5 modules. Our DDR5 SPD combines EEPROM, an I^2C/I^3C hub, and a temperature sensor, and we also supply stand-alone temperature sensors used on many server DIMMs. We continue to apply our SPD chips to more form factors for computer memory modules, distinguished primarily by their physical size and application, such as UDIMM, SODIMM, CAMM/CAMM2, LPCAMM/LPCAMM2, SOCAMM/SOCAMM2, RDIMM, LRDIMM, and MRDIMM.

For EEPROM, we are developing smaller-die, higher-reliability devices for industrial and automotive use, with automotive-grade series spanning A1-A2. For NOR Flash, we focus on low-power parts at low to mid densities. Our NOR Flash from 512 Kb to 32 Mb are in mass production, 64 Mb and 128 Mb parts have taped out, and higher densities are under development. Selected low-density devices have achieved program/erase cycles of 100,000 and retention over a 20-year period at room temperature, and portions of the 512 Kb-16 Mb series have completed AEC-Q100 validation.

In addition, we are moving our lens driver portfolio into higher-value segments. We continue to improve our open-loop driver chips used in high-volume camera modules. We have progressed through validation and into deployments our closed-loop driver chips integrated with high-precision sensing. In 2025, multiple OIS driver chips began commercial shipments on mid- to high-end smartphones.

Furthermore, we continually upgrade our NFC products. We are reducing die area, improving read/write speed and RF sensitivity, and expanding toward higher-value CPU cards and a broader range of RFID/NFC offerings, such as public transport, access control and identity, campus cards, smart metering, electronic price tag, new retail and supply-chain management, while maintaining compliance with ISO/IEC 14443 and 15693 and support for standard cryptographic algorithms.

Notably, in 2023, we began developing a VPD chip for new-generation enterprise SSDs and CXL memory expansion modules to extend our module-management know-how beyond DRAM modules.

MANUFACTURING AND QUALITY ASSURANCE

We are a fabless company. We outsource wafer fabrication to foundries and high-volume assembly and final electrical testing to OSAT partners. At the same time, we keep the critical quality and test responsibilities in-house. This model enables us to scale production with trusted partners while we control how products are validated, screened and released to customers.

Consistent with this model and our sales channels, we deliver to distributors or directly to module manufacturers and end-product brand owners, and our automotive-grade devices have been qualified by multiple global Tier-1 suppliers for deployment in leading automaker platforms and other end-systems. Our quality management and release processes are designed to meet the specific requirements of these automotive end-product and related manufacturers, including third-party reliability qualifications for automotive programs.

We maintain an internal product testing unit that leads engineering validation and pilot-run inspections before any product enters mass production. Using early wafers, we test and evaluate device performance, reliability and margins against our specifications. Before ramp, we run strict pilot lots and only proceed when results meet our release criteria. For mass production, we develop, validate and own the probe and final-test programs and any additional outgoing screen program.

We plan and execute device qualifications aligned with applicable industry practices, and, for automotive-grade parts, we support third-party AEC-Q100 validations. Where reliability data or field experience indicates a potential failure mode, we add targeted test items to intercept that mode before shipment. We also lead failure analysis and corrective actions together with suppliers and customers, feeding the findings back into design rules, process windows and screening content to prevent recurrence. These measures — engineering validation, pilot-run inspection, test-program confirmation, enhanced outgoing screening and disciplined release — are the core of the quality checking that we perform ourselves, even though manufacturing is outsourced.

As of the Latest Practicable Date, we have the following qualifications:

Category	Scope/status
ISO 9001	Certified quality management system covering design and related processes
IATF 16949	Certified automotive quality management system, applied to automotive device supply
ISO 14001	Certified environmental management system
AEC-Q100	Selected devices validated (e.g., EEPROM A1-A2 grades, portions of 512 Kb-16 Mb NOR)
ISO 26262	Design practices referenced for targeted automotive-grade EEPROM specifications

INVENTORY MANAGEMENT

We regularly monitor inventory quantities on hand and record provisions for excess and obsolete inventories based primarily on historical usage rates and our forecast of future demand for our products. In setting our inventory turnover targets, we also consider the public-relations environment, political developments, macroeconomic trends, and end-market conditions. We attempt to control our inventory levels so that we do not hold inventories in excess of demand at the end of each fiscal quarter.

Our inventory turnover days were 252 days, 226 days and 245 days in 2023 and 2024 and the nine months ended September 30, 2025, respectively. To improve our inventory efficiency, we have adopted a unified warehousing and distribution system and continuously enhance inventory turnover. We have developed strong capabilities in regard to order execution, global supply chain management and efficient delivery. We run an integrated sales and operations planning process that aligns sales and manufacturing through rolling forecasts and clear rules for converting demand into firm production and purchasing plans.

We have adopted business-to-business electronic data exchanges that enables us to manage our inventory and facilitate our order requests to our suppliers. Our suppliers are provided with improved demand planning through analyzes of transaction activities, which allows us to make reasonable forecasts and maintain efficient manufacturing or procurement processes. With the collaborative planning, forecasting and replenishment model, visualization of orders, and other features, we can improve the execution and delivery efficiency of product orders at a much lower cost, better positioning us to maintain an optimal inventory level to satisfy market demand in a timely manner.

SUPPLY CHAIN MANAGEMENT

We established a comprehensive supply chain management system covering supplier onboarding, approval, and other processes, and we strive to continuously refine the system. At the stage of supplier onboarding, we conduct preliminary examination of suppliers. Thereafter, new suppliers are also required to go through quality system survey, on-site audit and sign the quality agreement. They are included in our list of qualified suppliers after the review and approval by the production management department, quality department and other departments.

We have developed and continue to optimize our supplier quality management procedures. We conduct audits of suppliers at fixed frequencies and take supplier management actions such as regular evaluations and quarterly quality meetings to continuously improve the quality management level of suppliers. We conduct quarterly evaluations for qualified suppliers on quality assurance, process and technology, production capacity, lead time and services, price, environmental protection, etc. In addition, we formulate an annual audit plan every year and conduct comprehensive and in-depth onsite audits of suppliers. Suppliers who did not receive satisfactory results in the audit are required to develop an improvement plan based on the audit results and implement it within the given time frame. Additionally, we also dispatch staff to conduct on-site inspections, supervising suppliers' production processes, quality control systems, and environmental protection measures. All records of supply audits and matters for rectification are entered into a supply management system and will be followed up until they are closed, forming a closed-loop management, to ensure the efficient and stable operation of our supply chain.

OUR CUSTOMERS

During the Track Record Period, our primary customers include leading domestic and international module manufacturers and end-product brand owners, as well as companies that principally engage in distribution and sales of electronic components, semiconductors, and modular circuits. Our demonstrated track record of technological leadership, design innovation, product performance, cost-effectiveness, and on-time deliveries have resulted in our leadership position in providing memory chip products and solutions. We believe our strong relationship with our module manufacturers and end-product brand owners customers, many of which are also currently developing solutions which are focused on several of our target markets, will continue to position us as a source of supply for their product offerings. Using reputable distributors in selling our products is industry common practice.

Both the module manufacturers and end-product brand owners, as well as their partners may determine the design and pricing requirements and make the overall decision regarding the use of our semiconductor solutions in their products. Our customers place orders with us for the purchase of our products, take title to the products purchased upon acceptance. The majority of these customers do not have return rights except for warranty provisions.

The following table sets forth the background information of our five largest customers for each period during the Track Record Period.

Customer	Revenue	Percentage of total revenue	Major products/ services purchased from us	Year of commencement of business relationship
	(RMB in thousands)			
For the nine months ended September 30, 2025				
1. Customer A[(1)]	382,991.8	41.1%	Memory chips	2018
2. Customer B[(2)]	66,731.8	7.2%	Memory chips/ Mixed-signal chips/ NFC chips	2020
3. Customer C[(3)]	39,730.9	4.3%	Memory chips	2023
4. Customer D[(4)]	37,829.5	4.1%	Memory chips/Mixed-signal chips/NFC chips	2022
5. Customer E[(5)]	24,396.2	2.6%	Memory chips	2023
Total	**551,680.2**	**59.3%**		
For the year ended December 31, 2024				
1. Customer A[(1)]	353,697.7	34.4%	Memory chips	2018
2. Customer B[(2)]	121,544.1	11.8%	Memory chips/ Mixed-signal chips/ NFC chips	2020
3. Customer D[(4)]	54,701.5	5.3%	Memory chips/ Mixed-signal chips/ NFC chips	2022
4. Customer F[(6)]	32,515.2	3.2%	Memory chips/ NFC chips	2018
5. Customer G[(7)]	28,761.6	2.8%	Memory chips/ Mixed-signal chips	2021
Total	**591,220.0**	**57.5%**		

Customer	Revenue	Percentage of total revenue	Major products/ services purchased from us	Year of commencement of business relationship
	(RMB in thousands)			
For the year ended December 31, 2023				
1. Customer A[(1)]	161,356.0	22.9%	Memory chips	2018
2. Customer B[(2)]	132,792.8	18.9%	Memory chips/ Mixed-signal chips/ NFC chips	2020
3. Customer D[(4)]	47,448.5	6.7%	Memory chips/ Mixed-signal chips/ NFC chips	2022
4. Customer G[(7)]	34,380.0	4.9%	Memory chips/ Mixed-signal chips	2021
5. Customer F[(6)]	30,318.9	4.3%	Memory chips/ NFC chips	2018
Total	**406,296.2**	**57.7%**		

Notes:

(1) Customer A is a global-leading data processing and interconnect IC design company. Customer A is a direct sales customer.

(2) Customer B is a PRC-based company that is an authorized seller of memory-chip products for world-renowned semiconductor chip companies in Greater China. Customer B is a distributor.

(3) Customer C is a leading PRC-based company that engages primarily in automobiles, electronics and new energy, and is listed in both the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. Customer C is a direct sales customer.

(4) Customer D is a PRC-based company mainly focusing on electronic solution design and sales of related electronic products and computer software. Customer D is a distributor.

(5) Customer E is a PRC-based company, mainly engaging in the sales of communication and electronic products and related goods. Customer E is a distributor.

(6) Customer F is a PRC-based company engaged in sales of computer software and hardware, and the design and development of IC chips. Customer F is a distributor.

(7) Customer G is a PRC-based company that primarily engages in the manufacturing of computers, communications and other electronic equipment. Customer G is a distributor.

Our top five customers for each year/period during the Track Record Period accounted for 57.7%, 57.5% and 59.3% of our total revenue in 2023, 2024 and the nine months ended September 30, 2025, respectively. Revenues generated from our single largest customer of each year/period of the Track Record Period were RMB161.4 million, RMB353.7 million and RMB383.0 million in 2023, 2024 and the nine months ended September 30, 2025, respectively, representing 22.9%, 34.4% and 41.1% of our revenue in the respective years/period. We served a broad range of customers during the Track Record Period, many of which were leading global companies in memory modules, automotive electronics, industrial control and consumer electronics. We also engaged reputable distributors in selling our products. During the Track Record Period, we maintained stable business relationships with our major customers.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned customers, nor did we receive any material complaints from such customers. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors and senior management, there were no potential material product returns as of the Latest Practicable Date.

During the Track Record Period, all of our top five customers settled payments directly with us. To the best knowledge of our Company, all of our top five customers during the Track Record were independent third parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

OUR SUPPLIERS

We utilize a fabless business model. Our suppliers are primarily third party foundries and packaging and testing service providers. Costs paid to our suppliers primarily include costs of procuring raw materials, such as wafers, and costs of obtaining packaging and testing services.

During the Track Record Period, purchase from our top five suppliers accounted for 90.1%, 91.3%, and 85.8% of our total purchase in 2023 and 2024, and the nine months ended September 30, 2025, respectively. During the Track Record Period, we have not encountered any shortages or delay in the supply of raw materials that led to production disruptions. We believe that our stable relationships with suppliers will continue to ensure an adequate and steady supply of raw materials and help control future price fluctuations. During the Track Record Period, there have been no quality issues with our raw materials that significantly impacted our operations.

The following table sets forth the background information of our five largest suppliers for each period during the Track Record Period.

Supplier	Procurement amount	Percentage of total procurement	Major products/services provided to us	Year of commencement of business relationship
	(RMB in thousands)			
For the nine months ended September 30, 2025				
1. Supplier A[(1)]	192,505.9	44.4%	Wafer foundry	2009
2. Supplier B[(2)]	69,330.8	16.0%	Wafer foundry	2021
3. Supplier C[(3)]	44,592.0	10.3%	Packaging and Testing Contract Manufacturing	2009
4. Supplier D[(4)]	35,062.8	8.1%	Packaging and Testing Contract Manufacturing	2009
5. Supplier E[(5)]	30,255.9	7.0%	Packaging and Testing Contract Manufacturing	2015
Total	**371,747.4**	**85.8%**		
For the year ended December 31, 2024				
1. Supplier A[(1)]	270,654.2	46.4%	Wafer foundry	2009
2. Supplier B[(2)]	144,830.5	24.8%	Wafer foundry	2021
3. Supplier D[(4)]	60,177.4	10.3%	Packaging and Testing Contract Manufacturing	2009
4. Supplier C[(3)]	30,208.2	5.2%	Packaging and Testing Contract Manufacturing	2009
5. Supplier E[(5)]	26,883.6	4.6%	Packaging and Testing Contract Manufacturing	2015
Total	**532,753.9**	**91.3%**		
For the year ended December 31, 2023				
1. Supplier A[(1)]	211,414.2	53.9%	Wafer foundry	2009
2. Supplier D[(4)]	54,284.4	13.9%	Packaging and Testing Contract Manufacturing	2009
3. Supplier B[(2)]	40,888.4	10.4%	Wafer foundry	2021
4. Supplier F[(6)]	23,447.6	6.0%	Packaging and Testing Contract Manufacturing	2011
5. Supplier C[(3)]	22,961.8	5.9%	Packaging and Testing Contract Manufacturing	2009
Total	**352,996.4**	**90.1%**		

Notes:

(1) Supplier A is a PRC-based company that engages in the R&D and production of IC-related electronic products. Supplier A is dual-listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

(2) Supplier B is a wholly-owned subsidiary of a company dual-listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, where it engages in the R&D and production of IC-related electronic products.

(3) Supplier C is a PRC-based company involved in the production of high-density printed circuit boards, optoelectronic devices and other IC components. It is also involved in the packaging and testing of semiconductor IC components, and the design and development of packaging types.

(4) Supplier D is based in the PRC and mainly engages in development and production of semiconductor chips and related packaging and testing products.

(5) Supplier E is a PRC-based company listed on the Shenzhen Stock Exchange, and is mainly involved in IC and MEMS sensor packaging and testing.

(6) Supplier F is a packaging and testing service provider based in the PRC, and is one of the first companies to adopt IC front-end chip manufacturing systems and standards to serve global customers.

As of the Latest Practicable Date, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the [**REDACTED**] had any interest in our five largest suppliers in each period during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each period during the Track Record Period was an Independent Third Party.

During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the products we sourced from our suppliers. None of our five largest customers in each period during the Track Record Period was a supplier and none of our five largest supplier in each period during the Track Record Period was also a customer of us.

Key terms of our agreements with foundry partners

We generally enter into framework agreements with our major foundry partners, with the actual price and volume specified in individual purchase orders. During the Track Record Period, we did not enter into any exclusive supply agreements with our suppliers. The terms of these agreements vary depending on the specific product or project and may be affected by multiple factors, including but not limited to the available capacity of the foundry partner. But these agreements generally contain the following terms:

Key Terms	Description
Duration	Initially three to five years, subject to annual renewal
Principal rights and obligations of parties involved	We provide product parameters, technical specifications, production process requirements, and other product requirements to foundry partners. Our foundry partners fabricate wafer products according to our requirements. We provide wafer products and technical specifications to packaging and testing service providers who provide packaging and testing services in accordance with our requirements.
Production Volume	We typically decide production volume in any given period on a purchase order basis. The foundries will supply products to us in that period in a specific quantity and at a specific price as set forth in a particular purchase order. We also have monthly rolling plans with our suppliers. When there is an increased demand for production capacity, the supplier will adjust the production capacity, raw materials, equipment and personnel allocation accordingly.
Payment and credit term	Credit terms and payment methods shall be outlined in the purchase orders. We are granted certain credit terms, ranging between 30 and 60 days, by our major suppliers.
Minimum purchase requirement	None.
Logistics	Third party logistic service providers are engaged to deliver materials between our manufacturer, testing and packaging service providers to the locations and at the times agreed upon between our supplier and us.

Key Terms	Description
Product returns	We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.
Confidentiality	We usually set confidentiality clauses in the framework agreements, and the period of confidentiality obligations may be extended to after the expiration of the agreements.
Termination	The framework procurement agreement typically terminates upon the expiration of the agreed term and may also be terminated early (i) upon mutual consent of both parties, (ii) in the event of a force majeure, and (iii) by the non-defaulting party in the event of a material breach.

SALES NETWORK OF OUR PRODUCTS

Distributorship

In line with market practice, we use distributors to facilitate sales of our products. Our distributors assume responsibility for customer support. Revenues from sales of our products and solutions to our distributors represented approximately 68.7%, 54.0%, and 48.2% of our revenues in 2023, 2024 and in the nine months ended September 30, 2025, respectively. While the overall distributor arrangement is consistent across the three product lines, the specific sales arrangements under each vary slightly, in order to better align with market dynamics and customer needs.

The table below sets forth the total number of our distributors that generated revenue for us in each period indicated and their movement during the Track Record Period.

	Year Ended December 31,		As of nine months ended September 30,
	2023	2024	2025
Number of distributors at the beginning of the period	80	93	108
Number of new distributors	15	23	16
Number of terminated distributors	2	8	11
Number of distributors at the end of the period	93	108	113

During the Track Record Period, we did not have any material dispute with the terminated distributors. There is typically no minimum purchase amount requirements. Some of the distribution agreements we enter into include arrangements for price adjustment mechanism, which is determined based on a mix of factors, such as (i) the number of products the distributor orders, and (ii) the prior established business relationship between the Company and the distributor.

Measures to avoid channel stuffing

We have set up and implemented multiple measures to ensure the benefits of our distributors by avoiding channel stuffing, including:

- *Buyer-seller relationship*. We and our distributors are in a buyer-seller relationship. We typically do not accept product returns subject to limited exceptions, ensuring that distributors will not compel us to accept unsold products. We regularly monitor the level of product returns from the distributors. During the Track Record Period, the amount of returns accounted for less than 1% of our total sales to distributors.

- *No minimum procurement target*. We typically do not set up minimum procurement target for our distributors as to avoid overload of products with our distributors.

- *Monthly report*. We monitor and manage our distributors through a reporting mechanism, under which our distributors are required to provide a monthly report of their sales, including sales volume and product categories.

Measures to avoid cannibalization

We have implemented anti-cannibalization measures. Our international distributors are restricted to distribute in designated territories. For distributions in the Greater China region, we divide the sales scope into Northern China and Southern China, based on the location of our subsidiaries. We conduct regular review of distributors' sales reports to monitor the pricing at which they sold our products. Through these measures, we are able to coordinate and monitor our distributors' sales. We believe these measures are effective in mitigating the risk of cannibalization and in maintaining the efficiency of our distribution channels.

Key terms of distribution agreements for our products

Set forth below is a summary of the key terms of the agreements with our distributors:

- *Term*. We generally enter into a master distribution agreement with a term of one year, automatically renewable every year unless earlier terminated by either party (typically with 30 days prior notice).

- *Pricing*. We typically sell products to our distributors at our fixed prices in effect at the time of shipment. The fixed price we set with a distributor is determined based on a mix of factors, such as (i) the industry vertical in which the product is applied, (ii) the number of products the distributor orders, (iii) the prior established business relationship between the Company and the distributor and (iv) estimated spending budget of the distributor.

- *Minimum purchase amount.* There is typically no minimum purchase amount requirement.

- *Scope of distribution.* The distribution agreements are non-exclusive, and international distributors are typically restricted to distribute in designated territories.

- *Sub-distribution*. Our distributors are generally not restricted from engaging sub-distributors. During the Track Record Period and up to the Latest Practicable Date, to our knowledge, some of our distributors had engaged sub-distributors in selling our products and solutions.

- *Limitations on return or exchange*. We generally do not accept returns or exchanges from our distributors, except for any quality issues with our products.

- *Payment and credit terms*. Payment for products by our distributors is generally due within 60 days from the end of the month the invoice is issued.

- *Compliance with relevant laws*. Our distributors are required to comply with all applicable laws in distributing our products.

- *Termination*. Typically, either party may terminate any renewal with prior notice. We may also terminate such agreements immediately upon any material breach by, or the insolvency of, the distributor.

Distribution model and accounting treatment

We recognize revenue when our distributors accept the products according to the contractual terms. Until revenue is recognized, these products remain classified as part of our inventories.

Once ownership of the products has been transferred to the distributor, returns are no longer permitted except for quality issues, and any requests for resolution must be addressed through replacement procedures outlined in the distribution agreement. We can help facilitate transfer of inventory to a third party upon the termination of their distribution agreements. During the Track Record Period and up to the Latest Practicable Date, we had not repurchased any products previously sold to distributors.

Our management of distributors

To uphold high operational and brand standards, we continuously assess our distributors throughout the year. We have implemented a thorough selection process to ensure that prospective distributors are well-equipped to serve our end customers and effectively market our products. Key criteria in our evaluation include their existing customer base, core product offerings, established customer relationships, and warehousing capacity.

We collaborate closely with our distributors to provide ongoing operational support aimed at driving their success and fostering sustainable growth. This includes offering training sessions to enhance their team's product knowledge and helping them manage inventory levels more efficiently.

We conduct reviews of our distributors at fixed frequencies and take distributor management actions such as regular evaluations, to continuously improve the quality management level of distributors. We review our distributors based on a number of factors, including (i) general background, such as their qualifications, scope of operations, business scale, relevant industry experience, local distribution network, geographical points of sale coverage, customer service capabilities, and sales and technical support capabilities, (ii) synergy of products, for which we assess whether the other authorized products of the distributors conflict with our products or whether there could be any synergy effect between our products and their other authorized products, (iii) the capabilities of providing solutions comprising different products to the customers, and (iv) systematic management, for which we assess whether the distributors have well-established data infrastructure, including robust customer relationship management systems and sales data analytics capabilities.

Direct sales

Our direct sales are primarily focused on serving leading strategic customers within the AI server, automotive electronics, industrial control and consumer electronics industries. Our sales and marketing team is well-versed in the professional knowledge pertinent to our products, enabling it to effectively communicate the value of our technologies and the performance of our products. We believe that our direct sales help us consolidate and improve our market shares and penetrate different industry verticals effectively.

Our direct sales are usually conducted under sales and purchase arrangements. We have a buyer-seller relationship with our direct sales customers and we recognize revenue when they accept our products upon delivery according to the contractual terms.

Key terms of agreements with direct sales customers

The terms of the agreement with our direct sales customers vary depending on the specific product or project and the result of our negotiation with each customer, but these agreements generally contain the following terms:

Duration	Generally, one to three years with an automatic renewal term, unless terminated earlier or otherwise agreed.
Pricing	The selling price of our products will be separately agreed in the order placed by the customer.
Transfer of risks	Risks are transferred to the customers when the products are accepted by them according to the contractual terms.
Payment and credit terms	We usually provide our direct sales customers with a credit term ranging from 30 days to 120 days, while it still depends on their operating situations, financial condition and expected transaction volume.
Minimum purchase requirements	Our framework agreements with our customers usually do not contain minimum purchase requirements.
Delivery of products . .	We are generally responsible for delivering products to the locations and at the times as specified in the orders placed by our customers.
Product returns/ exchanges	Our customers will inspect the products upon delivery and are generally entitled to return or exchange products that do not meet their requirements in terms of quality or specifications.
Confidentiality	These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our major customers.
Termination	These framework agreements can be terminated with mutual agreement of parties, or terminated unilaterally under certain circumstances such as unrectified material breach of the contract, force majeure or bankruptcy of a party.

BRANDING AND MARKETING

Branding

We strive to enhance our brand awareness by delivering superior product quality, reliable performance, professional technical support services, and collaborative R&D capabilities, complemented by targeted marketing initiatives. We believe that the most effective form of marketing in our industry stems from building a strong market reputation rooted in these core strengths. Specifically, our sales and marketing strategy is designed to build brand recognition, increase demand for our products and solutions, foster long-term strategic partnerships with customers, drive cross-selling opportunities, and unlock incremental business potential.

Leveraging our established brand value and customer-centric operational strengths, we have built a large base of loyal clients across the semiconductor supply chain. We also deploy a variety of targeted programs and activities, such as participating in renowned industry conventions and exhibitions, to showcase our technical advantages and promote our products and solutions to a broader range of potential partners.

Sales and Marketing/Customer Technical Support

We also focus our sales and marketing strategy on establishing business and technology relationships with industry-leading module manufacturers and end-product brand owners, in order to work closely with them on future semiconductor solutions that align with their product road maps. Our engineers collaborate with our customers' engineers to create products that comply with their specifications and provide a high level of performance at competitive prices. We also market our products directly to servers, automotive, PCs and smartphone manufacturers so that our products can be qualified for their specifications and designed into their products.

Our sales and marketing team boasts a high level of technical expertise and industry knowledge, enabling them to effectively support a lengthy and complex sales process. As of September 30, 2025, we had a dedicated sales and marketing team of 66 full-time employees. This team includes a highly trained group of product managers and field applications engineers who are well equipped to address customer needs and provide solutions. Additionally, our team is armed with extensive strategic marketing experience and a strong ability to identify and capitalize on emerging market trends, ensuring we stay ahead in a dynamic industry landscape. We also provide comprehensive technical support and assistance to potential and existing customers, so as to facilitate a smooth integration of our solutions into their products. We believe that the depth and quality of this design support are key to improving customers' time to market and maintaining a high level of customer satisfaction.

We attend periodic technology forums that facilitate direct interaction between their product development teams and our research and development teams. Also, our customers are increasingly utilizing contract manufacturers while retaining design and key component qualification activities. As this trend matures, we continually upgrade our sales operations and manufacturing support to maximize our efficiency, flexibility and coordination with our customers.

Key industry leaders who target mass market applications often conduct a rigorous evaluation process to choose the most suitable semiconductor solutions for their upcoming products. A supplier's design emerging successful from the evaluation process is commonly referred to as a "design win". We work with our customers to design integrated solutions to enhance the performance and efficiency of their products. We work extensively with our customer's management and engineers to help optimize our solution. After granting a design win, our customer will then decide when to start mass production for the specific product based on various factors including the competitiveness of their own product, the market demand for the product and other factors. Through our relationships, we have developed considerable expertise, and we use that expertise in assisting our customers to develop their products using our technologies and products. We also provide reference designs and engineering design review and engineering product evaluation testing and debugging services for our customers.

We believe that good customer support at a technical level is extremely important in developing long term relationships with key customers. Once our solutions are incorporated into our customer's design, it will likely be used for the life cycle of the customer's product as a redesign, and subsequent requalification of the product would generally be time consuming and expensive. After our customer begins production, our application engineers, who are often geographically close to our end customers, would provide support. We believe that our deep interaction with numerous levels of our customer's management team helps us understand our customers, fosters customer loyalty and increases visibility of the services that we can offer.

We market our products through our sales and marketing team, who is responsible for identifying suitable potential markets and customers. Our sales and marketing members are equipped with knowledge and expertise, and are able to identify the requests of downstream customers and provide technical support. They are at the forefront of emerging products and technologies that appeal to our existing and potential customers and provide our customers with pre-sale consultations and recommendations tailored to their needs.

We also focus our sales and marketing strategy on establishing business and technology relationships with industry-leading module manufacturers and end-product brand owners, in order to work closely with them on future semiconductor solutions that align with their product road maps. Our dedicated sales and marketing team is responsible for formulating and coordinating marketing activities and promotion campaigns. By leveraging our brand value and our own marketing efforts, we have been able to build a large base of loyal customers. We employ a variety of programs and marketing activities, such as attending well-acclaimed industry conventions and exhibitions, to promote our brand and our products and solutions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognize the importance of Environmental, Social, and Governance (ESG) matters to the Company's sustainable development and are continuously strengthening ESG integration across all aspects of our operations. We remain committed to enhancing the global competitiveness of our products and services, and to supporting the Company's long-term sustainable development by contributing positively to society and the environment. Upon [**REDACTED**], we will comply with the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited by publishing ESG reports annually to disclose the Company's ESG management to stakeholders.

Corporate Governance

ESG Governance

We fully recognize the importance of environmental and social responsibilities to our business. To strengthen our ESG management, we have established a three-tier ESG governance framework comprising the Board of Directors, the Strategy and Sustainability Committee (to be established upon [**REDACTED**]), and the ESG Working Group. Within this framework, the Board of Directors serves as the highest supervisory body and assumes ultimate responsibility for ESG matters. The Strategy and Sustainability Committee, established under the Board of Directors, is responsible for researching and managing the Company's development strategy, including recommending ESG strategies, principles, and policies, organizing feasibility studies on sustainable development goals, periodically reviewing ESG progress (with external professional support where needed), assessing ESG-related risks, and adjusting sustainable development strategies in accordance with applicable regulations when necessary. The Strategy and Sustainability Committee also reviews ESG reports and other relevant ESG disclosures and makes recommendations to the Board of Directors for approval. The ESG Working Group is responsible for implementing ESG management plans and measures and for continually identifying, assessing, and reporting ESG-related risks and improvement suggestions to ensure the effective implementation of the ESG management system.

Business Ethics

We maintain a zero-tolerance policy toward all forms of corruption and strictly comply with applicable anti-corruption laws and regulations, including but not limited to the Anti-Unfair Competition Law of the People's Republic of China and the Criminal Law of the People's Republic of China. We uphold robust codes of conduct and anti-corruption policies for employees and partners, strictly prohibiting bribery and other improper payments in business operations. This prohibition applies to all global business activities, whether involving government officials or third-party professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or hospitality, and any other payments made or offered to secure an improper business advantage. We maintain accurate books and records that reflect transactions and asset dispositions in reasonable detail. Any requests for false invoices, or for payments that are unusual, excessive, or insufficiently explained, must be refused and reported immediately, and misleading, incomplete, or false entries in books and records are strictly prohibited. We also ensure that marketing personnel comply with all applicable promotion and advertising requirements.

We have implemented comprehensive internal control measures for anti-corruption and anti-bribery, including:

- Providing regular anti-corruption and anti-bribery compliance training for directors, senior management, and employees;

- Monitoring books, records, and accounts related to supplier management, tendering and bidding processes, and financial payment management to identify any false, misleading, or undisclosed entries; and

- Establishing a whistleblowing mechanism and encouraging employees, suppliers, customers, and other third parties to report suspected activities and policy violations.

In addition, we have established a standardized whistleblowing intake mechanism to ensure that all reports are handled in a timely and fair manner. We provide multiple reporting channels for internal employees and external stakeholders and strictly protect the lawful rights and interests of whistleblowers. We have established specialized investigation procedures to ensure that every report undergoes an independent and objective investigation and verification. Verified violations will be handled seriously in accordance with the policies of the Company and applicable laws and regulations. We will adopt strict confidentiality measures regarding reporting information and the identity of whistleblowers and strictly prohibit any form of retaliation.

ESG Risk Management

We have established transparent and efficient channels to engage stakeholders and maintain close communication with shareholders, governments, regulatory bodies, customers, employees, suppliers, and other stakeholders through a range of online and offline methods. We actively solicit and act on feedback from stakeholders regarding our ESG management and continuously refine our ESG practices to meet stakeholder expectations. Based on our business characteristics and stakeholder priorities, we have identified the following material ESG topics, assessed their potential risks and strategic opportunities, and implemented effective measures to address them. The ESG risks and opportunities we have identified include climate change response, water resource management, waste management, employees, product responsibility, intellectual property protection, supply chain management, and community contribution.

Environment

Climate Change Response

We have identified several climate-related risks that could adversely affect our business operations, assessed their potential impact, and developed corresponding response plans. We also closely monitor typhoon paths, intensity levels, and rainstorm warning signals issued by meteorological authorities, and activate targeted emergency measures based on the warning level to ensure personnel safety and business continuity.

We recognize the potential financial and reputational risks associated with environmental matters, including risks arising from compliance with current environmental regulations and stricter standards. For example, China's carbon neutrality goals announced in 2020, which aim to peak carbon dioxide emissions before 2030 and achieve carbon neutrality by 2060, may increase energy procurement costs as we may need to bear transition costs for sourcing green energy, which may be more expensive than traditional energy, or for purchasing or upgrading equipment.

We face competition in product quality, the ability to meet downstream customer expectations, experience, and reputation. Rapid technological change and evolving industry standards have intensified this competition. We also recognize that climate-related issues pose additional risks to our business.

Category		Potential impact
Physical risks . . .	Acute risks (e.g., typhoons, floods) and chronic risks (e.g., rising sea level, continuous shifts in climate patterns)	Acute and chronic risks may disrupt the continuity of the Company's office and R&D activities, creating uncertainty in R&D progress, project delivery cadence, and customer communication efficiency. These risks may also propagate through upstream wafer foundry, packaging, testing, and logistics links, increasing the complexity of supply chain coordination and product delivery management, and potentially affecting the Company's fulfillment capabilities and customer satisfaction.

Category		Potential impact
Transition risks . .	Policy risks (arising from continuously tightening carbon emission regulations) and Reputation risks (driven by rising stakeholder expectations for green development)	As climate and sustainable development regulations strengthen at global and regional levels, and as customers and [**REDACTED**] pay greater attention to ESG disclosures, the Company may face transition risks in information disclosure, compliance management, and supply chain responsibility management, which could increase management costs. In addition, as customers and [**REDACTED**] place more emphasis on supply chain sustainability, heightened focus on the full lifecycle environmental performance of chip products and supply chain practices may prompt the Company to invest more resources in supplier screening, partnership management, and sustainable procurement to meet market and regulatory expectations and maintain competitiveness.

Category		Potential impact
Opportunities . . .	Green product opportunities (driven by growing market demand for low-carbon, eco-friendly products and solutions)	With rising demand for low-carbon, energy-saving, and environmentally friendly technology solutions, the Company has new opportunities for business expansion in high-energy-efficiency, low-power chips and related solutions. By continuously enhancing chip design capabilities and product performance, the Company can advance the use of its products in energy management, smart devices, green infrastructure, and related scenarios. This will help strengthen product competitiveness, broaden the customer base, and support downstream applications in improving energy efficiency and reducing carbon emission intensity, thereby creating new revenue growth opportunities for the Company.

We consistently uphold the principles of energy conservation and environmental protection in our operations, strictly complying with the Environmental Protection Law of the People's Republic of China and other applicable environmental laws and regulations, and we have established internal policies dedicated to environmental protection. The Company has built a robust closed-loop management system for energy safety and conservation. We regularly promote safe electricity use, conduct nightly patrol inspections, and use an intelligent air-conditioning detection system to improve energy-saving efficiency comprehensively.

The table below sets forth our greenhouse gas (GHG) and energy performance of our Shanghai headquarters' office area, during the Track Record Period:

Category	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the nine months ended September 30, 2025
Greenhouse gas emissions				
Scope 1[(1)]	tCO_2e	–	–	–
Scope 2[(2)]	tCO_2e	754.53	694.97	614.73
Scope 3 – category 5: waste generated in operations[(3)]	tCO_2e	1.03	1.24	0.87
Total greenhouse gas emissions	tCO_2e	755.56	696.22	615.61
Greenhouse gas emission intensity	tCO_2e/ RMB Million Revenue	1.07	0.68	0.66
Energy consumption				
Comprehensive energy consumption[(4)]	MWh	1,252.32	1,203.00	1,064.11
Comprehensive energy intensity	MWh/ RMB Million Revenue	1.78	1.17	1.14

Notes:

(1) Our daily operations do not involve Scope 1 greenhouse gas emission sources.

(2) Our Scope 2 GHG emissions originate from purchased electricity and are calculated based on the national average CO_2 emission factors for grid electricity of 0.6205 $kgCO_2$/kWh and 0.5777 $kgCO_2$/kWh for 2023 and 2024, respectively, as published by the Ministry of Ecology and Environment of the PRC.

(3) Our Scope 3 greenhouse gas emissions are primarily from domestic wastewater, with emission factors referenced from the Collection of Greenhouse Gas Emission Factors for the Life Cycle of Products in China published by the Environmental Standards Research Institute of the Ministry of Ecology and Environment.

(4) The type of energy consumed during our operations is solely purchased electricity, calculated in accordance with the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

Considering the Company's business development cycle and internal and external environmental factors, we have initially set medium-term targets for GHG emissions and energy consumption. By 2030, we plan to:

- reduce GHG emissions per unit of revenue by 10% compared to 2024; and
- reduce energy consumption per unit of revenue by 10% compared to 2024.

Water Resource Management

We actively implement water-saving initiatives and continuously promote water conservation to strengthen awareness across the Company. To reduce consumption, we adhere to responsible water management and efficient use of water resources in our operations, and our water-use intensity has begun to decline. Our water consumption consists solely of usage for office facilities.

The table below sets forth water resource usage during the Track Record Period:

Category	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the nine months ended September 30, 2025
Water consumption	Tonnes	1,275.00	1,537.00	1,077.00
Water intensity	Tonnes/ RMB Million Revenue	1.81	1.49	1.15

Waste Management

We adhere to compliant waste disposal and is committed to reducing waste at the source through targeted management measures. In our daily operations, the waste generated by us is primarily non-hazardous and mainly originates from our office and R&D activities, including kitchen waste and general office refuse. Our operations do not involve hazardous waste and do not produce other pollutant emissions.

Social Responsibilities

Employment

We comply with applicable employment laws in the jurisdictions where we operate and have established and implemented internal management systems, including the Recruitment Management Measures and the Staff Allocation Management Measures, to safeguard employees' lawful labor rights and interests. We prohibit all forms of child labor and forced labor and are committed to fostering a fair, equal, and harmonious working environment.

The table below sets forth our employee data during the Track Record Period:

Category	For the year ended December 31, 2023	For the year ended December 31, 2024	For the nine months ended September 30, 2025
Total number of employees	271	322	353
Total employee turnover	25	34	23
Total number of employees by gender			
Male	190	226	245
Female	81	96	108
Total number of employees by age group			
Under 30	76	88	132
Aged 30 to 50	174	219	202
Above 50	21	15	19
Total number of employees by type			
Management	33	32	43
General staff	238	290	310
Total number of employees by region			
Chinese mainland	264	314	345
Hong Kong, Macau, Taiwan	3	4	4
Overseas	4	4	4

Care and Benefits

We are dedicated to providing employees with a comprehensive compensation and benefits system, a diverse working environment, and structured career development pathways. We provide comprehensive health support for employees and their families, effectively enhancing the team's overall physical and mental well-being. Furthermore, we have established a fair and competitive compensation system. By conducting market benchmarking analyses, we continuously improve our compensation and incentive policies. We have also implemented a systematic and standardized performance management system, conducting annual evaluations for all employees to assess work performance, capabilities, and development potential, which serves as a key basis for compensation decisions, career development, and talent cultivation.

Training and Development

We place great importance on building and developing a global talent team and continuously enhance our organizational capabilities through a systematic, multi-dimensional talent development mechanism.

For employee training and development, we have established a comprehensive training system covering leadership, general skills, and professional capabilities with the goal of strengthening employees' professional competence and management capabilities. Looking ahead, we will continue to optimize our talent cultivation mechanism to provide strong talent support for the Company's sustainable development.

We have also established a standardized and transparent promotion mechanism that provides diversified career pathways and ensures fairness through a structured assessment process. In practice, we offer multiple development tracks, allowing employees to choose career directions aligned with their strengths. Promotion assessments consider work performance, professional capability, and other relevant factors to ensure well-rounded selection, foster a supportive development environment, and drive mutual progress for employees and the Company.

The table below sets forth our employee training data during the Track Record Period:

Category	Unit	For the year ended December 31, 2023	For the year ended December 31, 2024	For the nine months ended September 30, 2025
Total training attendance . . .	Person-time	665	508	551
Average training hour	Hour	24.87	24.9	25.4

Occupational Health and Safety

We strictly comply with the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and applicable laws and regulations in our domestic and overseas operating locations. We have formulated and implemented safety guidelines to standardize workplace safety and health management. Through strict enforcement of safety management systems, the establishment of safety performance incentive mechanisms, and continued investment in safety technology upgrades, we safeguard employees' workplace safety and health. We provide pre-employment health checks for new employees and annual physical examinations for all employees. We also conduct regular fire safety drills for all staff to strengthen fire emergency knowledge and skills and to raise overall safety awareness.

We regularly organize occupational health and safety training for all employees, covering equipment safety, safety regulations, construction safety, and accident case studies. In addition, through themed awareness campaigns and safety skills competitions, we continually reinforce employee safety awareness.

We have achieved "Zero Work-related Injuries" over the past three years, during which no work-related fatalities, injuries, or workplace safety incidents occurred.

Product Responsibility

We have established a strategic, full-process management system for product quality and safety. Across the supply chain, we require our main business partners to obtain quality certifications such as IATF 16949 and we give preference to factories that also hold ISO 14001 certification, creating a joint defense that spans quality, reliability, and environmental responsibility.

We have established a standardized product recall management mechanism along with formal processes for product anomaly feedback, failure analysis, and quality investigations, using closed-loop tools such as 8D reports for batch issues. When a product requires recall due to potential issues, this mechanism enables a rapid response. The sales department acts as the unified external liaison and coordinates with customers on recall scope, reasons, and handling plans, and initiates return authorization requests in the internal system. After approval through a cross-departmental joint review, the Company conducts product recovery, testing, and replacement in accordance with established procedures, ensuring each batch recall is recorded, analyzed, and optimized through the closed-loop traceability system.

To strengthen quality traceability and risk prevention, we have built a digital platform that covers customer complaints, process data, and product history. This continuously enhances customer supply chain stability and product reliability.

Intellectual Property Protection

We continue to increase investment in R&D, including green products. To protect our innovation outcomes, the Company has established internal regulations such as the patent management system and is systematically building an intellectual property protection framework to safeguard core technologies and trade secrets.

We have developed a system that covers the entire process from wafer manufacturing to packaging and testing. Through end-to-end quantitative monitoring and systematic analysis, we identify and eliminate potential defects before products leave the factory, which reduces electronic waste and its environmental impact. Furthermore, by improving chip operating efficiency and integration, we reduce resource and energy consumption per unit of product during production and use, putting the concept of green manufacturing into practice.

Supply Chain Management

We are committed to strengthening the sustainable management of our supply chain. Our measures include implementing systematic environmental and social responsibility risk management for suppliers and promoting carbon reduction across the entire supply chain. In our supplier performance evaluation system, we plan to incorporate ESG-related indicators, including low-carbon and social responsibility metrics, as key scoring dimensions.

We have established a standardized, transparent, and forward-looking supplier social responsibility assessment system with clear "red lines" that prohibit child labor, forced labor, commercial bribery, and major safety and environmental incidents.

Upholding fairness and transparency, we seek long-term and stable strategic partnerships with suppliers. Through regular communication, we respond to supplier needs, optimize cooperation processes, and actively promote green development strategies, guiding suppliers to practice sustainable development and jointly advance carbon footprint reduction. Together with upstream and downstream partners, we deepen information sharing and resource complementarity to enhance the stability and overall competitiveness of the supply chain and to help drive the industry toward a sustainable future.

Community Contribution

We actively fulfill our social responsibilities and contribute corporate strength to society. We are committed to aligning business development with social responsibility by participating in community development, education support, emergency relief, environmental protection, and cultural and sports initiatives. To practice corporate citizenship systematically, we support education and medical welfare by establishing special charitable funds and making targeted donations. In 2025, we donated RMB100,000 to "Chip in for Little Livers" jointly organized by SMIC, Shanghai Renji Hospital, and China Soong Ching Ling Foundation, to fund surgical treatment for children with end-stage liver disease. Looking ahead, we will continue to work with all sectors of society to create sustainable social value.

COMPETITION

The markets for our products and solutions are, in general, intensely competitive, characterized by continuous technological change, evolving industry standards, and fluctuating average selling prices.

Our competitors include large domestic and international semiconductor companies who may have greater presence in key markets, a more established and larger customer base, and, in general, better access to other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and customer requirements or devote greater resources to the promotion and sale of their products. For a description of the semiconductor industry's market environment, please refer to the "Industry Overview" section.

EMPLOYEES

Our people-centric culture promotes sustainable growth internally and customer bonding externally. We are dedicated to creating a fair, just and open environment for our employees. As of September 30, 2025, we had a total of 353 employees, most of whom were based in China.

The following table sets forth the number of our employees categorized by function as of September 30, 2025.

Function	Number of Employees	% of Total
Finance	11	3.1
Administration	26	7.3
Sales and marketing	66	18.7
R&D	203	57.5
Production	34	9.6
Quality control	13	3.7
Total	**353**	**100.0**

We recognize the importance of talents for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. We adopt a diversified recruitment approach to ensure a sufficient talent pool for key positions. We recruit employees primarily through referrals, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. In particular, we provide a special training program which lasts for two to three weeks for our R&D employees to help them get familiar with R&D activities and project management. Our experienced engineers also conduct tutoring with new R&D employees.

Sharing success with employees and empowering them to grow is one of the core elements of our corporate culture. We always strive to provide employees with comprehensive social benefits, a safe working environment and diverse career development opportunities. Meanwhile, we strictly abide by the laws, regulations and standards on workplace safety in relevant countries and regions, and are committed to creating a safe and healthy working environment for employees, and ensuring the safety and physical and mental health of employees by implementing a highly efficient management system.

As part of our human resources strategy, we provide our employees with relatively competitive salaries, performance-based bonuses and other incentive arrangements. In addition, we have implemented a series of long-term equity incentive schemes covering our core management team, key technical personnel and backbone employees in crucial positions, thereby closely aligning such employees' personal development with the Company's long-term interests. The grant, vesting and exercise conditions under this equity incentive scheme are closely tied to employees' annual performance appraisals, contributions, length of service and the attainment of the Company's strategic objectives, with a view to fostering sustained long-term commitment and a strong sense of ownership. We review employee performance from time to time based on, among other criteria, their ability to achieve prescribed performance targets. The remuneration and benefits package of our employees generally comprises salaries, bonuses and equity incentive entitlements, and is generally determined by reference to factors including seniority, performance evaluation, length of service and the criticality of the relevant role. We also endeavour to maintain a multi-tier incentive framework and a supportive working environment to enable employees to fully realise their potential. As a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team, thereby strengthening our talent foundation for the Company's sustained and healthy development.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INTELLECTUAL PROPERTY

Owing to the efforts of our R&D team, we have been able to develop and own a series of important intellectual properties and several key technologies that are critical to our business operations. As of the Latest Practicable Date, we owned 76 patents, nine software copyrights, and 78 composition designs around the globe.

To protect and enforce our intellectual property rights, we enter into framework agreements with our suppliers imposing confidentiality obligations to protect our intellectual property rights during the manufacturing. We have adopted a number of internal control policies and measures to protect our intellectual property rights and trade secrets: (i) implementing internal policy to establish robust management over our intellectual property rights, (ii) timely registration, filing and application for ownership of our intellectual properties, (iii) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, and (iv) engaging professional intellectual property service providers.

We rely on confidentiality agreements to safeguard our interests in proprietary know-how that are not patentable and manufacturing processes for which patents are difficult to enforce. There is no guarantee that we will prevail on patent infringement claims against third parties, and we cannot assure you that our products do not infringe patents held by others or that they will not in the future. To the best of our knowledge, information and belief, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property rights claims by third parties.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We place significant emphasis on information security management, drawing on international best practices in our operation, and we strive to provide a safe, secure environment for our customers.

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not intend to collect or process personal data in the ordinary course of our business. To the extent that any non-sensitive personal data is incidentally processed, for example, business contact details and job titles, we will handle such data in accordance with applicable laws, regulations and industry standards.

We are committed to complying with applicable laws, regulations and industry standards. We have formulated our network and information security emergency plan. By establishing a high-standard information security management system that ensures full coverage, we have laid a robust foundation for information security, benefitting both domestic and international clientele. To strengthen our information security management system, we have implemented key policies and frameworks to proactively assess and address cybersecurity risks, protecting our assets and minimizing vulnerabilities.

In addition, we have established a remote disaster recovery system for our server by setting up multiple memory for the same information and data of long time dimension on cloud, local and remote locations. Even if the server is damaged due to the highest level of disasters such as earthquakes, mudslides and other irresistible natural disasters, we believe that it can safeguard and guarantee that the service and data can be completely restored within 24 hours.

All of our employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work without our consent. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis.

We will endeavor to maintain safeguards and continuously improve our controls to support the security of our information assets and the continuity of our operations.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our Shareholders' investment and our assets at all times. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, compliance, and anti-bribery and kick-back. Our Board of Directors and our general manager are responsible for the establishment, updating and implementation of our internal control policies and systems, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams.

In order to monitor the continuous implementation of [**REDACTED**] risk management policies and corporate governance measures, we have taken or will continue to take risk management measures as follows:

- Our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels.

- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies.

- Our financial affairs department, legal and compliance department, human resources department and other relevant departments are responsible for implementing our risk management policies and conducting daily risk management activities.

- When necessary, we engage external professional advisors, an Internal Control Consultant to work with our internal audit and legal teams to conduct regular reviews to ensure the validity of all registrations, licenses, permits, filings and approvals.

- Regular training to be provided by external legal advisor to our Directors and senior management after [**REDACTED**] on the subject of compliance of relevant Listing Rules requirements and applicable PRC laws and regulations.

In addition, we have adopted a series of comprehensive measures to mitigate the risks on bribery and corruption:

- A policy relating to anti-bribery and anti-corruption was issued by us, which includes guidelines on monitoring, accepting escalation, processing investigation and reporting of incompliance behavior including bribery and corruption.
- A whistle-blower mechanism was set up by us, including report channels (email), investigation procedures and responding to detected problems.
- A policy relating to control the risks of economic sanctions was issued by us. Our legal and business managers are responsible to review and control such risks and the policy also includes relevant implementation procedures.
- Compliance training is provided to all employees including new employees.

LAND AND PROPERTIES

Owned Properties

We own properties in Shanghai. We had obtained building ownership certificates of all such properties. As of the Latest Practicable Date, we held the title for each of these real estate properties. Our rights to use such construction land were lawful and valid, and there were no disputes or potential disputes over the ownership over such land. The owned properties are not secured by any debt nor used as collateral for mortgages. The table below sets forth a summary of the properties we own as of the Latest Practicable Date.

Location	Actual Usage	Area
		(sq.m.)
Building 10, No. 1761 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China	Office, R&D	4,734.37

As confirmed by our PRC Legal Advisors, our Company legally and validly owns the property, with no existing or potential ownership disputes.

Leased Properties

In addition, we held nine leased properties which are primarily used as offices and warehouses. As of the Latest Practicable Date, We had not received any claims from third parties asserting any rights or interests in respect of, or otherwise disputing, our rights and interests under such leased properties.

As of September 30, 2025, none of the properties leased or owned by us had a carrying amount of 15% or more of our combined total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1) (b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, reviews and audits and are required to maintain or renew the permits, licenses, and certifications necessary for our operations. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. The successful renewal of our existing licenses permits and approvals will be subject to our fulfillment of relevant requirements. We had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses, approvals, and permits from the competent government departments and regulatory authorities that are material for our business operations in the jurisdictions where we operate and all such licenses, permits, approvals and certificates remain valid and in effect.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. During the Track Record Period, we had not been the subject of any project liability claims. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China. We maintain these insurance policies on our facilities and have arranged open cover insurance for import and export cargo transportation and domestic cargo transportation. We also maintain property insurance for our operations. We believe that our current insurance coverage is adequate to meet the needs of our operations and consistent with industry practices.

AWARDS AND RECOGNITIONS

The following table sets forth certain awards we received and certain achievements we made in the past a few years:

Year	Name of Award or Recognition	Awarding Entity
2025	Annual Semiconductor Listed Company Leadership Award (Automotive Memory) (IC風雲榜 "年度半導體上市公司領航獎(車載存儲類)")	Semiconductor Investment Alliance (半導體投資聯盟)
2025	2025 STAR Market Top 50 (2025科創板價值50強)	China Media Group (中央廣播電視總台) and the Shanghai Municipal People' Government (上海市人民政府)
2025	2025 China Automotive Chip Innovation Achievement (2025中國汽車芯片創新成果)	China Association of Automobile Manufacturers (中國汽車工業協會)
2025	2025 Silver Medal for Corporate Social Responsibility (2025年度企業社會責任銀牌)	EcoVadis
2024	Single Champion Products (2024年上海市製造業單項冠軍企業)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2024	2024 China Automotive Chip Innovation Achievement (2024中國汽車芯片創新成果)	China Association of Automobile Manufacturers (中國汽車工業協會)
2024	2024 China IC Design Achievement Awards — Best RAM of 2024 (2024年中國IC設計成就獎之2024年度最佳存儲器)	Aspencore, EE Times China (EET電子工程專輯), EDN China (EDN電子技術設計), ESM China (ESM國際電子商情)
2023	National Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)

Year	Name of Award or Recognition	Awarding Entity
2022	2022 China Automotive Chip Innovation Competition: "Most Innovative Automotive Chip" (2022年中國汽車芯片創新大賽"最具創新性汽車芯片")	National New Energy Vehicle Technology Innovation Center (國家新能源汽車技術創新中心), China Automotive Chip Industry Innovation Strategic Alliance (中國汽車芯片產業創新戰略聯盟)

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As at the Latest Practicable Date, Mr. CHEN Zuotao is indirectly interested in 37,539,030 A Shares of our Company through (i) Tianhao Technology, which directly owns 33,414,920 A Shares of our Company and (ii) Luojia Investment, which directly owns 4,124,110 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Luojia Management, as general partner, controls Luojia Investment and owns approximately 9.52% limited partnership interest in Luojia Investment. The remaining 90.48% limited partnership interest in Luojia Investment is owned by Independent Third Parties. Each of Tianhao Investment and Mr. CHEN Zuotao owns 98% equity interest and 2% equity interest in Luojia Management, respectively. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately 23.72% of the issued share capital of our Company immediately before the [**REDACTED**], and approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that no new Shares are issued under the [**REDACTED**] and our Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

Save for the business of our Group, each of our Single Largest Group of Shareholders does not currently have any interest in a business that competes or is likely to compete, whether directly or indirectly, with our Group's business.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Single Largest Group of Shareholders after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Currently, our Board consists of seven Directors, comprising three executive Directors and four independent non-executive Directors, and we also have four senior management members. Notwithstanding that Mr. CHEN Zuotao, chairman of the Board and an executive Director, is a member of the Single Largest Group of Shareholders, our Directors believe that the Board and senior management of our Company are able to operate our business independently of our Single Largest Group of Shareholders for the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) our daily management and operations are carried out by our executive Directors and senior management team. As of the Latest Practicable Date, except from Mr. Chen, none of them held any management position in the Single Largest Group of Shareholders or their respective close associates. They also have substantial experience in the industry in which our Company is engaged and will therefore be able to make impartial and sound business decisions that are in the best interests of our Group;

(iii) our Board has a balanced composition of executive, and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for more than one-third of the Board, and do not and will not take up any position with our Single Largest Group of Shareholders. All of our four independent non-executive Directors are independent of the Single Largest Group of Shareholders and have extensive experience in their respective areas of expertise. For details, see "Directors and Senior Management." All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole;

(iv) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interests before voting and shall abstain from voting in respect of such transaction and not be counted towards the quorum at the relevant Board meetings of our Company in respect of such transactions; and

(v) upon [**REDACTED**], we will adopt a series of corporate governance measures to manage conflicts of interests, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. For details, see "— Corporate Governance Measures" in this section.

Based on the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We are in possession of all production and operating facilities and technology relating to our Group's business and have obtained relevant requisite qualifications and approvals for conducting all our business. Currently, we engage in our Group's business independently, with the independent right to make operational decisions and implement such decisions.

We have independent access to customers and suppliers and, therefore, are not dependent on our Single Largest Group of Shareholders for any significant amount of our revenue, research and development, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, research and development, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

Based on the above, our Directors believe that we are able to operate independently from our Single Largest Group of Shareholders and their respective close associates.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Single Largest Group of Shareholders and their respective close associates, as well as a sound and independent financial system. Our Company has an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes and we make independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Single Largest Group of

Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Single Largest Group of Shareholders and their respective close associates.

We have adequate financial resources and credit facilities to support our daily operation without relying on any guarantee or security provided by our Single Largest Group of Shareholders and their respective close associates. As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Single Largest Group of Shareholders or their respective close associates. We do not expect to rely on our Single Largest Group of Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [**REDACTED**] from the [**REDACTED**].

Based on the above, our Directors believe that we do not place undue reliance on our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders:

(i) where a Board meeting is held for the matters in which any Directors has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which any member of our Single Largest Group of Shareholders or any of their associates has a material interest, the relevant member in our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with any member of our Single Largest Group of Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders' approval requirements (if applicable) under the Listing Rules;

(iv) our Board will consist of a balanced composition of executive and independent non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We believe our independent non-executive Directors, individually and collectively, possess sufficient knowledge and experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole;

(v) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(vi) our Single Largest Group of Shareholders will provide our independent non-executive Directors with all relevant financial, operational and market and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(vii) our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(viii) we have established our audit committee, remuneration and evaluation committee, nomination committee and strategy committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules;

(ix) where our Directors reasonably request the advice of independent professionals such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;

(x) we have amended our Articles of Association to ensure compliance with the Listing Rules, which will become effective upon [**REDACTED**]; and

(xi) we have appointed Altus Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interests between our Group and our Single Largest Group of Shareholders to protect minority Shareholders' rights after the [**REDACTED**].

DIRECTORS

Upon [**REDACTED**], our Board will consist of seven Directors, comprising three executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The following table provides information about our Directors:

Name	Age	Present position(s) in our Group	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities in our Group
Mr. CHEN Zuotao (陳作濤先生) . .	55	Executive Director and Chairman of the Board	April 2017	April 2017	Overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. ZHANG Jianchen (張建臣先生) . .	51	Executive Director and General Manager	January 2018	April 2020	Overall strategic planning and operations of our Group
Mr. WENG Huaqiang (翁華強先生) . .	38	Executive Director and Secretary of the Board	February 2019	September 2024	Overall strategic planning and management of our Group
Ms. LUO Zhi (羅知女士) . . .	42	Independent non-executive Director	September 2024	September 2024	Supervising and providing independent opinion and judgment to the Board
Ms. CHEN Dong (陳冬女士) . . .	48	Independent non-executive Director	October 2023	October 2023	Supervising and providing independent opinion and judgment to the Board
Mr. MAO Zhenhua (毛振華先生) . .	61	Independent non-executive Director	January 2026	January 2026	Supervising and providing independent opinion and judgment to the Board

Name	Age	Present position(s) in our Group	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities in our Group
Mr. SUN Kai (孫凱先生). . . .	40	Independent non-executive Director	January 2026	January 2026	Supervising and providing independent opinion and judgment to the Board

Executive Directors

Mr. CHEN Zuotao (陳作濤先生), aged 55, has been chairman of our Board and an executive Director of our Company since April 2017.

From November 1997 to April 2014, he was an executive director at Beijing Dezhibao Investment Co., Ltd.* (北京德之寶投資有限公司) (the predecessor of Tianhao Investment Group Co., Ltd. (天壕投資集團有限公司)), where he led the company in formulating investment strategies and overseeing the implementation of investment projects.

Other than his positions in our Company, Mr. Chen has been chairman of the board, an executive director and general manager of Top Resource Energy Co., Ltd. (天壕能源股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 300332) since October 2010. He has been chairman of Tianhao New Energy Co., Ltd.* (天壕新能源股份有限公司) since July 2018. He has been an independent non-executive director of Kingsoft Corporation Limited (金山軟件有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 3888) since April 2023. Mr. Chen has also been an executive director in Shanghai Tianhao Technology Co., Ltd.* (上海天壕科技有限公司) since June 2024 and the chairman of the board and an executive director of Shandong Guoyao Quantum Radar Technology Co., Ltd.* (山東國耀量子雷達科技有限公司) since August 2024.

Mr. Chen obtained his bachelor's degree in business management from Wuhan University (武漢大學) in 1992. He obtained his Executive Master of Business Administration Degree for Senior Management from the PBC School of Finance, Tsinghua University* (清華大學五道口金融學院) in China in June 2017. He obtained a Ph.D. degree from University of Minnesota, Carlson School of Management in the United States in May 2024.

Mr. ZHANG Jianchen (張建臣先生), aged 51, joined our Group in January 2018, and has been an executive Director of our Company since April 2020 and general manager of our Company since March 2020.

From March 2004 to December 2010, he worked at NXP Semiconductors (Shanghai) Co., Ltd. (恩智浦半導體(上海)有限公司), with his last position as the senior regional sales and marketing manager. From January 2011 to November 2015, he served as the general manager of China region at AMS Semiconductor (Shenzhen) Co., Ltd. (艾邁斯半導體(深圳)有限公司). From March 2016 to January 2018, he served as vice president of marketing, sales and business development for China region at PixelWorks Semiconductor (Shanghai) Co., Ltd. (逐點半導體(上海)有限公司), and has been serving as an independent non-executive director since June 2023.

Mr. Zhang obtained a bachelor's degree in information detection technology and instruments and a master's degree in circuits and systems from Shanghai Jiao Tong University (上海交通大學) in China in July 1998 and March 2002, respectively.

Mr. WENG Huaqiang (翁華強先生), aged 38, has been an executive Director of our Company since September 2024.

Mr. Weng joined our Group as senior director of securities affairs in February 2019 and currently serves as the secretary of the Board. Prior to joining our Group, Mr. Weng served as a securities affairs representative at Zhejiang Shouxian Valley Pharmaceutical Co., Ltd. (浙江壽仙谷醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 603896) from December 2016 to February 2019.

Mr. Weng obtained a bachelor's degree in tourism management from Southwestern University of Finance and Economics (西南財經大學) in June 2008. From July 2008 to November 2016, Mr. Weng had been attending to his personal affairs.

Independent Non-executive Directors

Ms. LUO Zhi (羅知女士), aged 42, has been an independent non-executive Director of our Company since September 2024.

Ms. Luo has held a series of academic positions at the School of Economics and Management of Wuhan University (武漢大學), where she served as a lecturer from July 2010 to October 2012, an associate professor from November 2012 to October 2018 and a professor since November 2018. Ms. Luo has assumed the role of associate dean at the School of Economics and Management of Wuhan University (武漢大學) since May 2022.

Ms. Luo has been an independent non-executive director of Wuhan Optics Valley ZOYON Science and Technology Co., Ltd. (武漢光谷卓越科技股份有限公司), a company listed on the National Equities Exchange and Quotations (NEEQ: 873711), since October 2020. She also has been an independent non-executive director of Wuhan Keqian Biology Co., Ltd (武漢科前生物股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 688526), since June 2025.

Ms. Luo obtained her bachelor's degree in economics from Wuhan University (武漢大學) in June 2001, with a specialization in finance through the Mathematical Finance Experimental Class. She subsequently completed her doctoral degree in western economics at the same institution in June 2010.

Ms. CHEN Dong (陳冬女士), aged 48, has been an independent non-executive Director of our Company since October 2023.

Ms. Chen has held a series of academic positions at the School of Economics and Management of Wuhan University (武漢大學), where she was a lecturer from September 2010 to November 2015, an associate professor from December 2015 to November 2023 and a professor since December 2023.

Ms. Chen earned her academic qualifications from Wuhan University (武漢大學), receiving a bachelor's degree in international finance in June 1998, a master's degree in management accounting in June 2006, and a PhD degree in management accounting in June 2010.

Mr. MAO Zhenhua (毛振華先生), aged 61, has been an independent non-executive Director of our Company since January 2026.

Mr. Mao currently serves as a part-time supervisor at Renmin University of China, and also a professor in Dong Fureng Economic & Social Development School (董輔礽經濟社會發展研究院) of Wuhan University, and Business School at the University of Hong Kong.

Mr. Mao has acted as the chairman of China Chengxin Credit Management Co., Ltd. (中國誠信信用管理有限公司) since it was founded in January 1993. Mr. Mao has been an independent non-executive director of Meirui Health International Industry Group Co., Ltd. (美瑞健康國際產業集團有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 2327), since October 2015; an independent non-executive director of China Infrastructure & Logistics Group Ltd. (中國通商集團有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 1719), since January 2016; an independent non-executive director of Shanghai Xinnanyang Only Education & Technology CO., Ltd. (上海新南洋昂立教育科技股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 600661), since June 2022; and an independent non-executive director of China SCE Group Holdings Ltd. (中駿集團控股有限公司), a company listed on the Hong Kong Stock Exchange (HKEx: 1966), since May 2023.

Mr. Mao obtained his bachelor's degree in economics and a PhD in economics from Wuhan University (武漢大學) in June 1982 and June 1999, respectively.

Mr. SUN Kai (孫凱先生), aged 40, has been an independent non-executive Director of our Company since January 2026.

Mr. Sun served at Anhui Branch of Huapu Tianjian Certified Public Accountants LLP* (華普天健會計師事務所安徽分所) from September 2007 to September 2014. From October 2014 to December 2017, he was an audit director at Jiangsu Runhe Software Co., Ltd. (江蘇潤和軟件股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 300339). Mr. Sun has served as deputy general manager, chief financial officer and secretary of the board of directors at SBT Ultrasonic Technology Co., Ltd. (上海驕成超聲波技術股份有限公司)), a company listed on the Shanghai Stock Exchange (SHSE: 688392) since December 2017.

Mr. Sun graduated from Tongling University (銅陵學院) and China University of Geosciences (Beijing) (中國地質大學(北京)) in accounting in July 2007 and January 2018, respectively.

SENIOR MANAGEMENT

Our senior management consists of 4 members and is responsible for the day-to-day management and operation of business of our Company. The following table sets forth information regarding the members of senior management of our Company:

Name	Age	Positions	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. ZHANG Jianchen (張建臣先生) . .	51	General manager	January 2018	March 2020	Responsible for overall operational management of our Group
Mr. WENG Huaqiang (翁華強先生) . .	38	Secretary of the Board	February 2019	September 2024	Responsible for Board-related matters, overall information disclosure and investor relationship of our Group
Ms. YANG Yi (楊翌女士) . . .	51	Deputy General Manager and Chief Financial Officer	January 2018	January 2018	Responsible for financial planning and management of our Group
Mr. FU Zhijun (傅志軍先生) . .	51	Senior Vice President of R&D	April 2020	April 2020	Overall strategic planning and management of the R&D of our Group

Mr. ZHANG Jianchen (張建臣先生), aged 51, is general manager of our Company. For his biography, see "— Directors — Executive Directors."

Mr. WENG Huaqiang (翁華強先生), aged 38, is the secretary of the Board. For his biography, see "— Directors — Executive Directors."

Ms. YANG Yi (楊翌女士), aged 51, joined our Group in January 2018, and has been the deputy general manager and chief financial officer of our Company since then.

Ms. Yang worked at Hangzhou Tongpu Electrical Appliance Company* (杭州通普電器公司) from July 1995 to November 1997. After Ms. Yang's departure from Hangzhou Tongpu Electrical Appliance Company, she served at Zhejiang Orient Certified Public Accountants Firm* (浙江東方會計師事務所) until December 2000. Ms. Yang served at Zhejiang Tianqiao International Investment Co., Ltd.* (浙江天橋國際投資有限公司) from December 2000 to June

2002. From July 2002 to August 2015, she successively served as deputy general manager and director at Sunwave Communications Co., Ltd. (三維通信股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 002115). From September 2015 to August 2017, she held the positions of director, vice president and chief financial officer at Goldcard Smart Group Co., Ltd. (金卡智能集團股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 300349).

Ms. Yang obtained a bachelor's degree in accounting from Central University of Finance and Economics (中央財經大學) in China in June 1995 and a master's degree in business administration from Zhejiang University (浙江大學) in China. Ms. Yang also holds a senior accountant qualification certificate granted by Zhejiang Provincial Department of Personnel (浙江省人事廳) (now known as Department of Human Resources and Social Security of Zhejiang Province (浙江省人力資源和社會保障廳)), in August 2008.

Mr. FU Zhijun (傅志軍先生), aged 51, has been the senior vice president of R&D of our Company since April 2020.

From July 2000 to July 2001, Mr. Fu worked at Shanghai Minqin Electronic Technology Co., Ltd.* (上海敏勤電子技術有限公司). From July 2001 to August 2006, he successively served at Xincheng Semiconductor (Shanghai) Co., Ltd.* (芯成半導體（上海）有限公司). From August 2006 to December 2008, he served at Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信（上海）有限公司). From December 2008 to October 2014, he served at Shanghai Huahong Integrated Circuit Co., Ltd.* (上海華虹集成電路有限責任公司). From January 2015 to July 2016, he worked served at Shanghai Institute of Microsystem and Information Technology* (上海微技術工業研究院). From January 2017 to March 2018, he served at Brite Semiconductor (Shanghai) Co., Ltd. (燦芯半導體（上海）股份有限公司) (SHSE: 688691). From March 2018 to June 2019, he served at Wuhan Xinxin Semiconductor Manufacturing Co., Ltd.* (武漢新芯集成電路製造有限公司). Mr. Fu served at of Shanghai Youci Information Technology Co., Ltd.* (上海佑磁信息科技有限公司) from June 2019 to April 2020.

Mr. Fu obtained a bachelor's degree in microelectronics and a master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in July 1997 and July 2000, respectively.

None of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; and (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. WENG Huaqiang (翁華強先生) has been appointed as our joint company secretary. See "— Senior Management" above for Mr. Weng's biography.

Ms. Ho Sze Wah, Cecilia (何詩華) has been appointed as one of our joint company secretaries. Ms. Ho has over 6 years of experience in company secretarial services and corporate governance for both Hong Kong and multinational corporations. She is currently the assistant manager of Global Entity Compliance at Computershare Hong Kong Investor Services Limited. Ms. Ho holds a master's degree in City University of Hong Kong and a bachelor's degree of Business Administration and Management from De Montfort University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2026 and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

Rule 8.10(2) of the Listing Rules

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four Board Committees in accordance with the relevant laws and regulations in the PRC, the Articles and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee. The functions of the four committees are summarized as follows:

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, oversee and evaluate external audit work, and propose the appointment or replacement of external audit firms, ensure coordination between internal and external audits review relevant financial information and its disclosure of our Group and provide advice and comments to the Board. We have decided to change the name of the Audit Committee to the Audit and Risk Management Committee, effective upon the [**REDACTED**], to incorporate the responsibilities of overseeing our financial reporting system, risk management and internal control systems. The Audit Committee consists of three members, namely Ms. CHEN Dong, Ms. LUO Zhi and Mr. SUN Kai, with Ms. CHEN Dong being the chairperson of the Audit Committee. Mr. SUN Kai has the appropriate professional experience as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to evaluate and make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration, formulate or amend equity incentive plans and employee shareholding schemes, and arrange Directors and senior management to participate in shareholding plans. The Remuneration and Evaluation Committee consists of three members, namely Ms. LUO Zhi, Ms. CHEN Dong and Mr. CHEN Zuotao, with Ms. LUO Zhi being the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment or removal of Directors and management of Board successions. The Nomination Committee consists of three members, namely Mr. SUN Kai, Ms. LUO Zhi and Mr. CHEN Zuotao, with Mr. SUN Kai being the chairperson of the Nomination Committee.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to devise and advise on the long-term strategy and material investment decisions of our Company. We have decided to change the name of the Strategy Committee to the Strategy and ESG Committee, effective upon the [**REDACTED**], to incorporate the responsibilities of evaluating and determining the ESG-related risks and opportunities, and ensure an appropriate and effective ESG risk management system is in place. The Strategy and ESG Committee will make recommendations to our Board on sustainable development planning and ESG related matters, in particular, the aspects as stipulated in the Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules, including climate-related themes and topics. The Strategy Committee consists of three members, namely Mr. CHEN Zuotao, Mr. ZHANG Jianchen and Mr. MAO Zhenhua, with Mr. CHEN Zuotao being the chairperson of the Strategy Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [**REDACTED**].

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

In particular, our Company currently has two female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have four independent non-executive Directors with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the

Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution and other benefits in kind.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the total remuneration (including share-based compensation) paid to our Directors amounted to RMB4.5 million, RMB11.2 million and RMB6.2 million, respectively.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the total remuneration (including share-based compensation) paid to the five highest paid individuals (excluding Directors) by us amounted to RMB12.3 million, RMB9.4 million and RMB4.6 million, respectively.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, no payment was made to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

The remuneration of our Director and senior management is determined with reference to factors including the responsibility, risk and commitment of our Directors and senior management, the completion rate of our corporate profit, the assessment result of our target responsibility system, the performance evaluation structure of each of our corporate departments and the salaries paid by comparable companies.

Save as disclosed above and in "Financial Information," "Accountants' Report" and "Statutory and General Information," no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group. Under the arrangements currently in force, we estimate the aggregate remuneration (including share-based compensation), excluding discretionary bonus, of our Directors for the year ending December 31, 2026 to be approximately RMB9.23 million.

See the Accountants' Report in Appendix I for details on remuneration paid to our Directors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, and paragraphs headed "Statutory and General Information — D. Our Incentive Plans" in Appendix IV for details regarding the incentive plans for our Directors and senior management.

COMPLIANCE ADVISER

We have appointed Altus Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company, among others, in the following circumstances:

(i) before the publication of any regulatory announcement, circular, or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of its [**REDACTED**] or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of appointment of the Compliance Adviser shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**] and such appointment may be subject to extension by mutual agreement.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB158,274,044, comprising 158,271,044 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shanghai Stock Exchange STAR Market.

	Number of Shares	Approximate % of issued share capital
A Shares in issue	158,271,044	100.00%
Total	**158,271,044**	**100.00%**

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and that there will be no change in the total issued share capital of our Company other than the [**REDACTED**], the share capital of our Company will be as follows:

	Number of Shares	Approximate % of enlarged issued share capital
A Shares in issue	158,271,044	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

Immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is fully exercised and that there will be no change in the total issued share capital of our Company other than the [**REDACTED**], the share capital of our Company will be as follows:

	Number of Shares	Approximate % of enlarged issued share capital
A Shares in issue	158,271,044	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered one class of shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect.

Our H Shares can be [**REDACTED**] or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

The differences between A Shares and H Shares, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of Share transfer, appointment of dividend receiving agents and other matters are set out in our Articles of Association and summarized in the section headed "Summary of the Articles of Association" in Appendix III to this document.

Except for the differences above, our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. The holders of our H Shares will receive share dividends in the form of H Shares, and the holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We obtained our A Shareholders' approval to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange at the general meeting of our Company held on January 16, 2026. Such approval is subject to the following conditions:

(i) *Size of the* [**REDACTED**]. The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]. The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) *Target* [**REDACTED**]. The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory authorities to invest abroad in [**REDACTED**].

(iv) [**REDACTED**] *basis*. The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and [**REDACTED**] process, subject to the domestic and overseas capital market conditions.

(v) *Validity period.* The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Stock Exchange shall be completed within 24 months from the date when the shareholders' meeting was held on January 16, 2026. If the Company obtains the approvals from the relevant regulatory authorities for the [**REDACTED**] and [**REDACTED**] of H Shares within the 24 months validity period, the validity period will be automatically extended to the later of the completion date of the [**REDACTED**] or the exercise of the [**REDACTED**].

There is no other approved [**REDACTED**] plans for the Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meetings is required, see "Summary of the Articles of Association — Shareholders and Shareholders' Meetings" in Appendix III to this document.

RESTRICTED SHARE INCENTIVE PLANS

As at the Latest Practicable Date, the Company has adopted the Restricted Share Incentive Plans. No restricted Shares under the Restricted Share Incentive Plans will be further granted after the [**REDACTED**] and all granted restricted Shares have been granted to specific individuals under the Restricted Share Incentive Plans. For details, please refer to "Statutory and General Information — D. Our Incentive Plans" in Appendix IV to this document.

Immediately following completion of the [**REDACTED**], assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

				Assuming that the [REDACTED] is not exercised		Assuming that the [REDACTED] is fully exercised	
Name of Shareholder	**Nature of interest**[1]	**Description of Shares**	**Number and class of Shares directly or indirectly held**	**Approximate % of shareholding in our A Shares immediately after the** [REDACTED]	**Approximate % of shareholding in the total share capital of our Company immediately after the** [REDACTED]	**Approximate % of shareholding in our A Shares immediately after the** [REDACTED]	**Approximate % of shareholding in the total share capital of our Company immediately after the** [REDACTED]
Mr. CHEN Zuotao . . .	Interest in controlled corporation	A Shares	37,539,030	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. CHEN Zuoning . .	Interest of a close relative	A Shares	37,539,030	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianhao Investment . .	Interest in controlled corporation	A Shares	37,539,030	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianhao Technology . .	Beneficial owner	A Shares	33,414,920	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	A Shares	4,124,110	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Luojia Investment . . .	Beneficial owner	A Shares	4,124,110	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	A Shares	33,414,920	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Luojia Management . .	Interest in controlled corporation	A Shares	4,124,110	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	A Shares	33,414,920	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note:

(1) Mr. CHEN Zuotao is indirectly interested in 37,539,030 A Shares of our Company through (i) Tianhao Technology, which directly owns 33,414,920 A Shares of our Company and (ii) Luojia Investment, which directly owns 4,124,110 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Luojia Management, as general partner, controls Luojia Investment and owns approximately 9.52% limited partnership interest in Luojia Investment. The remaining 90.48% limited partnership interest in Luojia Investment is owned by Independent Third Parties. Each of Tianhao Investment and Mr. CHEN Zuotao owns 98% equity interest and 2% equity interest in Luojia Management, respectively. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

For details of shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, see section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 3. Disclosure of Interests — (b) Interests of substantial shareholders" in Appendix IV to this document.

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contains forward looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a global leader in high-performance non-volatile memory (NVM) chip design. We are committed to addressing the rapidly evolving and expanding memory requirements in the AI-era, developing and offering key memory chips (such as SPD chips, EEPROM and NOR Flash), mixed-signal chips (such as lens driver chips), and NFC chips, together with supporting solutions. According to Frost & Sullivan, we are the largest China-based EEPROM supplier and the second largest supplier of DDR5 SPD chips in the world in 2023 and 2024 by revenue. Leveraging strong R&D expertise and global market experience, our product portfolio now covers a wide range of memory scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics.

We have captured significant market opportunities. According to Frost & Sullivan, in 2024, we held over 40% of the global DDR5 SPD chip market by revenue and 14.0% of the EEPROM market by revenue, with globally leading R&D capability and market positions across several sub-segments. We have achieved sustained growth during the Track Record Period. Our revenue increased from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, and from RMB769.1 million for the nine months ended September 30, 2024 to RMB932.8 million for the nine months ended September 30, 2025. Our net profit recorded a substantial increase, rising from RMB82.7 million in 2023 to RMB276.0 million in 2024, and from RMB204.3 million for the nine months ended September 30, 2024 to RMB310.2 million for the nine months ended September 30, 2025, leading to a net profit margin of 11.8%, 26.8%, 26.6% and 33.3% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of our historical financial information and the unaudited interim financial information have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.3 of the Accountants' Report in Appendix I to this document. Our historical financial information and the unaudited interim financial information also complies with the applicable disclosure provisions of the Hong Kong Listing Rules. The accounting policies set out in Note 2.3 of the Accountants' Report in Appendix I to this document have been applied consistently to Track Record Period presented in our historical financial information and the unaudited interim financial information.

The preparation of historical financial information and the unaudited interim financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. Estimates and judgements are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information and the unaudited interim financial information are disclosed in Note 3 of the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and financial performance are influenced by a variety of macroeconomic and industry-specific factors that affect the global economy and the semiconductor industry.

These include overall economic growth, developments in cloud computing and AI infrastructure, latest government policies and regulations, fluctuations in material costs, and the competitive landscape. Any adverse changes in these factors could dampen demand for our products and materially impact our business and results of operations. In addition to these general factors, the following specific factors have a more direct impact on our results of operations:

Industry Demands and Our Continued Ability to Capture Growth Opportunities

Our business operations and financial performance are affected by industry demands, which are highly correlated to downstream applications.

We have capitalized on the significant unmet need of the AI era for high-performance memory chips and captured the various market opportunities brought by this development trend. Our products now span core scenarios across AI infrastructure, automotive electronics, industrial control, and consumer electronics. As we continue to leverage our memory chip technologies into emerging high growth verticals such as new energy systems, industrial power and control and AIDC power supplies, we expect that the demand in these markets will also have a material effect on our results of operations.

In addition, our continued ability to drive technological innovation, to maintain, expand and upgrade our product portfolio, and to address evolving downstream requirements, are key to our business growth and results of operations. To meet industry demands and maintain our competitiveness, we focus on R&D to enrich our product portfolio and expand business footprints. Building on our leadership in memory chips, we continually track industry trends and long-term customer needs, and actively develop new memory and mixed signal chip solutions that will create value for our customers and us.

Our Ability to Maintain and Deepen Our Engagement with Existing Customers, and Expand Our Customer Base

Our performance is in part driven by our ability to expand and extend our relationship with existing customers and attract new customers. We are committed to maintaining and deepening relationships with existing customers while seek to continuously broadening our customer base. Meeting customer demands requires not only competitive products but also proven reliability. While memory chips may account for only a portion of our customers' products, their performance and reliability are critical to the success of our customers' downstream applications. We have emerged as the second largest DDR5 SPD chip provider in the world, with over 40.0% market share by revenue in 2024, according to Frost & Sullivan.

Notably, our ability to meet customer demands is also reflected in our long-standing relationships with globally renowned leading memory manufacturers and automotive and consumer-electronics companies. Long-standing trust and collaboration open the door to deeper engagement and more cross-selling opportunities. For example, in memory modules, our long-standing SPD leadership opened the door to VPD for next-generation eSSD and CXL memory expansion. In automotive electronics, we have expanded from displays and infotainment to body, chassis, and electrified powertrain. In smartphones, we have broadened from EEPROM into lens driver chips, increasing platform coverage with key customer accounts.

In addition, our long-term growth and operating results will depend in part on our ability to attract more customers across different verticals. Many of our customers apply our semiconductor products and solutions across their operations to ensure consistent, high-quality output and optimal experience of their own products for their end users. We expect to continue to increase our investment in customer outreach, sales and marketing efforts to enhance brand awareness and acquire new customers from various verticals. We believe that our efforts to retain existing customers and attract new ones will have a positive long-term impact on our business and results of operations.

Innovate and Enrich Our Product and Solution Offerings

Our continued growth depends, in part, on our ability to improve and broaden the variety and application of our semiconductor products and solutions, which will enable us to further secure design wins, increase market share, expand cross-selling opportunities, and reach customers in a broader range of verticals and use cases.

As we offer a diversified portfolio of high-quality semiconductor solutions for a wide range of consumer and industrial applications, our gross profit margin varies across business lines, and may also differ between the product types we offer within each business line, due to a variety of factors such as technological advancement, pricing power, demand in the verticals, product tiering strategy, stages in the product life cycle, and availability of competing products. Changes to our product mix, whether in response to our business strategies, the global and domestic market conditions, government policies or other factors, may affect our results of operations over time. We intend to continually monitor and adjust our product mix across business lines to maximize our revenue and profitability.

We strive to work closely with current and prospective customers to anticipate their requirements and product roadmaps. This better enables us to develop innovative semiconductor solutions designed for their needs and achieve design wins. Although design wins are not binding commitments by customers to purchase our products and solutions, we believe that achieving design wins is an important performance indicator. Once our products have been designed into a system, the customers are typically reluctant to alter their designs due to the significant costs and time associated with qualifying a new supplier or a replacement component, and we endeavor to maintain our incumbent position with our customers by continually improving our products and solutions to meet their evolving needs. Our long-term sales expectations are based on forecasts from customers and internal estimates of demand factoring in the expected time-to-market of the final products incorporating our solutions and their respective sales potential.

Our ability to continually enhance our technology capabilities

Our business growth depends in part on our ability to invest in technology to effectively meet the demands of our anticipated growth. We have made, and will continue to make, significant investments in developing our underlying technology capabilities to expand the capabilities and scale of our product and solution offerings. Building on our well-established NVM design and process platforms, we deliver category-defining SPD chips, EEPROM and NOR Flash that feature raised write-cycle capability, reduced leakage and charge loss, and stabilized program/erase behavior.

In 2023, 2024 and the nine months ended September 30, 2025, our research and development expenses amounted to RMB160.8 million, RMB175.6 million and RMB146.5 million. We believe the further enhancement of our technologies is central to our future development. We will continue to invest in our research and development activities, including talent recruitment, and to deepen cooperation with global foundries and packaging and testing service providers to ensure we remain at the forefront of EEPROM and DDR5 SPD chip markets. As a result, we expect the investments and expenses associated with our technology capabilities to continue to grow to support our business growth. We believe the investments in technology will drive overall long-term growth.

Manage Supply Chain and Improve Operational Efficiency

Supply chain management capabilities have a direct and significant impact on our business operations and financial results. As a fabless IC design company, we rely on third-party foundries for wafer fabrication, packaging and testing. Building strong, long-term partnerships with key production partners is essential to securing stable capacity allocation and fostering close collaboration on the production end. This is particularly critical during periods of high industry demand, where capacity allocation, reservation, and production scheduling play a vital role. Accurate forecasting and communication of wafer demands are equally important in avoiding costly delays and supply bottlenecks. We have also established a comprehensive supplier management system to ensure our product quality, which requires all core suppliers to hold an ISO 9001 Quality Management System certification. Our ability to manage the supply chain and ensure product quality can impact our financial performance.

Looking ahead, we aim to maintain the resilience of our supply chains by strengthening cooperation with top-tier suppliers worldwide and diversifying our suppliers. This approach will help us secure a stable supply of critical materials, improve operational efficiency, and better navigate an evolving market landscape.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our management expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales contracts between us and our customers include performance obligations to transfer chips, which are satisfied at a point in time.

We generate revenue from the sale of chips, including sales from direct selling model and sales from distribution arrangements, which is recognized at the point in time when control of the assets is transferred to customers, which is the point of acceptance by the customers according to the contract.

Fair Value Measurement

We measure certain financial assets and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received by one to sell an asset, or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our management. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances along with sufficient data available for the fair value to be measured. This maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

All assets and liabilities for which the fair value is being measured or disclosed in the historical financial information and the unaudited interim financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the historical financial information and the unaudited interim financial information on a recurring basis, we determine whether transfers have occurred between levels of the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Write-Down of Inventories to Net realizable Value

In accordance with the inventory accounting policy, we measure inventories at the lower of cost and net realizable value, and accrues inventory price falling reserves for inventories which their costs are higher than their net realizable value, or are obsolete and unsalable. The write-down of inventories to net realizable value is based on the assessment of the marketability of inventories and their net realizable value. Identifying write-down of inventories to net realizable value requires our management to make judgements and estimates based on the availability of conclusive evidence and taking into account factors such as the purpose for which the inventory is held and the impact of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of the inventory and the accrual or reversal of the inventory depreciation reserves in the period in which the estimate is changed.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are calculated by cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Property Plant and Equipment	**Principal Annual Rates**
Buildings:	2.71% to 9.50%
Motor vehicles:	19.00%
Machinery:	9.50% to 19.00%
Electronic equipment:	19.00%
Other equipment:	19.00%
Leasehold improvements:	Shorter of remaining lease terms and estimated useful lives

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the reporting period the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years/periods indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report set out in Appendix I to this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Revenue	703,477	100.0	1,028,277	100.0	769,083	100.0	932,810	100.0
Cost of sales	(375,738)	(53.4)	(464,688)	(45.2)	(347,203)	(45.1)	(375,144)	(40.2)
Gross profit	**327,739**	**46.6**	**563,589**	**54.8**	**421,880**	**54.9**	**557,666**	**59.8**
Other income and gains	31,373	4.5	53,095	5.2	19,633	2.6	45,464	4.9
Selling and marketing expenses	(49,368)	(7.0)	(55,527)	(5.4)	(39,543)	(5.1)	(32,030)	(3.4)
Administrative expenses	(51,888)	(7.4)	(63,847)	(6.2)	(43,396)	(5.6)	(49,330)	(5.3)
Research and development expenses	(160,807)	(22.9)	(175,610)	(17.1)	(130,047)	(16.9)	(146,461)	(15.7)
Other expenses	(11,128)	(1.6)	(21,024)	(2.0)	(5,697)	(0.7)	(38,847)	(4.2)
Finance costs	(383)	(0.1)	(344)	–	(263)	–	(203)	–
Reversal of impairment losses/(impairment losses) on financial assets, net	729	0.1	(40)	–	(134)	–	(1,399)	(0.1)
Share of losses of associates	(1,603)	(0.2)	(1,721)	(0.2)	(934)	(0.1)	(2,040)	(0.2)
Profit Before Tax	**84,664**	**12.0**	**298,571**	**29.0**	**221,499**	**28.8**	**332,820**	**35.7**
Income tax expense	(1,969)	(0.3)	(22,531)	(2.2)	(17,166)	(2.2)	(22,630)	(2.4)
Profit for the Year/Period	**82,695**	**11.8**	**276,040**	**26.8**	**204,333**	**26.6**	**310,190**	**33.3**
Attributable to:								
Owners of the parent	100,358	14.3	290,270	28.2	211,363	27.5	319,852	34.3
Non-controlling interests	(17,663)	(2.5)	(14,230)	(1.4)	(7,030)	(0.9)	(9,662)	(1.0)

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by (i) adding back equity settled share-based payments, (ii) adding back/deducting loss/gain on listed equity investment, and (iii) deducting gain on non-current financial asset at fair value through profit or loss. We define adjusted net profit margin as adjusted net profit (non-IFRS measure) to divide corresponding revenue of the year/period. We believe that non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [**REDACTED**] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of non-IFRS measures for the years/periods may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile non-IFRS measures for the periods presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	Year ended December 31,		**Nine months ended September 30,**	
	2023	**2024**	**2024**	**2025**
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands, except for percentages)			
Profit for the year/period	82,695	276,040	204,333	310,190
Adjusted for:				
Equity-settled share-based payment arrangements	44,643	29,292	26,606	12,020
Loss/(Gain) on listed equity investment	17,750	(7,115)	9,635	(20,716)
Gain on non-current financial assets at fair value through profit or loss	(3,748)	(482)	(1,431)	(435)
Adjusted net profit (non-IFRS measure)	**141,340**	**297,735**	**239,143**	**301,059**
Adjusted net profit margin (non-IFRS measure)	**20.1%**	**29.0%**	**31.1%**	**32.3%**

Revenue

During the Track Record Period, our revenue was primarily derived from design and sales of (i) memory chips, (ii) mixed-signal chips and (iii) NFC chips and others.

The following table sets forth a breakdown of our revenue by business line during the Track Record Period, both in absolute amounts and as percentages of total revenue, for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Memory chips	561,688	79.8	885,989	86.2	659,554	85.8	825,258	88.5
Mixed-signal chips	87,163	12.4	105,010	10.2	78,774	10.2	83,326	8.9
NFC chips and others	54,626	7.8	37,278	3.6	30,755	4.0	24,226	2.6
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**769,083**	**100.0**	**932,810**	**100.0**

Our revenue saw a significant increase by 46.2% from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, and by 21.3% from RMB769.1 million for the nine months ended September 30, 2024 to RMB932.8 million for the nine months ended September 30, 2025. The continued increase was primarily attributable to the robust growth of our memory chips business, mainly attributable to increased revenue contribution from (i) SPD chips, mainly driven by accelerated adoption of AI applications, (ii) automotive-grade chips, mainly driven by the rising trend of intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications.

The following table sets forth a breakdown of our revenue by sales channel for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Direct sales	220,064	31.3	473,394	46.0	350,770	45.6	483,315	51.8
Distribution	483,413	68.7	554,883	54.0	418,313	54.4	449,495	48.2
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**769,083**	**100.0**	**932,810**	**100.0**

In addition to the above, our results of operations are also reported by location. The following table sets forth a breakdown of our revenue by region for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Chinese Mainland[(1)]	379,027	53.9	468,877	45.6	348,426	45.3	398,398	42.7
Macau, Hong Kong and Taiwan[(1)]	260,674	37.1	465,170	45.2	347,036	45.1	480,564	51.5
South Korea[(1)]	40,486	5.8	66,655	6.5	51,687	6.7	37,522	4.0
Other countries/ regions[(1)]	23,290	3.2	27,575	2.7	21,934	2.9	16,326	1.8
Total	**703,477**	**100.0**	**1,028,277**	**100.0**	**769,083**	**100.0**	**932,810**	**100.0**

Note:

(1) The revenues we report by geography are based on locations where the customers are incorporated.

Cost of Sales

Our cost of sales were primarily related to costs of (i) wafers, (ii) packaging and testing services we procured and (iii) other miscellaneous costs.

The table below sets forth a breakdown of our cost of sales for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Wafer costs	241,085	64.2	313,348	67.4	235,496	67.8	254,532	67.8
Packaging and testing costs	128,406	34.2	141,333	30.4	104,593	30.1	110,172	29.4
Others	6,247	1.6	10,007	2.2	7,114	2.1	10,440	2.8
Total	**375,738**	**100.0**	**464,688**	**100.0**	**347,203**	**100.0**	**375,144**	**100.0**

During the Track Record Period, our cost structure remained relatively stable. Our cost of sales increased by 23.7% from RMB375.7 million in 2023 to RMB464.7 million in 2024, generally in line with our increased sales revenue. Our cost of sales increased by 8.0% from RMB347.2 million for the nine months ended September 30, 2024 to RMB375.1 million for the same period in 2025, primarily as a result of our expanded sales.

The table below sets forth a breakdown of our cost of sales by business line for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Memory chips	270,633	72.0	352,321	75.8	263,306	75.8	289,483	77.2
Mixed-signal chips	75,041	20.0	84,745	18.2	62,181	17.9	66,514	17.7
NFC chips and others	30,064	8.0	27,622	6.0	21,716	6.3	19,147	5.1
Total	**375,738**	**100.0**	**464,688**	**100.0**	**347,203**	**100.0**	**375,144**	**100.0**

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross profit	**Gross margin**	**Gross profit**	**Gross margin**	**Gross profit**	**Gross margin**	**Gross profit**	**Gross margin**
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Memory chips	291,055	51.8	533,668	60.2	396,248	60.1	535,775	64.9
Mixed-signal chips	12,122	13.9	20,265	19.3	16,593	21.1	16,812	20.2
NFC chips and others	24,562	45.0	9,656	25.9	9,039	29.4	5,079	21.0
Total	**327,739**	**46.6**	**563,589**	**54.8**	**421,880**	**54.9**	**557,666**	**59.8**

As a result of the foregoing, in 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded gross profit of RMB327.7 million, RMB563.6 million, RMB421.9 million and RMB557.7 million, respectively. Our overall gross margin was 46.6%, 54.8%, 54.9% and 59.8% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

For memory chips, we recorded gross profit of RMB291.1 million, RMB533.7 million, RMB396.2 million and RMB535.8 million, and gross margin of 51.8%, 60.2%, 60.1% and 64.9% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

For mixed-signal chips, we recorded gross profit of RMB12.1 million, RMB20.3 million, RMB16.6 million and RMB16.8 million, and gross margin of 13.9%, 19.3%, 21.1% and 20.2% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

For NFC chips and others, we recorded gross profit of RMB24.6 million, RMB9.7 million, RMB9.0 million and RMB5.1 million, and gross margin of 45.0%, 25.9%, 29.4% and 21.0% in 2023, 2024, the nine months ended September 30, 2024 and 2025, respectively.

Other Income and Gains

The following table sets forth a breakdown of our other income and gains for the years/periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
		(in thousands)		
Other income				
Government grants	14,522	9,550	6,916	2,462
Bank interest income	11,170	10,383	6,672	8,146
Interest income from time deposits	–	–	–	2,857
Additional VAT deduction	–	2,472	2,381	1,079
Others	162	299	294	225
Total other income	25,854	22,704	16,263	14,769
Other gains				
Foreign exchange differences, net	–	6,816	272	–
Gain on financial assets at fair value through profit or loss	4,698	23,192	2,719	29,912
Others	821	383	379	783
Total other gains	5,519	30,391	3,370	30,695
Total other income and gains	**31,373**	**53,095**	**19,633**	**45,464**

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, other income and gains amounted to RMB31.4 million, RMB53.1 million, RMB19.6 million and RMB45.5 million, representing 4.5%, 5.2%, 2.6% and 4.9% of our total revenue, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of (i) salaries and remuneration, (ii) equity-settled share-based payment, (iii) entertainment expenses, (iv) commissions and service fees, (v) travel expenses, and (vi) other expenses. The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Salaries and Remuneration	21,093	42.7	25,798	46.5	17,383	44.0	16,934	52.9
Equity-settled Share-based Payment	13,326	27.0	11,826	21.3	9,522	24.1	4,708	14.7
Entertainment Expenses	4,379	8.9	5,099	9.2	3,782	9.6	3,125	9.8
Commissions and Service Fees	5,858	11.9	7,027	12.7	4,942	12.5	2,828	8.8
Travel Expenses	1,988	4.0	2,388	4.3	1,630	4.1	1,732	5.4
Others[1]	2,724	5.5	3,389	6.0	2,284	5.7	2,703	8.4
Total	**49,368**	**100.0**	**55,527**	**100.0**	**39,543**	**100.0**	**32,030**	**100.0**

Note:

(1) Mainly comprising depreciation and amortization costs, rental expenses, exhibition expenses, insurance expenses, office expenses and other miscellaneous expenses.

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, our selling and marketing expenses amounted to RMB49.4 million, RMB55.5 million, RMB39.5 million and RMB32.0 million, representing 7.0%, 5.4%, 5.1% and 3.4% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consisted of (i) salaries and remuneration, (ii) office expenses, (iii) taxes and surcharges, (iv) depreciation and amortization, (v) lease expense and depreciation of right-of-use assets, (vi) service fees, (vii) equity-settled share-based payment, (viii) bank service charges, and (ix) other expenses. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
						(unaudited)		
	(in thousands, except for percentages)							
Salaries and Remuneration	16,106	31.0	26,396	41.3	16,885	38.9	19,602	39.7
Office Expenses	6,525	12.6	7,133	11.2	5,668	13.1	6,437	13.0
Taxes and Surcharges	6,149	11.9	6,866	10.8	4,537	10.5	5,598	11.3
Depreciation and Amortization	5,462	10.5	6,558	10.3	4,709	10.9	5,100	10.3
Lease Expense and Depreciation of Right-of-Use Assets	3,245	6.3	3,582	5.6	3,025	7.0	3,422	6.9
Service Fees	4,493	8.7	4,649	7.3	3,237	7.5	2,737	5.5
Equity-settled Share-based Payment	6,429	12.4	4,349	6.8	3,240	7.5	1,720	3.5
Bank Service Charges	264	0.5	220	0.3	168	0.4	269	0.5
Other Expenses[1]	3,215	6.1	4,094	6.4	1,927	4.2	4,445	9.3
Total	**51,888**	**100.0**	**63,847**	**100.0**	**43,396**	**100.0**	**49,330**	**100.0**

Note:

(1) Mainly comprising hospitality expenses, disability employment security funds, and other miscellaneous expenses.

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, our administrative expenses amounted to RMB51.9 million, RMB63.8 million, RMB43.4 million and RMB49.3 million, representing 7.4%, 6.2%, 5.6% and 5.3% of our total revenue, respectively.

Research and Development Expenses

Our research and development expenses consisted of (i) salaries and remuneration, (ii) material consumption cost, (iii) mask set cost, (iv) equity-settled share-based payment, (v) software license fee, and (vi) others. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Salaries and Remuneration	75,656	47.0	101,713	57.9	72,462	55.7	85,916	58.7
Mask Set Cost	33,504	20.8	26,682	15.2	20,052	15.4	15,917	10.9
Material Consumption Cost	10,478	6.5	12,288	7.0	8,998	6.9	11,738	8.0
Equity-settled Share-based Payment	24,888	15.5	13,117	7.5	13,845	10.6	5,592	3.8
Software License Fee	6,587	4.1	8,635	4.9	6,252	4.8	5,570	3.8
Others[(1)]	9,694	6.1	13,175	7.5	8,438	6.6	21,728	14.8
Total	**160,807**	**100.0**	**175,610**	**100.0**	**130,047**	**100.0**	**146,461**	**100.0**

Note:

(1) Mainly comprising outsourced research expenses, testing expenses, travelling expenses and other miscellaneous expenses.

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB160.8 million, RMB175.6 million, RMB130.0 million and RMB146.5 million, representing 22.9%, 17.1%, 16.9% and 15.7% of our total revenue, respectively.

Other Expenses

Our other expenses consisted of (i) foreign exchange differences, net, (ii) donations, (iii) write-down of inventories to net realizable value and (iv) others. The following table sets forth a breakdown of our other expenses for the years/periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Foreign exchange differences, net	925	–	–	5,456
Donations	2,000	3,800	–	100
Write-down of inventories to net realisable value	7,640	17,017	5,595	32,744
Others	563	207	102	547
Total	**11,128**	**21,024**	**5,697**	**38,847**

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, our other expenses amounted to RMB11.1 million, RMB21.0 million, RMB5.7 million, and RMB38.8 million, representing 1.6%, 2.0%, 0.7% and 4.2% of our total revenue, respectively.

Finance Costs

Our finance costs represented interest we incurred on lease liabilities. In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, our finance costs were RMB0.4 million, RMB0.3 million, RMB0.3 million and RMB0.2 million, respectively.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

Our reversal of impairment losses/(impairment losses) on financial assets, net primarily are in relation to provisions we made for bad debt on trade receivables, based on assessment of our customers' ability to make payments to us when they became due. In 2023, we recorded a net reversal of impairment losses on financial assets of RMB0.7 million. In 2024 and for the nine months ended September 30, 2024, and 2025, we recognized net impairment losses on financial assets of RMB40.0 thousand, RMB0.1 million and RMB1.4 million.

Share of Losses of Associates

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, due to the net loss of associates, we recorded our share of losses of associates of RMB1.6 million, RMB1.7 million, RMB0.9 million and RMB2.0 million, respectively.

Income Tax Expenses

In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, we recorded income tax expense of RMB2.0 million, RMB22.5 million, RMB17.2 million, and RMB22.6 million, respectively.

Chinese Mainland

Effective on January 1, 2008, our Company and our subsidiaries registered in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law, except for our Company and following subsidiaries which are entitled to tax preferential treatment set out below:

According to the announcement on preferential corporate income tax policies for integrated circuit and software industries, the Company was entitled to a preferential tax rate of 10% in 2023, 2024 and the nine months ended September 30, 2024 and 2025. Such qualification is subject to review by the relevant PRC governmental authorities every year. Shanghai Judong Semiconductor Co., Ltd. was accredited as a "High and New Technology Enterprise" and therefore entitled to a preferential corporate income tax rate of 15% in 2023, 2024 and the nine months ended September 30, 2024 and 2025. Such qualification is subject to review by the relevant PRC governmental authorities every three years.

During the Track Record Period, our Company was entitled to claim 220% of our qualified research and development expenses as tax deductible expenses. One of our subsidiaries was entitled to claim 200% of its qualified research and development expenses as tax deductible expenses.

Hong Kong

Our subsidiary located in Hong Kong which is a qualifying entity is subject to the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% in 2023, 2024 and the nine months ended September 30, 2024 and 2025.

The United States

Our subsidiary incorporated in the United States was subject to federal and state corporate income taxes at the rates of 21% and 8.84% of taxable income, respectively, for 2023, 2024 and the nine months ended September 30, 2024 and 2025.

Singapore

Our subsidiary located in Singapore was subject to corporate income tax at a tax rate of 17% during 2024 and the nine months ended September 30, 2024 and 2025.

Net Profit

As a result, we recorded profit for the year/period of RMB82.7 million, RMB276.0 million, RMB204.3 million and RMB310.2 million in 2023, 2024 and for the nine months ended September 30, 2024 and 2025, respectively. For details, see "— Period to Period Comparison of Results of Operations."

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 21.3% from RMB769.1 million for the nine months ended September 30, 2024 to RMB932.8 million for the nine months ended September 30, 2025, primarily attributable to increased revenue contribution from (i) SPD chips, driven by the accelerated adoption of servers, PCs and AI infrastructure, (ii) automotive-grade chips driven by intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications.

Cost of sales

Our cost of sales increased by 8.0% from RMB347.2 million for the nine months ended September 30, 2024 to RMB375.1 million for the nine months ended September 30, 2025, mainly attributable to a combined effect of our overall increase in product sales and change in product mix, resulting in a relatively moderate increase of cost of sales.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit increased by 32.2% from RMB421.9 million for the nine months ended September 30, 2024 to RMB557.7 million for the nine months ended September 30, 2025. Our gross margin increased from 54.9% for the nine months ended September 30, 2024 to 59.8% for the nine months ended September 30, 2025, mainly due to (i) an overall increased gross margin of our memory chips, and (ii) a higher contribution to our total revenue from memory chips.

Other income and gains

Our other income and gains increased by 131.6% from RMB19.6 million for the nine months ended September 30, 2024 to RMB45.5 million for the nine months ended September 30, 2025, primarily due to gains we recorded from disposal of equity securities.

Selling and marketing expenses

Our selling and marketing expenses decreased by 19.0% from RMB39.5 million for the nine months ended September 30, 2024 to RMB32.0 million for the nine months ended September 30, 2025, primarily due to a decrease of equity-settled share-based compensation provided to our sales personnel and a decrease in commission fees we paid in relation to our sales activities.

Administrative expenses

Our administrative expenses increased by 13.7% from RMB43.4 million for the nine months ended September 30, 2024 to RMB49.3 million for the nine months ended September 30, 2025, generally in line with our business expansion.

Research and development expenses

Our research and development expenses increased by 12.6% from RMB130.0 million for the nine months ended September 30, 2024 to RMB146.5 million for the nine months ended September 30, 2025, primarily due to an increase in salaries and remuneration provided to our R&D personnel and increased material consumption, resulting from our increased R&D activities to support our business expansion.

Other expenses

Our other expenses increased by 581.9% from RMB5.7 million for the nine months ended September 30, 2024 to RMB38.8 million for the nine months ended September 30, 2025, primarily due to the provision we made for write-down of inventories to net realizable value as our inventory scale expanded.

Finance costs

Our finance costs remained relatively stable at RMB0.3 million and RMB0.2 million for the nine months ended September 30, 2024 and 2025.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded net impairment losses on financial assets of RMB0.1 million and RMB1.4 million for the nine months ended September 30, 2024, and 2025, respectively, mainly as a result of a higher provision we made for bad debt due to the growth in trade receivables along with our expanded product sales.

Share of Loss of an Associate

Our share of loss of an associate increased from RMB0.9 million for the nine months ended September 30, 2024 to RMB2.0 million for the nine months ended September 30, 2025, mainly due to the net result of the associate.

Income tax expenses

Our income tax expenses increased by 31.8% from RMB17.2 million for the nine months ended September 30, 2024 to RMB22.6 million for the nine months ended September 30, 2025, in line with changes in our profit before taxation.

Profit for the period

As a result of the foregoing, our profit for the period increased by 51.8% from RMB204.3 million for the nine months ended September 30, 2024 to RMB310.2 million for the nine months ended September 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue significantly increased by 46.2% from RMB703.5 million in 2023 to RMB1,028.3 million in 2024, primarily attributable to increased revenue contribution from (i) SPD chips, driven by the accelerated adoption of servers and AI infrastructure, (ii) expanded sales of our automotive-grade chips driven by intelligent transportation and domestic sourcing by automotive OEMs, and (iii) industrial-grade memory chips, mainly driven by the growth in demand from industrial control applications.

Cost of sales

Our cost of sales increased by 23.7% from RMB375.7 million in 2023 to RMB464.7 million in 2024, generally in line with our increased product sales.

Gross profit and gross margin

As a result of the foregoing, our gross profit remarkably increased by 72.0% from RMB327.7 million in 2023 to RMB563.6 million in 2024, reflecting the rapid growth of our sales during the period. Our gross margin increased from 46.6% in 2023 to 54.8% in 2024, mainly due to (i) an overall increased gross margin of our memory chips, and (ii) a higher contribution to our total revenue from memory chips.

Other income and gains

Our other income and gains increased by 69.2% from RMB31.4 million in 2023 to RMB53.1 million in 2024, primarily due to (i) a gain from fair value change of financial assets we held, and (ii) a net gain from foreign exchange differences, partially offset by a decrease in government grant, reflecting the timing of payment.

Selling and marketing expenses

Our selling and marketing expenses increased by 12.5% from RMB49.4 million in 2023 to RMB55.5 million in 2024, mainly due to an increase in salaries and remuneration provided to our sales personnel as a result of our expanded product sales.

Administrative expenses

Our administrative expenses increased by 23.0% from RMB51.9 million in 2023 to RMB63.8 million in 2024, mainly driven by the increase in salaries and remuneration provided to our administrative staff, along with our business expansion.

Research and development expenses

Our research and development expenses increased by 9.2% from RMB160.8 million in 2023 to RMB175.6 million in 2024, primarily due to an increase in R&D headcount to support our increased R&D activities.

Other expenses

Our other expenses increased by 88.9% from RMB11.1 million in 2023 to RMB21.0 million in 2024, primarily due to the provision we made for write-down of inventories to net realisable value as our inventory scale expanded.

Finance costs

Our finance costs remained relatively stable with a slight decrease at RMB0.4 million and RMB0.3 million in 2023 and 2024, respectively.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded a net reversal of previously recognized impairment losses on financial assets in 2023, due to successful collection of outstanding amounts from customers. We recognized net impairment losses on financial assets of RMB40.0 thousand in 2024, mainly as a result of a higher provision we made for bad debt due to the growth in trade receivables along with our expanded product sales.

Share of Losses of Associates

Our share of losses of associates remained relatively stable at RMB1.6 million and RMB1.7 million in 2023 and 2024, reflecting the net results of our associates.

Income tax expenses

We recognized income tax expenses of RMB2.0 million in 2023 and RMB22.5 million in 2024, in line with changes in our profit before taxation.

Profit for the year

As a result of the foregoing, our profit for the year saw a marked increase by 233.8% from RMB82.7 million in 2023 to RMB276.0 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current Assets and Current Liabilities

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Current assets				
Inventories	225,180	243,376	274,824	278,312
Trade and bills receivables	143,977	140,910	188,990	190,650
Prepayments, other receivables and other assets	48,428	77,123	36,319	39,489
Prepaid income tax	1,575	–	111	–
Financial assets at fair value through profit or loss	716,280	878,369	508,595	654,049
Time deposits	–	–	286,807	289,118
Cash and bank balances	592,822	577,701	900,648	764,056
Total current assets	**1,728,262**	**1,917,479**	**2,196,294**	**2,215,674**
Current liabilities				
Trade payables	64,797	63,742	98,006	95,309
Contract liabilities	736	2,152	326	456
Other payables and accruals	28,054	52,066	39,729	43,199

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Lease liabilities (Current)	3,167	4,798	4,179	3,742
Tax payable	–	10,208	12,213	8,917
Total current liabilities	**96,754**	**132,966**	**154,453**	**151,623**
Net current assets	**1,631,508**	**1,784,513**	**2,041,841**	**2,064,051**

We had net current assets positions as of December 31, 2023, 2024 and as of September 30, 2025 and November 30, 2025.

Our net current assets increased from RMB1,631.5 million as of December 31, 2023 to RMB1,784.5 million as of December 31, 2024, mainly due to (i) an increase in financial assets at fair value through profit or loss of RMB162.1 million, (ii) an increase in prepayments, other receivables and other assets of RMB28.7 million and (iii) an increase in inventories of RMB18.2 million, partially offset by (i) an increase in other payables and accruals of RMB24.0 million, (ii) a decrease of cash and bank balances of RMB15.1 million and (iii) an increase in tax payable of RMB10.2 million.

Our net current assets increased from RMB1,784.5 million as of December 31, 2024 to RMB2,041.8 million as of September 30, 2025, mainly due to (i) an increase in cash and bank balances of RMB322.9 million, (ii) an increase in time deposits of RMB286.8 million, (iii) an increase in trade and bills receivables of RMB48.1 million, (iv) an increase in inventories of RMB31.4 million, and (v) a decrease in other payables and accruals of RMB12.3 million, partially offset by (i) a decrease of financial assets at fair value through profit or loss of RMB369.8 million, (ii) a decrease of prepayments, other receivables and other assets of RMB40.8 million, and (iii) an increase in trade payables of RMB34.3 million.

Our net current assets slightly increased from RMB2,041.8 million as of September 30, 2025 to RMB2,064.1 million as of November 30, 2025, mainly due to an increase in financial assets at fair value through profit or loss of RMB145.5 million, partially offset by a decrease of cash and bank balances of RMB136.6 million.

Non-Current Assets and Non-Current Liabilities

The following table sets forth the breakdown of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,		As of September 30,
	2023	**2024**	**2025**
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Non-current assets			
Property, plant and equipment	213,229	230,974	239,141
Right-of-use assets	8,313	9,943	7,579
Intangible assets	9,823	7,517	6,065
Financial assets at fair value through profit or loss	34,240	44,590	53,448
Other non-current assets	1,226	5,692	17,072
Deferred tax assets	13,470	13,806	15,146
Investment in an associate	6,156	4,435	2,395
Equity investments designated at fair value through other comprehensive income	35,493	70,881	70,873
Total non-current assets	**321,950**	**387,838**	**411,719**
Non-current liabilities			
Deferred income	4,477	4,891	4,263
Lease liabilities	5,093	4,939	3,248
Deferred tax liabilities	45	20	30
Other payables	1,232	455	–
Total non-current liabilities	**10,847**	**10,305**	**7,541**

Inventories

Our inventories mainly include (i) raw materials, (ii) finished goods, (iii) materials consigned for processing (iv) semi-finished goods, and (v) goods in transit. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Raw materials	65,547	74,940	93,210
Finished goods	90,197	101,001	125,847
Materials consigned for processing	47,697	58,167	86,426
Semi-finished goods	66,405	70,726	62,558
Goods in transit	–	325	1,216
Write-down of inventories to net realisable value	(44,666)	(61,783)	(94,433)
Total	**225,180**	**243,376**	**274,824**

Our inventories increased from RMB225.2 million as of December 31, 2023 to RMB243.4 million as of December 31, 2024. Our inventories further increased to RMB274.8 million as of September 30, 2025. The increases in our inventories were in line with our plan to adjust our inventory level to dynamically adapt to the increased market demand.

The following is an aging analysis of our inventories:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Inventories			
Up to 1 year	214,083	234,708	273,197
Over 1 year	55,763	70,451	96,060
Write-down of inventories to net realisable value	(44,666)	(61,783)	(94,433)
Total	**225,180**	**243,376**	**274,824**

The following table sets forth our inventory turnover days for the year/period indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
			(unaudited)
Inventory turnover days[1]	252	226	245

Note:

(1) Calculated as the average of beginning and ending balance of inventories for the year/period divided by cost of sales for that period and multiplied by 365 days or 273 days, as applicable.

Our inventory turnover days remained relatively stable at 252 days, 226 days and 245 days in 2023, 2024 and the nine months ended September 30, 2025, respectively.

As of November 30, 2025, we had used or sold approximately RMB91.8 million, or 24.9% of our balance of inventories as of September 30, 2025.

Trade and Bills Receivables

The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Trade receivables	132,100	133,645	179,151
Bills receivables	15,840	11,274	15,214
Less: Allowance for credit losses	(3,963)	(4,009)	(5,375)
Total	**143,977**	**140,910**	**188,990**

Our trade and bills receivables slightly decreased from RMB144.0 million as of December 31, 2023 to RMB140.9 million as of December 31, 2024 mainly due to fluctuations in settlement of our bill receivables. Our trade and bills receivables increased from RMB140.9 million as of December 31, 2024 to RMB189.0 million as of September 30, 2025, mainly in line with our expanded product sales during the Track Record Period.

During the Track Record Period, our trade and bills receivables were generally due within one year. The following table sets forth our trade receivables turnover days for the years/period indicated:

	For the year ended December 31,		For nine months ended September 30,
	2023	2024	2025
			(unaudited)
Trade receivables turnover days[(1)]	74	47	46

Note:

(1) Calculated as the average of beginning and ending balance of trade receivables for the year/period divided by revenue for that year/period and multiplied by 365 days or 273 days, as applicable.

Our trade receivables turnover days were 74 days, 47 days and 46 days in 2023, 2024 and the nine months ended September 30, 2025, respectively, mainly attributable to a higher contribution from our customers with a shorter credit term.

As of November 30, 2025, 90.1% of our trade receivables as of September 30, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth details of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Prepayments	32,331	57,552	17,094
Value-added tax recoverable	14,734	17,644	16,718
Deposits	1,435	1,718	1,830
Other receivables	1,113	1,411	1,892
Less: Impairment losses	(1,185)	(1,202)	(1,215)
Total	**48,428**	**77,123**	**36,319**

Our prepayments, other receivables and other assets increased from RMB48.4 million as of December 31, 2023 to RMB77.1 million as of December 31, 2024, which was primarily as a result of the increase in advances to suppliers from RMB32.3 million as of December 31, 2023 to RMB57.6 million as of December 31, 2024, in line with our increased procurement in response to rising customer demand. Our prepayments, other receivables and other assets decreased from RMB77.1 million as of December 31, 2024 to RMB36.3 million as of September 30, 2025, primarily attributable to the shorter payment cycles of our prepayments.

Time Deposits

We had time deposits of nil, nil and RMB286.8 million as of December 31, 2023, December 31, 2024 and September 30, 2025, respectively. The time deposits were held to earn interest income.

As of November 30, 2025, our time deposits amounted to RMB289.1 million.

Property, Plant and Equipment

Our property, plant and equipment mainly consist of buildings, machinery, electronic equipment, vehicles, other equipment and construction in progress. The following table sets forth details of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of September 30,
	2023	**2024**	**2025**
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Buildings	158,651	153,521	149,438
Motor Vehicles	337	580	908
Machinery	38,908	62,085	79,355
Electronic equipment	5,170	6,016	7,120
Other equipment	1,668	1,325	1,040
Leasehold improvements	856	958	1,280
Construction in progress	7,639	6,489	–
Total	**213,229**	**230,974**	**239,141**

Our property, plant and equipment increased from RMB213.2 million as of December 31, 2023 to RMB231.0 million as of December 31, 2024, and further increased to RMB239.1 million as of September 30, 2025, primarily as a result of our acquisition and completion of the installation of testing machinery for our business expansion which was generally in line with the growth of our revenue.

Right-of-use Assets

Our right-of-use assets mainly consist of buildings we leased for our operations. Our right-of-use assets increased from RMB8.3 million as of December 31, 2023 to RMB9.9 million as of December 31, 2024, primarily attributable to buildings we newly leased, partially offset by termination and revision of leases and depreciation provided during the year/period. Our right-of-use assets decreased from RMB9.9 million as of December 31, 2024 to RMB7.6 million as of September 30, 2025, mainly as a result of ongoing depreciation over the lease terms.

Intangible Assets

Our intangible assets primarily consist of software. Our intangible assets decreased from RMB9.8 million as of December 31, 2023 to RMB7.5 million as of December 31, 2024, and further decreased to RMB6.1 million, largely due to the amortization of our intangible assets.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss mainly represent our investments in the structured deposits and wealth management products, listed securities and private equity fund. The following table sets forth details of our financial assets at through profit or loss as of the dates indicated:

	As at December 31,		As at September 30,
	2023	2024	2025
			(unaudited)
		(in thousands)	
Current:			
Structured deposits and wealth management products	634,030	789,004	508,595
Listed equity investment	82,250	89,365	–
Subtotal	716,280	878,369	508,595
Non-current:			
Private equity fund	34,240	44,590	53,448
Total	**750,520**	**922,959**	**562,043**

Our financial assets at fair value through profit or loss increased from RMB750.5 million as of December 31, 2023 to RMB923.0 million as of December 31, 2024, primarily attributable to an increase in acquisition of structured deposits in 2024. Our financial assets at fair value through profit or loss decreased from RMB923.0 million as of December 31, 2024 to RMB562.0 million as of September 30, 2025, primarily due to disposal of listed securities, maturities of certain structured deposits, and our switch to time deposits to optimize cash management.

To monitor and control the investment risks in our financial assets at fair value through profit or loss, we have adopted a structured internal review mechanism to manage our investment and the Board or personnel designated by the Board closely supervise our decision process. Routine investments in our ordinary course of business are reviewed by Mr. ZHANG Jianchen, our general manager, Ms. YANG Yi, our chief financial officer and certain other members of our management team. See "Directors and Senior Management" for a detailed description of Mr. Zhang's and Ms. Yang's qualifications and credentials. Investments involving higher levels of risk are subject to the approval of our chairman of the Board, Mr. CHEN Zuotao. More important strategic investments are considered and reviewed by the Strategy Committee of our Board. If the Strategy Committee views a potential investment is of particular significance to us, the investment proposal will be submitted to the Board for detailed review, and the Board will further submit it to the shareholders' meeting for approval in the event that the potential opportunity falls beyond the authority of the Board. Our investment strategy related to financial assets at fair value through profit or loss focuses on managing the financial risks by reasonably and conservatively matching the estimated return on assets to anticipated our operating cash needs, while generating desirable investment returns for the benefits of our shareholders. We make investment decisions related to our financial assets at fair value through profit or loss on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of the investment managers, our own working capital conditions, and the expected profit or potential loss of the investment. The Group will comply with Chapter 14 of the Rules when making such investments after the [**REDACTED**].

Other Non-current Assets

Our other non-current assets primarily consist of prepayment for property, plant and equipment. Our other non-current assets increased from RMB1.2 million as of December 31, 2023 to RMB5.7 million as of December 31, 2024, and further increased to RMB17.1 million primarily due to the increase in our spending on property, plant and equipment for our business expansion.

Equity Investments Designated at Fair Value Through Other Comprehensive Income

Our equity investments designated at fair value through other comprehensive income mainly consist of our non-listed equity investments at fair value. Our equity investments designated at fair value through other comprehensive income increased from RMB35.5 million as of December 31, 2023 to RMB70.9 million as of December 31, 2024, primarily due to the increase in the amount of our investments. Our equity investments designated at fair value through other comprehensive income remained relatively stable at RMB70.9 million as of September 30, 2025.

Investment in an Associate

Our investment in an associate represents our equity interest in an unlisted company. As of December 31, 2023, December 31, 2024 and September 30, 2025, the carrying amount of our investment in an associate was RMB6.2 million, RMB4.4 million and RMB2.4 million, respectively. The decrease in carrying amount was mainly due to the loss incurred by our associate during the Track Record Period.

Trade Payables

Our trade payables represent outstanding amounts due to suppliers. Our trade payables remained relatively stable at RMB64.8 million as of December 31, 2023 and RMB63.7 million as of December 31, 2024. Our trade payables increased from RMB63.7 million as of December 31, 2024 to RMB98.0 million as of September 30, 2025, mainly driven by higher procurement in response to increased customer demand.

As of November 30, 2025, approximately RMB78.9 million, or 80.5% of our trade payables as of September 30, 2025 had been settled.

The following is an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Trade payables			
Up to 1 year	64,797	63,459	97,998
1 to 2 years	–	283	8
Total	**64,797**	**63,742**	**98,006**

During the Track Record Period, over 99% of our trade payables were outstanding for less than one year, which was largely in line with the credit periods granted to us by our suppliers.

The following table sets forth our trade payables turnover days for the periods indicated:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
			(unaudited)
Trade payables turnover days(1)	58	51	59

Note:

(1) Calculated as the average of beginning and ending balance of trade payables for the period divided by cost of sales for that period and multiplied by 365 days or 273 days, as applicable.

Our trade payables turnover days were 58 days, 51 days and 59 days in 2023 and 2024 and the nine months ended September 30, 2025, respectively, which was generally aligned with payment terms our suppliers and us agreed upon.

Contract Liabilities

Our contract liabilities represent the liabilities recognised when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services, primarily consisting of advances on sales of products.

Our contract liabilities increased from RMB736 thousand as of December 31, 2023 to RMB2.2 million as of December 31, 2024, primarily due to our increased revenue. Our contract liabilities decreased from RMB2.2 million as of December 31, 2024 to RMB326 thousand as of September 30, 2025, mainly due to the fulfillment of our performance obligations owed to our customers during the period.

As of November 30, 2025, approximately RMB0.3 million, or 83.5% of our contract liabilities as of September 30, 2025 were subsequently recognized as revenue.

Other Payables and Accruals

Other payables and accruals primarily consist of payroll and welfare payables, other tax payables and payables for purchase of property, plant and equipment and intangible assets.

	As of December 31,		As of September 30,
	2023	2024	2025
			(unaudited)
		(in thousands)	
Current portion			
Payroll and welfare payables	20,450	45,350	26,032
Other tax payables	1,812	2,702	12,571
Payables for purchase of property, plant and equipment	799	1,247	543
Payables for purchase of intangible assets	3,944	1,706	450
Others	1,049	1,061	133
Total current portion	28,054	52,066	39,729

	As of December 31,		As of September 30,
	2023	2024	2025
			(unaudited)
		(in thousands)	
Non-current portion			
Payables for purchase of intangible assets	1,232	455	–
Total non-current portion	1,232	455	–
Total	**29,286**	**52,521**	**39,729**

Other payables and accruals increased from RMB29.3 million as of December 31, 2023 to RMB52.5 million as of December 31, 2024 and decreased to RMB39.7 million as of September 30, 2025, primarily due to the year-end bonus for 2024 we accrued for our employees as we experienced significant growth during the year, which was subsequently paid in 2025.

Lease Liabilities

Our lease liabilities are mainly related to buildings we leased for our operations.

The following table sets forth the amounts of our lease liabilities as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB	*RMB*	*RMB*
			(unaudited)
		(in thousands)	
Current	3,167	4,798	4,179
Non-current	5,093	4,939	3,248
Total	**8,260**	**9,737**	**7,427**

Our lease liabilities, current increased from RMB3.2 million as of December 31, 2023 to RMB4.8 million as of December 31, 2024, and decreased to RMB4.2 million as of September 30, 2025, primarily because of the combined effects of new leases, lease payments, re-classification from the non-current portion to the current portion in accordance with the contract term, and termination and revision of leases.

Our lease liabilities, non-current decreased from RMB5.1 million as of December 31, 2023 to RMB4.9 million as of December 31, 2024 and further decreased to RMB3.2 million as of September 30, 2025, primarily due to our payments for the leased assets and re-classification from the non-current portion to the current portion in accordance with the contract term accordingly.

Deferred Income

Deferred income consists of government grants. Government grants consist of incentive and other subsidies to support a high-tech enterprise. There are no unfulfilled conditions related to these government grants.

Our deferred income was RMB4.5 million as of December 31, 2023, RMB4.9 million as of December 31, 2024 and RMB4.3 million as of September 30, 2025, respectively, representing the offsetting result of newly received government grants and recognition of government grants previously received into other income during the respective year/period.

KEY FINANCIAL RATIOS

	As of December 31,		As of September 30,
	2023	2024	2025
			(unaudited)
Net profit margin[1]	11.8%	26.8%	33.3%
Gross profit margin[2]	46.6%	54.8%	59.8%
Current ratio[3]	17.9	14.4	14.2
Quick ratio[4]	15.5	12.6	12.4
Debt to asset ratio[5]	5.2%	6.2%	6.2%
Trade receivables turnover days[6]	74	47	46

Notes:

(1) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period.

(2) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period.

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

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the dates indicated.

(5) Debt to asset ratio is calculated by dividing total liabilities by total assets.

(6) Calculated as the average of beginning and ending balance of trade receivables for the year/period divided by revenue for that year/period and multiplied by 365 days or 273 days, as applicable.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our working capital primarily from cash generated from our business operation. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Our cash and cash equivalents primarily consist of cash at bank. We had cash and cash equivalents of RMB592.8 million, RMB577.7 million and RMB900.6 million as of December 31, 2023 and 2024 and September 30, 2025, respectively.

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the year ended December 31		For the nine months ended September 30,	
	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Net cash flows generated from operating activities	102,709	302,093	212,649	302,487
Net cash flows (used in)/generated from investing activities	(132,822)	(225,369)	(12,547)	66,809
Net cash flows used in financing activities	(93,397)	(96,609)	(103,427)	(42,276)
Net (decrease)/increase in cash and cash equivalents	(123,510)	(19,885)	96,675	327,020
Cash and cash equivalents at the beginning of the year/period	717,324	592,822	592,822	577,701
Exchange (losses)/gains on cash and cash equivalents	(992)	4,764	920	(4,073)

	For the year ended December 31		For the nine months ended September 30,	
	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
	(in thousands)			
Cash and cash equivalents at the end of the year/period . . .	**592,822**	**577,701**	**690,417**	**900,648**

Net cash generated from operating activities

Net cash generated from operating activities for the nine months ended September 30, 2025 was RMB302.5 million, which primarily was the result of profit before tax of RMB332.8 million, adjusted by (i) non-cash items, such as write-down of inventories to net realizable value of RMB32.7 million, gain on financial assets at fair value through profit or loss of RMB29.9 million, depreciation of items of property, plant and equipment of RMB12.4 million, equity-settled share-based payment arrangements of RMB12.0 million, and amortization of intangible assets of RMB5.8 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB64.2 million, an increase in trade and bills receivables of RMB49.4 million, a decrease in prepayments, other receivables and other assets of RMB40.8 million, an increase in trade payables of RMB34.3 million and a decrease in other payables and accruals of RMB9.0 million; (iii) income tax paid of RMB22.1 million.

Net cash generated from operating activities for the year ended December 31, 2024 was RMB302.1 million, which primarily was the result of profit before tax of RMB298.6 million, adjusted by (i) non-cash items, such as depreciation of items of property, plant and equipment of RMB12.9 million, amortization of intangible assets of RMB8.8 million, gain on financial assets at fair value through profit or loss of RMB23.2 million, write-down of inventories to net realizable value of RMB17.0 million, foreign exchange differences, net of RMB5.3 million and equity-settled share-based payment arrangements of RMB29.3 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB35.2 million, an increase in prepayments, other receivables and other assets of RMB28.7 million and an increase in other payables and accruals of RMB29.8 million; and (iii) income tax paid of RMB11.9 million.

Net cash generated from operating activities for the year ended December 31, 2023 was RMB102.7 million, which primarily was the result of profit before tax of RMB84.7 million, adjusted by (i) non-cash items, such as depreciation of items of property, plant and equipment of RMB9.2 million, amortization of intangible assets of RMB6.8 million, gain on financial assets at fair value through profit or loss of RMB4.7 million, write-down of inventories to net realizable value of RMB7.6 million and equity-settled share-based payment arrangements of RMB44.6 million; (ii) effects of movement in working capital, such as an increase in inventory of RMB20.9 million, a decrease in trade and bills receivables of RMB14.9 million, an increase in trade payables of RMB11.2 million, and decrease in other payables and accruals of RMB13.6 million and (iii) income tax paid of RMB37.5 million.

Net cash (used in)/generated from investing activities

Net cash generated from investing activities for the nine months ended September 30, 2025 was RMB66.8 million, primarily due to (i) proceeds from maturity and disposal of financial assets at fair value through profit or loss of RMB2,297.8 million and (ii) proceeds from maturity of time deposits of RMB101.1 million, partially offset by (iii) purchase of financial assets at fair value through profit or loss of RMB1,907.0 million, (iv) purchase of time deposits of RMB385.0 million, and (v) purchase of items of property, plant and equipment of RMB34.1 million.

Net cash used in investing activities for the year ended December 31, 2024 was RMB225.4 million, primarily due to (i) purchase of financial assets at fair value through profit or loss of RMB2,162.0 million, (ii) purchase of items of property, plant and equipment of RMB38.6 million, and (iii) purchase of equity investments designated at fair value through other comprehensive income of RMB28.0 million, partially offset by (iv) proceeds from maturity and disposal of financial assets at fair value through profit or loss of RMB2,012.8 million.

Net cash used in investing activities for the year ended December 31, 2023 was RMB132.8 million, primarily due to (i) purchase of financial assets at fair value through profit or loss of RMB1,935.0 million, (ii) purchase of equity investments designated at fair value through other comprehensive income of RMB35.5 million, and (iii) purchase of items of property, plant and equipment of RMB25.0 million, partially offset by (iv) proceeds from maturity and disposal of financial assets at fair value through profit or loss of RMB1,879.7 million.

Net cash used in financing activities

Net cash used in financing activities for the nine months ended September 30, 2025 was RMB42.3 million, primarily due to dividends paid of RMB47.4 million and partially offset by proceeds from exercise of restricted shares scheme of RMB9.1 million.

Net cash used in financing activities for the year ended December 31, 2024 was RMB96.6 million, primarily due to (i) the repurchase and cancellation of A Shares of RMB81.8 million and (ii) dividends paid of RMB31.5 million, partially offset by proceeds from exercise of restricted shares scheme of RMB21.4 million.

Net cash used in financing activities for the year ended December 31, 2023 was RMB93.4 million, primarily due to dividends paid of RMB106.8 million, partially offset by proceeds from exercise of restricted shares scheme of RMB16.7 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, cash flows from operating activities and [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this document. After making reasonable inquiries of our management about our working capital, the Sole Sponsor concurs with the views of our Directors.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities and funds raised from financing activities, including the [**REDACTED**] we will receive from the [**REDACTED**].

INDEBTEDNESS

Lease Liabilities

Please refer to "— DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION — Lease Liabilities" for details.

Contingent Liabilities

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any material contingent liabilities, litigations, guarantees or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Company since September 30, 2025.

CAPITAL COMMITMENTS

During the Track Record Period, we did not have any material capital commitment.

CAPITAL EXPENDITURES

Our capital expenditures are primarily related to acquisition of property, plant and equipment and intangible assets. In 2023, 2024 and the nine months ended September 30, 2025, our capital expenditures amounted to RMB33.1 million, RMB48.1 million and RMB40.2 million, respectively. Our anticipated capital expenditures are subject to changes from time to time, based on a variety of factors including our business strategy, prevailing market conditions, regulatory environment and the outlook of our results of operations.

We funded these expenditures primarily with our operating cash flow, and we expect to fund our capital expenditures with our operating cash flow and [**REDACTED**] from the [**REDACTED**].

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 38 of the Accountants' Report set out in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. For details, see Note 41 of the Accountants' Report set out in Appendix I to this document.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. See Note 41 of the Accountants' Report set out in Appendix I to this document for an illustration of the sensitivity as of December 31, 2023 and 2024 and September 30, 2025 to a reasonably possible change in the USD exchange rate, with all other variables held constant, of our profit before tax (due to changes in the retranslated value of monetary assets and liabilities).

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

As of December 31, 2023 and 2024 and September 30, 2025, our Group had certain concentrations of credit risk as our trade receivables of RMB31.9 million, RMB29.1 million and RMB60.4 million were due from our largest customer of respective year/period, and our trade receivables of RMB94.1 million, RMB68.6 million and RMB93.6 million were due from our five largest customers of respective year/period. We seek to maintain strict control over our outstanding receivables and have minimize credit risk.

See Note 41 of the Accountants' Report set out in Appendix I to this document for an illustration showing the credit quality and the maximum exposure to credit risk based on our credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our objective is to maintain a balance for continuity of funding to finance our working capital needs as well as capital expenditure.

See Note 41 of the Accountants' Report set out in Appendix I to this document for the maturity profile of our financial liabilities during the Track Record Period, based on the contractual undiscounted payments.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDEND POLICY

We may distribute dividends in the form of cash, stocks or a combination of cash and stocks. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of our shareholders. The Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, business prospects, operating requirements, capital requirements, payments by our subsidiaries of cash dividends to us, statutory, regulatory and contractual considerations and any other factors that the Board may deem relevant. A decision to declare or to pay any dividends in the future, and the amount of such dividends, will hence depend on these factors. According to the applicable PRC laws and our Articles of Association, we may pay dividends out of our profit after tax only after we have made the (i) recovery of accumulated losses, if any; (ii) allocations to the statutory reserve equivalent to 10% of our Company's profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our Company's total issued share capital, no further allocations to this statutory reserve will be required; and (iii) allocations, if any, to a discretionary common reserve as approved by our shareholders in a shareholders' meeting.

Furthermore, as set forth in our Articles of Association, the accumulated profits distributed in cash (including by means of share repurchase) for the most recent three years shall in principle not be less than 30% of our Company's annual average audited net profit attributable to owners of our Company for the last three years.

There can be no assurance that a dividend will be proposed or declared in any given year. The information on policies relating to dividends constitutes forward-looking statements, which are not guarantees of future financial performance. Our actual future dividends or capital distributions could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described under "Forward-Looking Statements" and "Risk Factors."

During the Track Record Period, the total dividends we declared or paid were RMB106.8 million for the year ended December 31, 2023, RMB31.5 million for the year ended December 31, 2024 and RMB47.4 million for the nine months ended September 30, 2025, respectively.

Withholding taxes at a rate of 10% were levied on the aforementioned dividends paid to (i) QFIIs, (ii) investors holding our A Shares through the Shanghai-Hong Kong Stock Connect regime, and (iii) investors holding our A Shares subject to selling restrictions pursuant to the Notice on Issues Relating to the Implementation of Differential Individual Income Tax Policies for Dividends from Listed Companies (《關於實施上市公司股利紅利差別化個人所得稅政策有關問題的通知》).

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had approximately RMB1,054.9 million of retained earnings available for distribution to our shareholders.

[**REDACTED**]

Assuming the [**REDACTED**] is not exercised, an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (which is the mid-point of the [**REDACTED**]) and the full payment of the discretionary [**REDACTED**], if any, we expect to incur approximately HK$[**REDACTED**] million of [**REDACTED**] (including (i) [**REDACTED**]-related expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately HK$[**REDACTED**] million, (ii) fees and expenses of legal advisors and accountants amounting to approximately HK$[**REDACTED**] million and (iii) other fees and expenses relating to the [**REDACTED**], including but not limited to the [**REDACTED**], amounting to approximately HK$[**REDACTED**] million), accounting for approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**]. Approximately HK$[**REDACTED**] million of our [**REDACTED**] is expected to be charged to our consolidated statements of comprehensive income and approximately HK$[**REDACTED**] million is expected to be deducted from equity upon [**REDACTED**]. We did not incur [**REDACTED**] during the Track Record Period. The estimate of [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[**REDACTED**]

[REDACTED]

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our business, financial condition and results of operations since September 30, 2025, which is the end date of the period reported on in the Accountants' Report in Appendix I to this document, and there is no event since September 30, 2025 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

[REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share) and that the [**REDACTED**] is not exercised, in line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance the development of our core memory chip and mixed signal technologies and the related design and processing platforms, with an aim to solidify the core technology barriers underpinning our future product portfolio and further drive the continuous expansion of our product matrix. Specifically:

    ○ Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to maintain and further expand and strengthen our R&D team. Over the next six years, we plan to focus on recruiting and retaining R&D talents, in particular, product designers, testing engineer, and technical support personnel, to support the development of our next-generation memory chip products, mixed-signal chips and the related supporting products, including (i) memory chip products featuring smaller memory units, higher performance, and enhanced reliability; (ii) algorithms, novel sensing technologies, and advanced packaging techniques for mixed-signal chip products; and (iii) new memory chip solutions to better capture emerging industry trends. We will attract and retain R&D talents through competitive incentive schemes and diverse and flexible collaboration models, to strengthen our talent base with long-term value and further reinforce our competitiveness;

  - Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to procure key resources supporting our R&D activities, including equipment, software tools, and processing development-related materials, to further support our continuous technological iteration and R&D activities. Specifically, we plan to (i) procure critical R&D equipment, such as wafer and chip-level processing failure analysis systems and instruments, environmental and reliability stress testing equipment, electrical performance testing equipment, and surface structure analysis equipment; (ii) procure R&D software tools, such as EDA (electronic design automation) software and reprogrammable IP, as well as tools for developing and building a shared IP platform to facilitate our chip design; and (iii) purchase auxiliary materials and services for our processing engineering and development work;

  - Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our R&D facilities adding new laboratories, server rooms, and office space for R&D personnel, thereby better accommodating our growing R&D team, meet increasing R&D development needs, and provide the necessary space and conditions for introducing more advanced R&D equipment; and

  - Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to facilitate collaboration with third-party developers on joint R&D, technical validation, and solution optimization for high-performance computing-based chip products and the related supporting products, with an aim to accelerate our product development, enhance our technology capabilities in those fields, and further enrich our product matrix;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our global supply chain, strengthen our team outside China, and enhance our marketing efforts overseas. Specifically:

  - Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our global supply chain, continuously improve our global logistics and warehousing layout, effectively reduce supply chain risks, and enhance the stability, responsiveness, and delivery quality of our supply chain. Specifically, we plan to (i) further deepen our collaborations with renowned overseas wafer foundries and packaging/testing facilities while refining our procurement and quality supply chain management functions in key regions where we operate; (ii) recruit supply chain personnel and establish supply chain teams in those regions outside China; and (iii) lease or construct overseas logistics facilities and warehousing points;

  - ○ Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to strengthen our overseas team outside China. Specifically, we plan to (i) attract well-regarded overseas product design teams and talent; and (ii) establish joint R&D collaboration with leading global R&D teams to support continuous technological upgrades and the expansion of our global business; and

  - ○ Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for overseas market expansion and the related marketing activities, including conducting overseas branding campaigns and participating in globally influential industry exhibitions, to deepen our relationships with our global customers and further enhance our visibility and influence in overseas markets;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for strategic investments and/or acquisitions, with a focus on investment and acquisition opportunities that offer synergies with our existing product portfolio, enhance our design capabilities, process technology and supply chain capabilities, and support horizontal expansion into emerging areas. We will seek potential strategic investment and acquisition opportunities globally, focusing on chip design companies that are industry-leading, possess high barriers to entry, generate synergies with our existing business or sales channels, and align with industry development trends. We will adopt a prudent and open approach to identify high-quality targets that match our strategic direction, and based on thorough evaluation, steadily advance strategic investments and resource integration to achieve rapid enhancement of technological capabilities and accelerated expansion of our product lines. As of the Latest Practicable Date, we had not identified any target of potential acquisition; and

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

In the event that the [**REDACTED**] is set at the [**REDACTED**] or the [**REDACTED**] of the indicative [**REDACTED**], the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] million, respectively. If we make an upward or downward [**REDACTED**] adjustment to set the final [**REDACTED**] to be above or below the mid-point of the [**REDACTED**], we will increase or decrease the allocation of the [**REDACTED**] to the above purposes on a pro rata basis.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] was exercised in full would be (i) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]), (ii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the [**REDACTED**]) and (iii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]).

To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

We will only place the net [**REDACTED**] of the [**REDACTED**] that are not immediately required for the above purposes in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions as defined under the SFO or applicable laws and regulations in other jurisdictions so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GIANTEC SEMICONDUCTOR CORPORATION AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Giantec Semiconductor Corporation (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the nine months ended 30 September 2024 and 2025, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2025 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation of the Interim Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods and the nine months ended 30 September 2024 and 2025.

[●]
Certified Public Accountants
Hong Kong

[DATE]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The unaudited interim financial Information in this report was prepared based on the management accounts of the Group for the nine months ended 30 September 2024 and 2025.

The Historical Financial Information and the unaudited interim financial information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		Nine months ended 30 September	
	Notes	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
REVENUE	5	703,477	1,028,277	769,083	932,810
Cost of sales		(375,738)	(464,688)	(347,203)	(375,144)
Gross profit		327,739	563,589	421,880	557,666
Other income and gains	6	31,373	53,095	19,633	45,464
Selling and marketing expenses		(49,368)	(55,527)	(39,543)	(32,030)
Administrative expenses		(51,888)	(63,847)	(43,396)	(49,330)
Research and development expenses		(160,807)	(175,610)	(130,047)	(146,461)
Other expenses	8	(11,128)	(21,024)	(5,697)	(38,847)
Finance costs	9	(383)	(344)	(263)	(203)
Reversal of impairment losses/(impairment losses) on financial assets, net		729	(40)	(134)	(1,399)
Share of losses of associates		(1,603)	(1,721)	(934)	(2,040)
PROFIT BEFORE TAX	7	84,664	298,571	221,499	332,820
Income tax expense	12	(1,969)	(22,531)	(17,166)	(22,630)
PROFIT FOR THE YEAR/PERIOD		82,695	276,040	204,333	310,190
Attributable to:					
Owners of the parent		100,358	290,270	211,363	319,852
Non-controlling interests		(17,663)	(14,230)	(7,030)	(9,662)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic (RMB per share)	14	0.64	1.84	1.33	2.02
Diluted (RMB per share)	14	0.63	1.82	1.32	2.01

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		Nine months ended 30 September	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
PROFIT FOR THE YEAR/PERIOD	82,695	276,040	204,333	310,190
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:				
Equity investments at fair value through other comprehensive income:				
Changes in fair value	–	6,634	–	–
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations	309	(603)	(127)	118
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	309	6,031	(127)	118
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	83,004	282,071	204,206	310,308
Attributable to:				
Owners of the parent	100,667	296,301	211,236	319,970
Non-controlling interests	(17,663)	(14,230)	(7,030)	(9,662)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 September
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
				(unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	213,229	230,974	239,141
Right-of-use assets	*16(a)*	8,313	9,943	7,579
Intangible assets	*17*	9,823	7,517	6,065
Financial assets at fair value through profit or loss	*18*	34,240	44,590	53,448
Other non-current assets	*19*	1,226	5,692	17,072
Deferred tax assets	*31*	13,470	13,806	15,146
Investment in an associate	*21*	6,156	4,435	2,395
Equity investments designated at fair value through other comprehensive income	*20*	35,493	70,881	70,873
Total non-current assets		321,950	387,838	411,719
CURRENT ASSETS				
Inventories	*23*	225,180	243,376	274,824
Trade and bills receivables	*24*	143,977	140,910	188,990
Prepayments, other receivables and other assets	*25*	48,428	77,123	36,319
Prepaid income tax		1,575	–	111
Financial assets at fair value through profit or loss	*18*	716,280	878,369	508,595
Time deposits	*26(b)*	–	–	286,807
Cash and bank balances	*26(a)*	592,822	577,701	900,648
Total current assets		1,728,262	1,917,479	2,196,294

	Notes	As at 31 December 2023	As at 31 December 2024	As at 30 September 2025
		RMB'000	RMB'000	RMB'000 (unaudited)
CURRENT LIABILITIES				
Trade payables	*27*	64,797	63,742	98,006
Contract liabilities	*28*	736	2,152	326
Other payables and accruals	*29*	28,054	52,066	39,729
Lease liabilities	*16(b)*	3,167	4,798	4,179
Tax payable		–	10,208	12,213
Total current liabilities		96,754	132,966	154,453
NET CURRENT ASSETS		1,631,508	1,784,513	2,041,841
TOTAL ASSETS LESS CURRENT LIABILITIES		1,953,458	2,172,351	2,453,560
NON-CURRENT LIABILITIES				
Deferred income	*30*	4,477	4,891	4,263
Lease liabilities	*16(b)*	5,093	4,939	3,248
Deferred tax liabilities	*31*	45	20	30
Other payables	*29*	1,232	455	–
Total non-current liabilities		10,847	10,305	7,541
Net assets		1,942,611	2,162,046	2,446,019
EQUITY				
Equity attributable to owners of the parent				
Share capital	*32*	158,173	157,719	158,271
Reserves	*34*	1,813,134	2,047,253	2,340,336
Non-controlling interests		(28,696)	(42,926)	(52,588)
Total equity		1,942,611	2,162,046	2,446,019

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	**Capital reserve***	**Statutory surplus reserve***	**Share-based payment reserve***	**Exchange fluctuation reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *(note 32)*	*RMB'000* *(note 34(a))*	*RMB'000* *(note 34(b))*	*RMB'000* *(note 34(c))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	120,906	1,131,150	80,248	51,444	1,854	530,099	1,915,701	(12,151)	1,903,550
Profit for the year	–	–	–	–	–	100,358	100,358	(17,663)	82,695
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	309	–	309	–	309
Total comprehensive income for the year	–	–	–	–	309	100,358	100,667	(17,663)	83,004
Capital injection from a non-controlling shareholder	–	–	–	–	–	–	–	1,920	1,920
Equity-settled share-based payment arrangements	875	54,401	–	6,415	–	–	61,691	–	61,691
Dividend	–	–	–	–	–	(106,752)	(106,752)	–	(106,752)
Conversion of capital reserve into share capital	36,392	(36,392)	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	(802)	(802)
At 31 December 2023	158,173	1,149,159	80,248	57,859	2,163	523,705	1,971,307	(28,696)	1,942,611

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	Capital reserve*	Statutory surplus reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (*note 32*)	*RMB'000* (*note 34(a)*)	*RMB'000* (*note 34(b)*)	*RMB'000* (*note 34(c)*)	*RMB'000*	*RMB'000* (*note 34(d)*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	158,173	1,149,159	80,248	57,859	2,163	–	523,705	1,971,307	(28,696)	1,942,611
Profit for the year	–	–	–	–	–	–	290,270	290,270	(14,230)	276,040
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	6,634	–	6,634	–	6,634
Exchange differences on translation of foreign operations	–	–	–	–	(603)	–	–	(603)	–	(603)
Total comprehensive income for the year	–	–	–	–	(603)	6,634	290,270	296,301	(14,230)	282,071
Repurchase and cancel of A shares	(1,587)	(80,230)	–	–	–	–	–	(81,817)	–	(81,817)
Equity-settled share-based payment arrangements	1,133	60,308	–	(10,792)	–	–	–	50,649	–	50,649
Dividend	–	–	–	–	–	–	(31,468)	(31,468)	–	(31,468)
At 31 December 2024	157,719	1,129,237	80,248	47,067	1,560	6,634	782,507	2,204,972	(42,926)	2,162,046

Nine months ended 30 September 2024 (unaudited)

	Attributable to owners of the parent								
	Share capital	Capital reserve	Statutory surplus reserve	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *(note 32)*	*RMB'000* *(note 34(a))*	*RMB'000* *(note 34(b))*	*RMB'000* *(note 34(c))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	158,173	1,149,159	80,248	57,859	2,163	523,705	1,971,307	(28,696)	1,942,611
Profit for the period	–	–	–	–	–	211,363	211,363	(7,030)	204,333
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	(127)	–	(127)	–	(127)
Total comprehensive income for the period	–	–	–	–	(127)	211,363	211,236	(7,030)	204,206
Repurchase and cancel of A shares	(1,587)	(80,230)	–	–	–	–	(81,817)	–	(81,817)
Equity-settled share-based payment arrangements	836	43,370	–	(3,935)	–	–	40,271	–	40,271
Dividend	–	–	–	–	–	(31,468)	(31,468)	–	(31,468)
At 30 September 2024	157,422	1,112,299	80,248	53,924	2,036	703,600	2,109,529	(35,726)	2,073,803

Nine months ended 30 September 2025 (unaudited)

	Attributable to owners of the parent									
	Share capital	Capital reserve*	Statutory surplus reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 32)*	*RMB'000* *(note 34(a))*	*RMB'000* *(note 34(b))*	*RMB'000* *(note 34(c))*	*RMB'000*	*RMB'000* *(note 34(d))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	157,719	1,129,237	80,248	47,067	1,560	6,634	782,507	2,204,972	(42,926)	2,162,046
Profit for the period	–	–	–	–	–	–	319,852	319,852	(9,662)	310,190
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	118	–	–	118	–	118
Total comprehensive income for the period	–	–	–	–	118	–	319,852	319,970	(9,662)	310,308
Equity-settled share-based payment arrangements	552	31,210	–	(10,662)	–	–	–	21,100	–	21,100
Dividend	–	–	–	–	–	–	(47,435)	(47,435)	–	(47,435)
At 30 September 2025	158,271	1,160,447	80,248	36,405	1,678	6,634	1,054,924	2,498,607	(52,588)	2,446,019

* These reserve accounts comprise the consolidated reserves of RMB1,813,134,000, RMB2,047,253,000 and RMB2,340,336,000 (unaudited) in the consolidated statements of financial position as at 31 December 2023 and 2024 and 30 September 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Nine months ended 30 September	
	Notes	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		84,664	298,571	221,499	332,820
Adjustments for:					
Share of losses of associates		1,603	1,721	934	2,040
Gain on disposal of equity in an associate		(602)	–	–	–
Depreciation of items of property, plant and equipment	*7*	9,222	12,879	9,453	12,435
Depreciation of right-of-use assets	*7*	4,283	4,554	3,328	3,846
Amortisation of intangible assets	*7*	6,818	8,765	7,273	5,774
Loss/(gain) on disposal of items of property, plant and equipment		55	18	18	(38)
Gain on termination and revision of leases		(210)	(291)	(291)	(22)
Gain on financial assets at fair value through profit or loss	*6*	(4,698)	(23,192)	(2,719)	(29,912)
Interest income from time deposits	*6*	–	–	–	(2,857)
Write-down of inventories to net realisable value	*7*	7,640	17,017	5,595	32,744
(Reversal of impairment)/Impairment of financial assets	*7*	(729)	40	134	1,399
Foreign exchange differences, net		1,424	(5,340)	(1,020)	4,180
Finance costs	*9*	383	344	263	203
Equity-settled share-based payment arrangements		44,643	29,292	26,606	12,020
Increase in inventories		(20,875)	(35,213)	(7,079)	(64,192)
Decrease/(increase) in trade and bills receivables		14,938	3,021	1,590	(49,446)
Decrease/(increase) in prepayments, other receivables and other assets		343	(28,712)	(48,352)	40,791

	Notes	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Increase/(decrease) in trade payables		11,200	(1,055)	2,131	34,264
(Decrease)/increase in other payables and accruals		(13,564)	29,790	(112)	(9,042)
(Decrease)/increase in contract liabilities		(4,076)	1,416	590	(1,826)
(Decrease)/increase in deferred income		(2,289)	414	121	(628)
Cash generated from operations		140,173	314,039	219,962	324,553
Income tax paid		(37,464)	(11,946)	(7,313)	(22,066)
Net cash flows generated from operating activities		102,709	302,093	212,649	302,487
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of items of property, plant and equipment		(24,966)	(38,648)	(24,567)	(34,126)
Proceeds from disposal of items of property, plant and equipment		1	–	–	90
Purchase of intangible assets		(8,089)	(9,474)	(7,495)	(6,033)
Purchase of time deposits		–	–	–	(385,000)
Maturity of time deposits		–	–	–	101,050
Proceeds from disposal of financial assets at fair value through profit or loss		1,879,725	2,012,753	1,496,515	2,297,828
Purchase of financial assets at fair value through profit or loss		(1,935,000)	(2,162,000)	(1,477,000)	(1,907,000)
Investment in an associate		(9,000)	–	–	–
Purchase of equity investments designated at fair value through other comprehensive income		(35,493)	(28,000)	–	–
Net cash flows (used in)/generated from investing activities		(132,822)	(225,369)	(12,547)	66,809

		Year ended 31 December		Nine months ended 30 September	
	Notes	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution by non-controlling shareholders		1,920	–	–	–
Proceeds from exercise of restricted shares scheme		16,677	21,436	13,665	9,080
Lease payments		(4,440)	(4,760)	(3,596)	(3,974)
Repurchase and cancel of A shares		–	(81,817)	(81,817)	–
Deregistration and liquidation of a subsidiary		(802)	–	–	–
Dividends paid		(106,752)	(31,468)	(31,468)	(47,435)
Others		–	–	(211)	53
Net cash flows used in financing activities		(93,397)	(96,609)	(103,427)	(42,276)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(123,510)	(19,885)	96,675	327,020
Cash and cash equivalents at beginning of year/period		717,324	592,822	592,822	577,701
Effect of foreign exchange rate changes, net		(992)	4,764	920	(4,073)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		592,822	577,701	690,417	900,648
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	*26*	592,822	577,701	690,417	900,648
Cash and cash equivalents as stated in the statements of cash flows	*26*	592,822	577,701	690,417	900,648

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 September
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	210,912	228,262	235,593
Right-of-use assets	*16(a)*	4,220	5,062	4,793
Intangible assets	*17*	15,028	38,305	25,703
Financial assets at fair value through profit or loss	*18*	34,240	44,590	53,448
Other non-current assets	*19*	62,076	70,809	89,539
Deferred tax assets	*31*	12,148	11,888	13,232
Investment in an associate	*21*	6,156	4,435	2,395
Investments in subsidiaries	*22*	69,568	77,779	82,265
Equity investments designated at fair value through other comprehensive income	*20*	35,000	70,259	70,259
Total non-current assets		449,348	551,389	577,227
CURRENT ASSETS				
Inventories	*23*	180,025	166,908	192,243
Trade and bills receivables	*24*	86,826	65,989	89,810
Prepayments, other receivables and other assets	*25*	76,798	133,346	119,909
Prepaid income tax		867	–	–
Financial assets at fair value through profit or loss	*18*	716,280	878,369	508,595
Amounts due from subsidiaries		155,345	175,988	179,632
Time deposits	*26(b)*	–	–	286,807
Cash and bank balances	*26(a)*	489,871	441,567	785,700
Total current assets		1,706,012	1,862,167	2,162,696

		As at 31 December		As at 30 September
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
CURRENT LIABILITIES				
Trade payables	*27*	61,232	58,620	92,883
Contract liabilities	*28*	613	932	203
Other payables and accruals	*29*	22,256	38,490	25,514
Lease liabilities	*16(b)*	1,398	2,090	2,140
Tax payable		–	6,249	8,875
Amounts due to subsidiaries		8,008	14,461	25,223
Total current liabilities		93,507	120,842	154,838
NET CURRENT ASSETS		1,612,505	1,741,325	2,007,858
TOTAL ASSETS LESS CURRENT LIABILITIES		2,061,853	2,292,714	2,585,085
NON-CURRENT LIABILITIES				
Deferred income	*30*	4,477	4,891	4,263
Lease liabilities	*16(b)*	2,993	2,809	2,618
Other payables	*29*	1,232	455	–
Total non-current liabilities		8,702	8,155	6,881
Net assets		2,053,151	2,284,559	2,578,204
EQUITY				
Share capital	*32*	158,173	157,719	158,271
Reserves	*34*	1,894,978	2,126,840	2,419,933
Total equity		2,053,151	2,284,559	2,578,204

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION AND THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was registered as a limited liability company in the People's Republic of China ("PRC") on 13 November 2009, and was converted into a joint stock company on 26 September 2018. The registered office of the Company is located at Building 10, No. 1761, Zhangdong Road, China (Shanghai) Pilot Free Trade Zone. The Company's A shares have been listed on the Shanghai Stock Exchange since 23 December 2019.

During the Relevant Periods and the nine months ended 30 September 2024 and 2025, the Company and its subsidiaries (collectively, the "Group") were principally involved in the research on and the sale of memory chips, mixed-signal chips and NFC chips.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Notes	Place and date of registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
GIANTEC-SEMI IMPORT & EXPORT (HONG KONG) LIMITED* (聚辰半導體進出口(香港)有限公司) . .	*(ii)*	Hong Kong 11 December 2009	HKD100	100%	–	Sales of integrated circuits
Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司) . . .	*(i)*	Chinese Mainland 22 October 2020	RMB2,000,000	51%	–	Integrated circuit research and development
Giantec Semiconductor (Suzhou) Co., Ltd.* (聚辰半導體(蘇州)有限公司)	*(i)*	Chinese Mainland 9 September 2021	RMB7,000,000	100%	–	Integrated circuit research and development
Giantec Semiconductor (Nanjing) Co., Ltd.* (聚辰半導體(南京)有限公司) . .	*(i)*	Chinese Mainland 16 September 2021	RMB10,000,000	100%	–	Integrated circuit research and development and sales
Giantec Semiconductor (Chengdu) Co., Ltd.* (聚辰半導體(成都)有限公司) . .	*(i)*	Chinese Mainland 29 January 2024	RMB20,000,000	100%	–	Integrated circuit research and development
Giantec Semiconductor Inc.	*(iii)*	United States 17 June 2010	USD200,000	–	100%	Provision of support services
Giantec Semiconductor (Singapore) PTE.LTD.	*(iii)*	Singapore 13 August 2024	SGD1	–	100%	Integrated circuit research and development

Notes:

* The English names of the above companies registered in Chinese Mainland represent the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

(i) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by BDO LLP Shanghai Branch (立信會計師事務所(特殊普通合夥)上海分所), certified public accountants registered in Chinese Mainland.

(ii) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and properly prepared in compliance with the Hong Kong Companies Ordinance was audited by PKF Hong Kong, certified public accountants registered in Hong Kong.

(iii) No audited financial statements have been prepared for these entities for the years ended 31 December 2023 and 2024.

2.1 BASIS OF PREPARATION

The Historical Financial Information and the unaudited Interim Financial Information have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board ("IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information and the unaudited Interim Financial Information throughout the Relevant Periods and the nine months ended 30 September 2024 and 2025.

The Historical Financial Information and the unaudited Interim Financial Information have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the Historical Financial Information of the Group for the Relevant Periods and the nine months ended 30 September 2024 and 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information and the unaudited Interim Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[1]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specific totals and subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investment in an associate

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures certain of its financial assets and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information and the unaudited Interim Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information and the unaudited Interim Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.71% to 9.50%
Motor vehicles	19.00%
Machinery	9.50% to 19.00%
Electronic equipment	19.00%
Other equipment	19.00%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the reporting period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	1 to 10 years
Patents	2 to 10 years
Non-patent technology	2 to 3 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	22 to 74 months

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial investments at fair value through profit or loss

Financial investments at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, processing costs and other costs. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks as defined above.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales contracts between the Group and its customers include performance obligations to transfer chips, which are satisfied at a point in time.

The Group generates revenue from the sale of chips, including sales from direct selling model and sales from distribution arrangements, which is recognised at the point in time when control of the assets is transferred to the customers, which is the point of acceptance by the customers according to the contract.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates restricted A share incentive schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of restricted A shares for employees is determined by an external valuer using the Black-Scholes formula. Since there are no cash settlement alternatives, the Group accounts for the restricted A-share incentive schemes as equity-settled share-based schemes, further details of which are given in note 33 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland 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 statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information and the unaudited Interim Financial Information.

Foreign currencies

The Historical Financial Information and the unaudited Interim Financial Information are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the beginning of the month in which the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the beginning of the month in which the transaction occurs. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year/period are translated into RMB at the weighted average exchange rates for the year/period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information and the unaudited Interim Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information and the unaudited Interim Financial Information:

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 31 to the Historical Financial Information and the unaudited Interim Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the retail sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables and prepayments, other receivables and other assets is disclosed in note 24 and note 25 to the Historical Financial Information and the unaudited Interim Financial Information, respectively.

Write-down of inventories to net realisable value

In accordance with the inventory accounting policy, the Group measures inventories at the lower of cost and net realisable value, and accrues inventory price falling reserves for inventories whose costs are higher than net realisable value, obsolete and unsaleable. The write-down of inventories to net realisable value is based on the assessment of the marketability of inventories and their net realisable value. Identifying write-down of inventories to net realisable value requires management to make judgements and estimates based on the availability of conclusive evidence and taking into account factors such as the purpose for which the inventory is held and the impact of events after the reporting period. The difference between the actual result and the original estimate will affect the book value of the inventory and the accrual or reversal of the inventory depreciation reserves in the period in which the estimate is changed.

Estimated fair value of unlisted financial investments

The fair value of financial investments that are not traded in an active market, such as unlisted investments measured at fair value is determined using valuation techniques. The Group uses its judgement to select methods and make assumptions that are consistent with the characteristics of the assets considered by market participants in the transactions of related assets. The Group uses the relevant observable inputs as much as possible and uses unobservable input values if the relevant observable inputs cannot be obtained or are not feasible. The key assumptions adopted in the valuation methodologies are set out in note 40 to the Historical Financial Information and the unaudited Interim Financial Information.

Share-based payments

Restricted A-share incentive schemes are operated for the purpose of providing incentives to the Group's employees. The grant date fair values of the shares of the employee incentive schemes are determined based on valuation. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. However, this estimate may be revised if the number of equity instruments that will ultimately vest changes in the future. Further details are contained in note 33 to the Historical Financial Information and the unaudited Interim Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group manages its business as a whole for the purpose of making decision on resource allocation and performance assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Chinese Mainland	379,027	468,877	348,426	398,398
Macau, Hong Kong and Taiwan	260,674	465,170	347,036	480,564
South Korea	40,486	66,655	51,687	37,522
Other countries/regions	23,290	27,575	21,934	16,326
Total	703,477	1,028,277	769,083	932,810

The revenue information above is based on the locations where the customers are incorporated.

(b) Non-current assets

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Chinese Mainland	238,437	258,206	272,024
Other countries/regions	310	355	228
Total	238,747	258,561	272,252

The non-current asset information above is based on the locations of reporting entities and excludes investments in financial instruments and deferred tax assets.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Customer A	161,356	353,698	265,169	382,992
Customer B	132,793	121,544	94,829	*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from contracts with customers	703,477	1,028,277	769,083	932,810

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2024	2024	2025
Types of goods				
Memory chips	561,688	885,989	659,554	825,258
Mixed-signal chips	87,163	105,010	78,774	83,326
NFC chips and others	54,626	37,278	30,755	24,226
Total	703,477	1,028,277	769,083	932,810
Locations where the customers are incorporated				
Chinese Mainland	379,027	468,877	348,426	398,398
Macau, Hong Kong and Taiwan	260,674	465,170	347,036	480,564
South Korea	40,486	66,655	51,687	37,522
Other countries/regions	23,290	27,575	21,934	16,326
Total	703,477	1,028,277	769,083	932,810
Timing of revenue recognition				
Goods transferred at a point in time	703,477	1,028,277	769,083	932,810

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	4,812	736	736	2,152

(b) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Sale of memory chips, mixed-signal chips, NFC chips and others

The performance obligation is satisfied upon delivery of chips to the customer and payment is generally due within 30 to 90 days.

For the performance obligations, they are generally satisfied within less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Other income				
Government grants*	14,522	9,550	6,916	2,462
Bank interest income	11,170	10,383	6,672	8,146
Interest income from time deposits	–	–	–	2,857
Additional VAT deduction**	–	2,472	2,381	1,079
Others	162	299	294	225
Total other income	25,854	22,704	16,263	14,769
Other gains				
Foreign exchange differences, net	–	6,816	272	–
Gain on financial assets at fair value through profit or loss	4,698	23,192	2,719	29,912
Others	821	383	379	783
Total other gains	5,519	30,391	3,370	30,695
Total other income and gains	31,373	53,095	19,633	45,464

* Government grants related to income that is received as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period upon actual receipt. There are no unfulfilled conditions or contingencies relating to these grants. And the Group has received certain government grants related to purchases of items of property, plant and equipment. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 15% deduction calculated based on the input value-added tax ("**VAT**") from the VAT payable since 1 January 2023. The amount of additional deduction is recognised in profit or loss when the entities apply the preferential tax treatment.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		Nine months ended 30 September	
	Notes	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Cost of inventories sold*		375,738	464,688	347,203	375,144
Depreciation of property, plant and equipment	*15*	9,222	12,879	9,453	12,435
Depreciation of right-of-use assets	*16*	4,283	4,554	3,328	3,846
Amortisation of intangible assets	*17*	6,818	8,765	7,273	5,774
Research and development costs*		160,807	175,610	130,047	146,461
Gain on financial assets at fair value through profit or loss	*6*	(4,698)	(23,192)	(2,719)	(29,912)
Foreign exchange differences, net	*6,8*	925	(6,816)	(272)	5,456
(Reversal of impairment of financial assets)/Impairment of financial assets		(729)	40	134	1,399
Write-down of inventories to net realisable value	*8*	7,640	17,017	5,595	32,744
Bank interest income	*6*	(11,170)	(10,383)	(6,672)	(8,146)
Interest income from time deposits	*6*	–	–	–	(2,857)
Donations	*8*	2,000	3,800	–	100
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration *(note 10)*):					
Wages and salaries		98,729	132,470	92,096	108,967
Pension scheme contributions		9,652	11,194	8,776	10,391
Equity-settled share-based payment expense	*33*	44,643	27,393	25,182	11,304

* Cost of inventories sold and research and development costs include expenses relating to depreciation of property, plant and equipment, amortisation of intangible assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Foreign exchange differences, net	925	–	–	5,456
Donations	2,000	3,800	–	100
Write-down of inventories to net realisable value	7,640	17,017	5,595	32,744
Others	563	207	102	547
Total	11,128	21,024	5,697	38,847

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Interest on lease liabilities	383	344	263	203

10. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods and the nine months ended 30 September 2024 and 2025 is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Fees	300	300	150	300
Other emoluments:				
Salaries, allowances and benefits in kind	4,248	9,024	5,668	5,435
Pension scheme contributions	239	295	234	186
Equity-settled share-based payment expense	–	1,899	1,424	716
Total	4,787	11,518	7,476	6,637

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the nine months ended 30 September 2024 and 2025 were as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Mr. Pan Min *(i)*	100	72	50	–
Mr. Rao Yao *(ii)*	100	72	50	–
Mr. Huang Yijian *(iii)*	78	–	–	–
Ms. Chen Dong *(iv)*	22	100	50	60
Mr. Qin Tianbao *(v)*	–	28	–	60
Ms. Luo Zhi *(vi)*	–	28	–	60
Total	300	300	150	180

(i) Mr. Pan Min was appointed as an independent non-executive director of the Company with effect from 26 October 2018 and resigned on 20 September 2024.

(ii) Mr. Rao Yao was appointed as an independent non-executive director of the Company with effect from 26 October 2018 and resigned on 20 September 2024.

(iii) Mr. Huang Yijian was appointed as an independent non-executive director of the Company with effect from 5 September 2018 and resigned on 10 October 2023.

(iv) Ms. Chen Dong was appointed as an independent non-executive director of the Company with effect from 13 October 2023.

(v) Mr. Qin Tianbao was appointed as an independent non-executive director of the Company with effect from 20 September 2024.

(vi) Ms. Luo Zhi was appointed as an independent non-executive director of the Company with effect from 20 September 2024.

There were no other emoluments payable to the independent non-executive directors during the reporting periods.

(b) Executive directors and supervisors

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	–	–	–	–
Mr. Zhang Jianchen *(ii)*	–	1,800	68	–	1,868
Mr. Yuan Chongwei *(iii)*	–	884	68	–	952
Mr. Fu Zhijun *(iv)*	–	1,262	68	–	1,330
Subtotal	–	3,946	204	–	4,150
Supervisors:					
Mr. Ding Sui *(v)*	–	–	–	–	–
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	203	25	–	228
Ms. Qiu Jing *(viii)*	–	99	10	–	109
Subtotal	–	302	35	–	337
Total	–	4,248	239	–	4,487

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	3,000	–	–	3,000
Mr. Zhang Jianchen *(ii)*	–	2,360	70	–	2,430
Mr. Yuan Chongwei *(iii)*	–	968	53	–	1,021
Mr. Fu Zhijun *(iv)*	–	1,604	71	–	1,675
Mr. Weng Huaqiang *(ix)*	–	776	68	1,899	2,743
Subtotal	–	8,708	262	1,899	10,869
Supervisors:					
Mr. Ding Sui *(v)*	–	–	–	–	–
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	316	33	–	349
Mr. Ye Yonggang *(x)*	–	–	–	–	–
Subtotal	–	316	33	–	349
Total	–	9,024	295	1,899	11,218

Nine months ended 30 September 2024

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	2,000	–	–	2,000
Mr. Zhang Jianchen *(ii)*	–	1,350	53	–	1,403
Mr. Yuan Chongwei *(iii)*	–	715	53	–	768
Mr. Fu Zhijun *(iv)*	–	987	53	–	1,040
Mr. Weng Huaqiang *(ix)*	–	404	51	1,424	1,879
Subtotal	–	5,456	210	1,424	7,090
Supervisors:					
Mr. Ding Sui *(v)*	–	–	–	–	–
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	212	24	–	236
Mr. Ye Yonggang *(x)*	–	–	–	–	–
Subtotal	–	212	24	–	236
Total	–	5,668	234	1,424	7,326

Nine months ended 30 September 2025

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Executive directors:					
Mr. Chen Zuotao *(i)*	–	2,250	–	–	2,250
Mr. Zhang Jianchen *(ii)*	–	1,352	53	–	1,405
Mr. Fu Zhijun *(iv)*	–	989	53	–	1,042
Mr. Weng Huaqiang *(ix)*	–	592	53	716	1,361
Subtotal	–	5,183	159	716	6,058
Supervisors:					
Mr. Yan Huaike *(vi)*	–	–	–	–	–
Ms. Zhou Jiexian *(vii)*	–	252	27	–	279
Mr. Ye Yonggang *(x)*	120	–	–	–	120
Subtotal	120	252	27	–	399
Total	120	5,435	186	716	6,457

(i) Mr. Chen Zuotao was appointed as an executive director of the Company and the chairman of the board of directors with effect from 6 April 2017.

(ii) Mr. Zhang Jianchen was appointed as an executive director of the Company with effect from 13 April 2020.

(iii) Mr. Yuan Chongwei was appointed as an executive director of the Company with effect from 3 September 2021 and resigned on 20 September 2024.

(iv) Mr. Fu Zhijun was appointed as an executive director of the Company with effect from 3 September 2021.

(v) Mr. Ding Sui was appointed as a supervisor of the Company with effect from 3 September 2021 and resigned on 20 September 2024.

(vi) Mr. Yan Huaike was appointed as a supervisor of the Company with effect from 3 September 2021.

(vii) Ms. Zhou Jiexian was appointed as a supervisor of the Company with effect from 27 July 2023.

(viii) Ms. Qiu Jing was appointed as a supervisor of the Company with effect from 3 September 2021 and resigned on 27 July 2023.

(ix) Mr. Weng Huaqiang was appointed as an executive director of the Company with effect from 20 September 2024.

(x) Mr. Ye Yonggang was appointed as a supervisor of the Company with effect from 20 September 2024.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025 included nil, 2, 2 and 2 directors, respectively, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining 5, 3, 3 and 3 highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the nine months ended 30 September 2024 and 2025 are as follows:

	Year ended 31 December		**Nine months ended 30 September**	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Salaries, allowances and benefits in kind	3,925	4,093	2,293	2,516
Pension scheme contributions	324	213	159	159
Equity-settled share-based payment expense	8,083	5,132	3,848	1,959
Total	12,332	9,438	6,300	4,634

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		**Nine months ended 30 September**	
	2023	**2024**	**2024**	**2025**
			(unaudited)	*(unaudited)*
Nil to HKD2,000,000	2	–	2	3
HKD2,000,001 to HKD3,000,000	2	2	1	–
HKD3,000,001 to HKD4,000,000	1	1	–	–
Total	5	3	3	3

During the reporting periods, restricted shares were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 33 to the Historical Financial Information and the unaudited Interim Financial Information. The fair value of the share-based compensation, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information and the unaudited Interim Financial Information is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

12. INCOME TAX EXPENSE

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

Chinese Mainland

The Company and its subsidiaries registered in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for following subsidiaries which are entitled to tax preferential treatment set out below:

According to the announcement on preferential corporate income tax policies for integrated circuit and software industries, the Company was entitled to a preferential tax rate of 10% during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

Shanghai Judong Semiconductor Co., Ltd. was accredited as a "High and New Technology Enterprise" and therefore entitled to a preferential corporate income tax rate of 15% during the Relevant Periods and the nine months ended 30 September 2024 and 2025. Such qualification is subject to review by the relevant PRC governmental authorities every three years.

Hong Kong

Pursuant to the relevant tax laws, the subsidiary located in Hong Kong which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

The United States

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal and state corporate income taxes at the rates of 21% and 8.84% of taxable income, respectively, for the Relevant Periods and the nine months ended 30 September 2024 and 2025.

Singapore

Pursuant to the relevant tax laws, the subsidiary located in Singapore was subject to corporate income tax at a tax rate of 17% during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

The income tax expense of the Group for the Relevant Periods and the nine months ended 30 September 2024 and 2025 is analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Current income tax	4,681	23,619	19,520	23,961
Deferred income tax	(2,712)	(1,088)	(2,354)	(1,331)
Total	1,969	22,531	17,166	22,630

A reconciliation of the tax expense applicable to profit before tax at the applicable rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Profit before tax	84,664	298,571	221,499	332,820
Tax at the applicable tax rate of 10%	8,466	29,857	22,150	33,282
Effect of different tax rates of subsidiaries	(1,161)	350	740	803
Adjustments in respect of current tax of previous periods	97	(396)	(396)	20
Expenses not deductible for tax	1,162	682	188	344
Utilisation of tax losses not recognised from previous periods	(1,395)	(1,621)	(830)	(2,673)
Unrecognised temporary differences and tax losses	6,733	6,026	4,031	2,963
Effect of super deduction for research and development costs and others	(11,933)	(12,367)	(8,717)	(12,109)
Tax charge at the Group's effective rate	1,969	22,531	17,166	22,630

13. DIVIDENDS

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Final dividends in respect of the previous year/period, declared or paid during the year/period (tax inclusive)	106,752	31,468	31,468	47,435

The final dividends of RMB0.88, RMB0.20 and RMB0.30 (inclusive of tax) for each ordinary share in respect of the years ended 31 December 2022, 2023 and 2024 were approved by the Annual General Meeting of the Company.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

The restricted shares granted by the Company have a potential dilutive effect on the earnings per share. The calculation of the diluted earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at adjusted consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(unaudited)	*(unaudited)*
Earnings				
Profit attributable to ordinary equity holders of the parent (RMB'000)	100,358	290,270	211,363	319,852
Shares				
Weighted average number of ordinary shares outstanding during the year/period, used in the basic earnings per share calculation ('000)	157,684	157,590	158,470	158,001
Effect of dilution – weighted average number of ordinary shares ('000):				
Restricted shares	2,155	1,588	2,153	1,033
Weighted average number of ordinary shares used in the diluted earnings per share calculation ('000)	159,839	159,178	160,623	159,034

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost	–	648	22,986	14,220	153	372	165,561	203,940
Accumulated depreciation	–	(188)	(1,350)	(10,072)	(72)	(31)	–	(11,713)
Net carrying amount	–	460	21,636	4,148	81	341	165,561	192,227
At 1 January 2023, net of accumulated depreciation	–	460	21,636	4,148	81	341	165,561	192,227
Additions	443	–	13,152	2,270	1,907	651	11,857	30,280
Disposals	–	–	–	(56)	–	–	–	(56)
Depreciation provided during the year	(4,485)	(123)	(2,966)	(1,192)	(320)	(136)	–	(9,222)
Transfers	162,693	–	7,086	–	–	–	(169,779)	–
At 31 December 2023, net of accumulated depreciation	158,651	337	38,908	5,170	1,668	856	7,639	213,229
At 31 December 2023:								
Cost	163,136	648	43,224	16,430	2,060	1,023	7,639	234,160
Accumulated depreciation	(4,485)	(311)	(4,316)	(11,260)	(392)	(167)	–	(20,931)
Net carrying amount	158,651	337	38,908	5,170	1,668	856	7,639	213,229

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	163,136	648	43,224	16,430	2,060	1,023	7,639	234,160
Accumulated depreciation	(4,485)	(311)	(4,316)	(11,260)	(392)	(167)	–	(20,931)
Net carrying amount	158,651	337	38,908	5,170	1,668	856	7,639	213,229
At 1 January 2024, net of accumulated depreciation	158,651	337	38,908	5,170	1,668	856	7,639	213,229
Additions	311	419	23,948	2,170	41	406	3,347	30,642
Disposals	–	–	(18)	–	–	–	–	(18)
Depreciation provided during the year	(5,441)	(176)	(5,250)	(1,324)	(384)	(304)	–	(12,879)
Transfers	–	–	4,497	–	–	–	(4,497)	–
At 31 December 2024, net of accumulated depreciation	153,521	580	62,085	6,016	1,325	958	6,489	230,974
At 31 December 2024:								
Cost	163,447	1,067	71,642	18,600	2,101	1,430	6,489	264,776
Accumulated depreciation	(9,926)	(487)	(9,557)	(12,584)	(776)	(472)	–	(33,802)
Net carrying amount	153,521	580	62,085	6,016	1,325	958	6,489	230,974

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2025								
At 1 January 2025:								
Cost	163,447	1,067	71,642	18,600	2,101	1,430	6,489	264,776
Accumulated depreciation	(9,926)	(487)	(9,557)	(12,584)	(776)	(472)	–	(33,802)
Net carrying amount	153,521	580	62,085	6,016	1,325	958	6,489	230,974
At 1 January 2025, net of accumulated depreciation	153,521	580	62,085	6,016	1,325	958	6,489	230,974
Additions (unaudited)	–	489	17,536	1,770	9	840	–	20,644
Disposals (unaudited)	–	(18)	–	(24)	–	–	–	(42)
Depreciation provided during the period (unaudited)	(4,083)	(143)	(5,996)	(1,401)	(294)	(518)	–	(12,435)
Transfers (unaudited)	–	–	5,730	759	–	–	(6,489)	–
At 30 September 2025, net of accumulated depreciation (unaudited)	149,438	908	79,355	7,120	1,040	1,280	–	239,141
At 30 September 2025:								
Cost (unaudited)	163,447	1,188	94,908	20,727	2,109	2,269	–	284,648
Accumulated depreciation (unaudited)	(14,009)	(280)	(15,553)	(13,607)	(1,069)	(989)	–	(45,507)
Net carrying amount (unaudited)	149,438	908	79,355	7,120	1,040	1,280	–	239,141

The Company

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost	–	648	22,986	12,622	100	372	165,561	202,289
Accumulated depreciation	–	(188)	(1,350)	(9,665)	(63)	(31)	–	(11,297)
Net carrying amount	–	460	21,636	2,957	37	341	165,561	190,992
At 1 January 2023, net of accumulated depreciation	–	460	21,636	2,957	37	341	165,561	190,992
Additions	443	–	13,152	1,118	1,862	284	11,857	28,716
Depreciation provided during the year	(4,485)	(123)	(2,966)	(835)	(308)	(79)	–	(8,796)
Transfers	162,693	–	7,086	–	–	–	(169,779)	–
At 31 December 2023, net of accumulated depreciation	158,651	337	38,908	3,240	1,591	546	7,639	210,912
At 31 December 2023:								
Cost	163,136	648	43,224	13,740	1,962	656	7,639	231,005
Accumulated depreciation	(4,485)	(311)	(4,316)	(10,500)	(371)	(110)	–	(20,093)
Net carrying amount	158,651	337	38,908	3,240	1,591	546	7,639	210,912

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	163,136	648	43,224	13,740	1,962	656	7,639	231,005
Accumulated depreciation	(4,485)	(311)	(4,316)	(10,500)	(371)	(110)	–	(20,093)
Net carrying amount	158,651	337	38,908	3,240	1,591	546	7,639	210,912
At 1 January 2024, net of accumulated depreciation	158,651	337	38,908	3,240	1,591	546	7,639	210,912
Additions	311	419	23,948	1,258	23	301	3,347	29,607
Disposals	–	–	(18)	–	–	–	–	(18)
Depreciation provided during the year	(5,441)	(176)	(5,250)	(849)	(365)	(158)	–	(12,239)
Transfers	–	–	4,497	–	–	–	(4,497)	–
At 31 December 2024, net of accumulated depreciation	153,521	580	62,085	3,649	1,249	689	6,489	228,262
At 31 December 2024:								
Cost	163,447	1,067	71,642	14,998	1,985	957	6,489	260,585
Accumulated depreciation	(9,926)	(487)	(9,557)	(11,349)	(736)	(268)	–	(32,323)
Net carrying amount	153,521	580	62,085	3,649	1,249	689	6,489	228,262

	Buildings	Motor vehicles	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2025								
At 1 January 2025:								
Cost	163,447	1,067	71,642	14,998	1,985	957	6,489	260,585
Accumulated depreciation	(9,926)	(487)	(9,557)	(11,349)	(736)	(268)	–	(32,323)
Net carrying amount	153,521	580	62,085	3,649	1,249	689	6,489	228,262
At 1 January 2025, net of accumulated depreciation	153,521	580	62,085	3,649	1,249	689	6,489	228,262
Additions (unaudited)	–	489	16,776	1,716	6	–	–	18,987
Disposals (unaudited)	–	(18)	–	(23)	–	–	–	(41)
Depreciation provided during the period (unaudited)	(4,083)	(143)	(5,996)	(959)	(274)	(160)	–	(11,615)
Transfers (unaudited)	–	–	5,730	759	–	–	(6,489)	–
At 30 September 2025, net of accumulated depreciation (unaudited)	149,438	908	78,595	5,142	981	529	–	235,593
At 30 September 2025:								
Cost (unaudited)	163,447	1,188	94,148	17,072	1,991	957	–	278,803
Accumulated depreciation (unaudited)	(14,009)	(280)	(15,553)	(11,930)	(1,010)	(428)	–	(43,210)
Net carrying amount (unaudited)	149,438	908	78,595	5,142	981	529	–	235,593

16. LEASES

The Group as a lessee

During the reporting period, the Group entered into certain long-term lease contracts for buildings which have lease terms of 22 to 74 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

The Group

	Buildings
	RMB'000
As at 1 January 2023	8,966
Additions	6,053
Termination and revision of leases	(2,430)
Exchange realignment	7
Depreciation provided during the year	(4,283)
As at 31 December 2023 and 1 January 2024	8,313
Additions	8,428
Termination and revision of leases	(2,248)
Exchange realignment	4
Depreciation provided during the year	(4,554)
As at 31 December 2024 and 1 January 2025	9,943
Additions (unaudited)	2,054
Termination and revision of leases (unaudited)	(569)
Exchange realignment (unaudited)	(3)
Depreciation provided during the period (unaudited)	(3,846)
As at 30 September 2025 (unaudited)	7,579

The Company

	Buildings
	RMB'000
As at 1 January 2023	6,639
Additions	1,801
Termination and revision of leases	(2,076)
Depreciation provided during the year	(2,144)
As at 31 December 2023 and 1 January 2024	4,220
Additions	4,905
Termination and revision of leases	(2,248)
Depreciation provided during the year	(1,815)
As at 31 December 2024 and 1 January 2025	5,062
Additions (unaudited)	1,615
Depreciation provided during the period (unaudited)	(1,884)
As at 30 September 2025 (unaudited)	4,793

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Carrying amount at the beginning of the year/period	8,900	8,260	9,737
New leases	6,053	8,428	2,054
Accretion of interest recognised during the year/period	383	344	203
Exchange realignment	4	4	(2)
Payments	(4,440)	(4,760)	(3,974)
Termination and revision of leases	(2,640)	(2,539)	(591)
Carrying amount at the end of the year/period	8,260	9,737	7,427
Analysed into:			
Current portion	3,167	4,798	4,179
Non-current portion	5,093	4,939	3,248

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Carrying amount at the beginning of the year/period	6,791	4,391	4,899
New leases	1,801	4,905	1,615
Accretion of interest recognised during the year/period	236	195	118
Payments	(2,165)	(2,053)	(1,874)
Termination and revision of leases	(2,272)	(2,539)	–
Carrying amount at the end of the year/period	4,391	4,899	4,758
Analysed into:			
Current portion	1,398	2,090	2,140
Non-current portion	2,993	2,809	2,618

The maturity analysis of lease liabilities is disclosed in note 41 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	As at 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Interest on lease liabilities	383	344	263	203
Depreciation charge of right-of-use assets	4,283	4,554	3,328	3,846
Expense relating to short-term leases and low-value assets	89	267	95	303
Total amount recognised in profit or loss	4,755	5,165	3,686	4,352

The Company

	As at 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Interest on lease liabilities	236	195	152	118
Depreciation charge of right-of-use assets	2,144	1,815	1,284	1,884
Total amount recognised in profit or loss	2,380	2,010	1,436	2,002

The total cash outflows for leases are disclosed in note 36(c) to the Historical Financial Information.

17. INTANGIBLE ASSETS

The Group

	Software	Patents	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	8,276	–	781	9,057
Additions	7,348	–	236	7,584
Amortisation during the year	(6,027)	–	(791)	(6,818)
At 31 December 2023	9,597	–	226	9,823
At 31 December 2023:				
Cost	25,811	4,653	5,730	36,194
Accumulated amortisation	(16,214)	(4,653)	(5,504)	(26,371)
Net carrying amount	9,597	–	226	9,823

	Software	Patents	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	9,597	–	226	9,823
Additions	6,459	–	–	6,459
Amortisation during the year	(8,539)	–	(226)	(8,765)
At 31 December 2024	7,517	–	–	7,517
At 31 December 2024:				
Cost	32,270	4,653	5,730	42,653
Accumulated amortisation	(24,753)	(4,653)	(5,730)	(35,136)
Net carrying amount	7,517	–	–	7,517
30 September 2025				
Cost at 1 January 2025, net of accumulated amortisation	7,517	–	–	7,517
Additions (unaudited)	4,322	–	–	4,322
Amortisation during the period (unaudited)	(5,774)	–	–	(5,774)
At 30 September 2025 (unaudited)	6,065	–	–	6,065
At 30 September 2025:				
Cost (unaudited)	36,592	4,653	5,730	46,975
Accumulated amortisation (unaudited)	(30,527)	(4,653)	(5,730)	(40,910)
Net carrying amount (unaudited)	6,065	–	–	6,065

The Company

	Software	Patents	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	8,276	–	6,721	14,997
Additions	7,264	–	2,264	9,528
Amortisation during the year	(6,011)	–	(3,486)	(9,497)
At 31 December 2023	9,529	–	5,499	15,028
At 31 December 2023:				
Cost	25,727	4,653	14,810	45,190
Accumulated amortisation	(16,198)	(4,653)	(9,311)	(30,162)
Net carrying amount	9,529	–	5,499	15,028
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	9,529	–	5,499	15,028
Additions	6,409	–	37,956	44,365
Amortisation during the year	(8,469)	–	(12,619)	(21,088)
At 31 December 2024	7,469	–	30,836	38,305

	Software	Patents	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024:				
Cost	32,136	4,653	52,766	89,555
Accumulated amortisation	(24,667)	(4,653)	(21,930)	(51,250)
Net carrying amount	7,469	–	30,836	38,305
30 September 2025				
Cost at 1 January 2025, net of accumulated amortisation	7,469	–	30,836	38,305
Additions (unaudited)	4,274	–	–	4,274
Amortisation during the period (unaudited)	(5,740)	–	(11,136)	(16,876)
At 30 September 2025 (unaudited)	6,003	–	19,700	25,703
At 30 September 2025:				
Cost (unaudited)	36,410	4,653	52,766	93,829
Accumulated amortisation (unaudited)	(30,407)	(4,653)	(33,066)	(68,126)
Net carrying amount (unaudited)	6,003	–	19,700	25,703

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Current			
Structured deposits and wealth management products	634,030	789,004	508,595
Listed equity investment	82,250	89,365	–
Subtotal	716,280	878,369	508,595
Non-current			
Private equity fund	34,240	44,590	53,448
Total	750,520	922,959	562,043

19. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Prepayment for property, plant and equipment	1,226	5,692	17,072

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Prepayment for property, plant and equipment	1,226	5,692	17,072
Prepayment for intangible assets	60,850	65,117	72,467
Total	62,076	70,809	89,539

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Equity investments designated at fair value through other comprehensive income			
Non-listed equity investments, at fair value	35,493	70,881	70,873

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Equity investments designated at fair value through other comprehensive income			
Non-listed equity investments, at fair value	35,000	70,259	70,259

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Jiangsu Xiqian Semiconductor Co., Ltd. (Jiangsu Xiqian)	6,156	4,435	2,395

Particulars of the associate as at the end of each reporting period are as follows:

Name	Place of incorporation	Registered share capital	Percentage of ownership interest attributable to the Company	Principal activity
Jiangsu Xiqian . . .	Chinese Mainland	RMB100,000,000	30.00	Integrated circuit research and development and sales

In December 2022, the Group invested a 30% equity interest in Jiangsu Xiqian. As the Group can appoint one director of Jiangsu Xiqian under the articles of association, the Group has the power to participate in the financial and operating policy decisions of Jiangsu Xiqian, and therefore can exercise significant influence over Jiangsu Xiqian.

As at 31 December 2023, 31 December 2024 and 30 September 2025, the carrying amount of Group's investment in an associate were RMB6,156,000, RMB4,435,000 and RMB2,395,000, which are not considered material to the Group. The investment in an associate is accounted for using the equity method.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Share of the associate's loss for the year/period .	(1,603)	(1,721)	(2,040)
Share of the associate's comprehensive loss for the year/period	(1,603)	(1,721)	(2,040)
Aggregate carrying amount of the Group's investment in the associate	6,156	4,435	2,395

22. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Investments, at cost	69,568	77,779	82,265
Impairment losses on investments in subsidiaries	–	–	–
Investments in subsidiaries	69,568	77,779	82,265

23. INVENTORIES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Raw materials	65,547	74,940	93,210
Finished goods	90,197	101,001	125,847
Materials consigned for processing	47,697	58,167	86,426
Semi-finished goods	66,405	70,726	62,558
Goods in transit	–	325	1,216
Subtotal	269,846	305,159	369,257
Write-down of inventories to net realisable value	(44,666)	(61,783)	(94,433)
Total	225,180	243,376	274,824

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Raw materials	43,265	18,228	30,493
Finished goods	83,305	90,329	114,720
Materials consigned for processing	43,737	56,412	73,516
Semi-finished goods	50,998	55,727	50,895
Goods in transit	–	325	1,216
Subtotal	221,305	221,021	270,840
Write-down of inventories to net realisable value	(41,280)	(54,113)	(78,597)
Total	180,025	166,908	192,243

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Trade receivables	132,100	133,645	179,151
Bills receivables	15,840	11,274	15,214
Less: Allowance for credit losses	(3,963)	(4,009)	(5,375)
Total	143,977	140,910	188,990

The Company

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Trade receivables	79,687	64,201	86,270
Bills receivables	9,530	3,714	6,128
Less: Allowance for credit losses	(2,391)	(1,926)	(2,588)
Total	86,826	65,989	89,810

The Group's trading terms with its certain customers are on credit, and the credit period is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods and the nine months ended 30 September 2025, based on the goods acceptance date and net of allowance for expected credit losses, is as follows:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	143,977	140,910	188,990

The Company

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	86,826	65,989	89,810

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
At beginning of year/period	4,643	3,963	4,009
Impairment losses, net	(706)	23	1,386
Exchange realignment	43	23	(20)
Amount written off as uncollectible	(17)	–	–
At end of year/period	3,963	4,009	5,375

The Company

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
At beginning of year/period	1,129	2,391	1,926
Impairment losses, net	1,279	(465)	662
Amount written off as uncollectible	(17)	–	–
At end of year/period	2,391	1,926	2,588

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the ageing of the trade and bills receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following table details the risk profile of trade and bills receivables:

The Group

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	147,940	2.68%	3,963

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	144,919	2.77%	4,009

	As at 30 September 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000 *(unaudited)*		*RMB'000* *(unaudited)*
Within 1 year	194,365	2.77%	5,375

The Company

	As at December 31 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	89,217	2.68%	2,391

	As at December 31 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	67,915	2.84%	1,926

	As at 30 September 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000 *(unaudited)*		*RMB'000* *(unaudited)*
Within 1 year	92,398	2.80%	2,588

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Prepayments	32,331	57,552	17,094
Value-added tax recoverable	14,734	17,644	16,718
Deposits	1,435	1,718	1,830
Other receivables	1,113	1,411	1,892
Subtotal	49,613	78,325	37,534
Less: Impairment losses	(1,185)	(1,202)	(1,215)
Total	48,428	77,123	36,319

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Prepayments	73,330	129,265	117,746
Value-added tax recoverable	2,863	3,416	943
Deposits	637	700	1,049
Other receivables	1,113	1,113	1,339
Subtotal	77,943	134,494	121,077
Less: Impairment losses	(1,145)	(1,148)	(1,168)
Total	76,798	133,346	119,909

The balances of other receivables are interest-free and unsecured.

Deposits mainly represent deposits with suppliers. At the end of each reporting period, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each reporting period.

26. CASH AND BANK BALANCES AND TIME DEPOSITS

(a) Cash and bank balances

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Cash and bank balances	592,822	577,701	900,648
Denominated in:			
United States dollar ("USD")	65,652	148,694	479,413
RMB	526,050	426,353	412,663
Hong Kong dollar ("HKD")	1,049	910	6,862
Singapore dollar ("SGD")	–	1,539	1,438
New Taiwan dollar ("TWD")	71	205	272
Total	592,822	577,701	900,648

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Cash and bank balances	489,871	441,567	785,700
Denominated in:			
USD	45,490	85,372	402,421
RMB	444,381	356,195	383,279
Total	489,871	441,567	785,700

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash balances approximated to their fair values.

(b) Time deposits

The Group and the Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Short-term time deposits	–	–	286,807

27. TRADE PAYABLES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Trade payables	64,797	63,742	98,006

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Trade payables	61,232	58,620	92,883

Trade payables are non-interest bearing and normally settled on terms of 30 to 60 days. An ageing analysis of the trade payables as at the end of each of the Relevant Periods and 30 September 2025, based on the invoice date, is as follows:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	64,797	63,459	97,998
1 to 2 years	–	283	8
Total	64,797	63,742	98,006

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	61,232	58,337	92,875
1 to 2 years	–	283	8
Total	61,232	58,620	92,883

28. CONTRACT LIABILITIES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Advances received from customers			
Sales of products	736	2,152	326

The Company

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Advances received from customers			
Sales of products	613	932	203

Contract liabilities of the Group mainly arise from advance payments made by customers for goods yet to be delivered.

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Current portion			
Payroll and welfare payables	20,450	45,350	26,032
Other tax payables	1,812	2,702	12,571
Payables for purchase of property, plant and equipment	799	1,247	543
Payables for purchase of intangible assets	3,944	1,706	450
Others	1,049	1,061	133
Total current portion	28,054	52,066	39,729
Non-current portion			
Payables for purchase of intangible assets	1,232	455	–
Total non-current portion	1,232	455	–
Total	29,286	52,521	39,729

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Current portion			
Payroll and welfare payables	15,702	32,316	18,084
Other tax payables	1,292	2,179	6,316
Payables for purchase of property, plant and equipment	336	1,247	543
Payables for purchase of intangible assets	3,944	1,706	450
Others	982	1,042	121
Total current portion	22,256	38,490	25,514
Non-current portion			
Payables for purchase of intangible assets	1,232	455	–
Total non-current portion	1,232	455	–
Total	23,488	38,945	25,514

30. DEFERRED INCOME

The Group and the Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Government grants	4,477	4,891	4,263

Movements in government grants of the Group during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
At beginning of year/period	6,766	4,477	4,891
Government grants received	1,338	2,491	1,106
Recognised as income during the year/period	(3,627)	(2,077)	(1,734)
At end of year/period	4,477	4,891	4,263

31. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

Deferred tax assets

	Impairment loss	Difference of intangible assets between accounting and tax basis	Share-based payments	Deferred income	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	5,237	495	4,861	677	1,070	12,340
Deferred tax credited/(charged) to profit or loss	540	190	708	(229)	(28)	1,181
Exchange realignment	30	–	–	–	–	30
As at 31 December 2023 and 1 January 2024	5,807	685	5,569	448	1,042	13,551
Deferred tax credited/(charged) to profit or loss	1,619	1,077	(897)	41	397	2,237
Exchange realignment	17	–	2	–	1	20
As at 31 December 2024 and 1 January 2025	7,443	1,762	4,674	489	1,440	15,808
Deferred tax credited/(charged) to profit or loss (unaudited)	2,721	997	(1,274)	(63)	(421)	1,960
Exchange realignment (unaudited)	1	–	(2)	–	(1)	(2)
As at 30 September 2025 (unaudited)	10,165	2,759	3,398	426	1,018	17,766

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment	Difference of fixed assets between accounting and tax basis	Unrealised gains from equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,101	555	1	–	1,657
Deferred tax charged/(credited) to profit or loss	(29)	(1,503)	1	–	(1,531)
As at 31 December 2023 and 1 January 2024	1,072	(948)	2	–	126
Deferred tax charged/(credited) to profit or loss	393	757	(1)	–	1,149
Deferred tax charged to other comprehensive income	–	–	–	746	746
Exchange realignment	1	–	–	–	1
As at 31 December 2024 and 1 January 2025	1,466	(191)	1	746	2,022
Deferred tax charged/(credited) to profit or loss (unaudited)	(419)	1,047	1	–	629
Exchange realignment (unaudited)	(1)	–	–	–	(1)
As at 30 September 2025 (unaudited)	1,046	856	2	746	2,650

For presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Net deferred tax assets recognised in the consolidated statement of financial position	13,470	13,806	15,146
Net deferred tax liabilities recognised in the consolidated statement of financial position	45	20	30

Deferred tax assets have not been recognised in respect of the following items:

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Tax losses	123,889	193,212	202,274
Deductible temporary differences	7,664	15,259	25,111
Total	132,468	208,471	227,385

The Group has tax losses of RMB123,889,000, RMB193,212,000 and RMB202,274,000 as at 31 December 2023, 31 December 2024 and 30 September 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

Deferred tax assets

	Impairment loss	Difference of intangible assets between accounting and tax basis	Share-based payments	Deferred income	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,292	495	4,861	677	679	10,004
Deferred tax credited/(charged) to profit or loss	1,189	190	708	(229)	(240)	1,618
As at 31 December 2023 and 1 January 2024	4,481	685	5,569	448	439	11,622
Deferred tax credited/(charged) to profit or loss	1,238	1,077	(1,100)	41	51	1,307
As at 31 December 2024 and 1 January 2025	5,719	1,762	4,469	489	490	12,929
Deferred tax credited/(charged) to profit or loss (unaudited)	2,516	997	(1,072)	(63)	(14)	2,364
As at 30 September 2025 (unaudited)	8,235	2,759	3,397	426	476	15,293

Deferred tax liabilities

	Right-of-use assets	Fair value adjustment	Unrealised gains from equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	664	555	–	1,219
Deferred tax credited to profit or loss	(242)	(1,503)	–	(1,745)
As at 31 December 2023 and 1 January 2024	422	(948)	–	(526)
Deferred tax charged to profit or loss	84	757	–	841
Deferred tax charged to other comprehensive income	–	–	726	726
As at 31 December 2024 and 1 January 2025	506	(191)	726	1,041
Deferred tax charged/(credited) to profit or loss (unaudited)	(27)	1,047	–	1,020
As at 30 September 2025 (unaudited)	479	856	726	2,061

For presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Net deferred tax assets recognised in the statement of financial position	12,148	11,888	13,232
Net deferred tax liabilities recognised in the statement of financial position	–	–	–

32. SHARE CAPITAL

The Group and the Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Issued and fully paid:			
Ordinary shares of RMB1.00 each	158,173	157,719	158,271

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital
			RMB'000
At 1 January 2023		120,905,867	120,906
Conversion of capital reserve into share capital	*(1)*	36,392,645	36,392
Equity-settled share-based payment arrangements	*(2)*	874,525	875
At 31 December 2023 and 1 January 2024		158,173,037	158,173
Equity-settled share-based payment arrangements	*(3)*	1,132,500	1,133
Shares repurchased and cancelled of A shares	*(4)*	(1,586,993)	(1,587)
At 31 December 2024 and 1 January 2025		157,718,544	157,719
Equity-settled share-based payment arrangements (unaudited)	*(5)*	552,500	552
At 30 September 2025 (unaudited)		158,271,044	158,271

Notes:

(1) At the board meeting held on 13 April 2023, the resolution of "Profit distribution plan for the year of 2022" was reviewed and approved. According to the resolution, a conversion of capital reserve into share capital by 3 shares for every 10 existing shares would be distributed to all shareholders based on the number of shares they held on the record date determined by the implementation of annual profit distribution, resulting in a total increase of 36,392,645 shares.

(2) In 2023, 874,525 shares were exercised under share-based payment arrangements.

(3) In 2024, 1,132,500 shares were exercised under share-based payment arrangements.

(4) In February 2024, according to a board resolution, the share repurchase scheme was approved. The Company repurchased and cancelled an aggregate of 1,586,993 shares in the market for a total consideration of approximately RMB81,817,000 during the year of 2024.

(5) During the nine months ended 30 September 2025, 552,550 shares were exercised under share-based payment arrangements.

33. SHARE-BASED PAYMENTS

Restricted Stock Incentive Plan 2021

On 18 May 2021, the 2020 annual general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2021. A total of 900,000 restricted shares were granted, of which 720,000 were granted for the first time and 180,000 were reserved. The exercise price of the plan is RMB22.64 per share. The incentive targets are the Group's core technical personnel.

On 8 June 2021, the Company convened the 23rd meeting of the first board of directors of the Company, which deliberated and adopted the proposal on the initial grant of restricted shares to incentive recipients. The date of the initial grant of the restricted shares was 8 June 2021 and the number of incentive recipients was 10.

On 13 August 2021, the 24th meeting of the first board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 13 August 2021 and the number of incentive recipients was 3.

On 27 December 2021, the 4th meeting of the second board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 27 December 2021 and the number of incentive recipients was 3.

Under the Restricted Stock Incentive Plan 2021, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 10%, 50%, 30% and 10%.

Pursuant to the relevant provisions of the Restricted Stock Incentive Plan 2021, in the event of any capitalisation issue, bonus issue or share subdivision prior to the exercise of the restricted shares, the Company shall adjust the exercise price of the restricted shares accordingly. Due to the issuance of the bonus issue, the exercise price and number of restricted shares initially intended to be granted under the Restricted Stock Incentive Plan 2021 were adjusted. On 28 June 2022, pursuant to the relevant approvals of the 9th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB22.64 per unit to RMB21.96 per unit. On 18 August 2023, pursuant to the relevant approvals of the 18th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB21.96 per unit to RMB16.22 per unit. On 9 August 2024, pursuant to the relevant approvals of the 26th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.22 per unit to RMB16.02 per unit. On 22 August 2025, pursuant to the relevant approvals of the 6th meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.02 per unit to RMB15.72 per unit.

Restricted Stock Incentive Plan 2022

On 21 February 2022, the 2022 first extraordinary annual general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2022. A total of 1,800,000 restricted shares were granted, of which 1,584,000 were granted for the first time and 216,000 were reserved. The exercise price of the plan is RMB22.64 per share. The incentive targets are the Group's middle-level management personnel and core technical personnel.

On 25 February 2022, the Company convened the 7th meeting of the second board of directors of the Company, which deliberated and adopted the proposal on the initial grant of restricted shares to incentive recipients. The date of the initial grant of the restricted shares was 25 February 2022 and the number of incentive recipients was 78.

On 24 August 2022, the 10th meeting of the second board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 24 August 2022 and the number of incentive recipients was 21.

Under the Restricted Stock Incentive Plan 2022, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 25%, 25%, 25% and 25%.

Pursuant to the relevant provisions of the Restricted Stock Incentive Plan 2022, in the event of any capitalisation issue, bonus issue or share subdivision prior to the exercise of the restricted shares, the Company shall adjust the exercise price of the restricted shares accordingly. Due to the issuance of the bonus issue, the exercise price and number of restricted shares initially intended to be granted under the Restricted Stock Incentive Plan 2022 were adjusted. On 13 April 2023, pursuant to the relevant approvals of the 16th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB22.64 per unit to RMB22.37 per unit. On 18 August 2023, pursuant to the relevant approvals of the 18th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB22.37 per unit to RMB16.53 per unit. On 9 August 2024, pursuant to the relevant approvals of the 26th meeting of the second board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.53 per unit to RMB16.33 per unit. On 22 August 2025, pursuant to the relevant approvals of the 6th meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB16.33 per unit to RMB16.03 per unit.

Restricted Stock Incentive Plan 2023

On 13 October 2023, the 2023 second extraordinary annual general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2023. A total of 1,200,000 restricted shares were granted, of which 1,138,200 were granted for the first time and 61,800 were reserved. The exercise price of the plan is RMB27.60 per share. The incentive targets are the Group's middle-level management personnel and core technical personnel.

On 18 October 2023, the Company convened the 20th meeting of the second board of directors of the Company, which deliberated and adopted the proposal on the initial and reserved grant of restricted shares to incentive recipients. The date of the initial and reserved grant of the restricted shares was 18 October 2023 and the number of incentive recipients was 68 and 1,138,200 shares were granted. The number of incentive recipients of the reserved shares was 2 and 35,000 shares were granted.

On 29 April 2024, the 25th meeting of the second board of directors of the Company reviewed and adopted the proposal on granting reserved shares to incentive recipients. The grant date of some of the reserved restricted shares was 29 April 2024 and the number of incentive recipients was 5 and 26,800 shares were granted.

Under the Restricted Stock Incentive Plan 2023, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 4 years upon the fulfillment of performance requirements, and the proportion of restricted shares attributable each year from the date of vesting is 25%, 25%, 25% and 25%.

Pursuant to the relevant provisions of the Restricted Stock Incentive Plan 2023, in the event of any capitalisation issue, bonus issue or share subdivision prior to the exercise of the restricted shares, the Company shall adjust the exercise price of the restricted shares accordingly. Due to the issuance of the bonus issue, the exercise price and number of restricted shares initially intended to be granted under the Restricted Stock Incentive Plan 2023 were adjusted. On 23 December 2024, pursuant to the relevant approvals of the 3rd meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB27.60 per unit to RMB27.40 per unit. On 22 August 2025, pursuant to the relevant approvals of the 6th meeting of the third board of directors of the Company, the exercise price of the restricted shares was adjusted from RMB27.40 per unit to RMB27.10 per unit.

The following restricted A shares were outstanding under the Restricted Stock Incentive Plans during the Relevant Periods and the nine months ended 30 September 2025:

Restricted Stock Incentive Plan 2021

	As at 31 December 2023		As at 31 December 2024		As at 30 September 2025	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*
At 1 January		648		416		91
Granted during the year/period*	16.22	189	–	–	–	–
Forfeited during the year/period	–	–	–	–	–	–
Exercised during the year/period	16.47	(421)	16.02	(325)	15.72	(81)
At 31 December/ 30 September		416		91		10

* Due to the conversion of capital reserve into share capital such that 3 new shares were issued for every 10 existing shares in 2023, the exercise price and shares granted adjusted respectively.

Under the Restricted Stock Incentive Plan 2021, the exercise prices and exercise periods of the restricted shares outstanding as at the end of the reporting period are as follows:

As at 31 December 2023

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
202,800	16.22	8-6-24 to 7-6-25
67,600	16.22	8-6-25 to 7-6-26
39,000	16.22	13-8-24 to 12-8-25
13,000	16.22	13-8-25 to 12-8-26
52,000	16.22	27-12-23 to 26-12-24
31,200	16.22	27-12-24 to 26-12-25
10,400	16.22	27-12-25 to 26-12-26
416,000		

As at 31 December 2024

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
67,600	16.02	8-6-25 to 7-6-26
13,000	16.02	13-8-25 to 12-8-26
10,400	16.02	27-12-25 to 26-12-26
91,000		

As at 30 September 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
10,400	15.72	27-12-25 to 26-12-26

Restricted Stock Incentive Plan 2022

	As at 31 December 2023		As at 31 December 2024		As at 30 September 2025	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*
At 1 January		1,757		1,630		935
Granted during the year/period*	16.53	400	–	–	–	–
Forfeited during the year/period	19.53	(73)	16.41	(153)	16.33	(15)
Exercised during the year/period	21.49	(454)	16.50	(542)	16.29	(460)
At 31 December/ 30 September		1,630		935		460

* Due to the conversion of capital reserve into share capital such that 3 new shares were issued for every 10 existing shares in 2023, the exercise price and shares granted adjusted respectively.

Under the Restricted Stock Incentive Plan 2022, the exercise prices and exercise periods of the restricted A shares outstanding as at the end of the reporting period are as follows:

As at 31 December 2023

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
474,825	16.53	25-2-24 to 24-2-25
474,825	16.53	25-2-25 to 24-2-26
474,825	16.53	25-2-26 to 24-2-27
68,575	16.53	24-8-24 to 24-8-25
68,575	16.53	24-8-25 to 24-8-26
68,575	16.53	24-8-26 to 24-8-27
1,630,200		

As at 31 December 2024

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
398,775	16.33	25-2-25 to 24-2-26
398,775	16.33	25-2-26 to 24-2-27
68,575	16.33	24-8-25 to 24-8-26
68,575	16.33	24-8-26 to 24-8-27
934,700		

As at 30 September 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
392,275	16.03	25-2-26 to 24-2-27
67,925	16.03	24-8-26 to 24-8-27
460,200		

Restricted Stock Incentive Plan 2023

	As at 31 December 2023		As at 31 December 2024		As at 30 September 2025	
	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares	Weighted average exercise price	Number of restricted A shares
	RMB per share	*'000*	*RMB per share*	*'000*	*RMB per share*	*'000*
At 1 January		–		1,173		816
Granted during the year/period	27.60	1,173	27.40	27	–	–
Forfeited during the year/period	–	–	27.45	(119)	27.40	(6)
Exercised during the year/period	–	–	27.40	(265)	27.23	(12)
At 31 December/ 30 September		1,173		816		798

Under the Restricted Stock Incentive Plan 2023, the exercise prices and exercise periods of the restricted A shares outstanding as at the end of the reporting period are as follows:

As at 31 December 2023

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
293,300	27.60	18-10-24 to 17-10-25
293,300	27.60	18-10-25 to 17-10-26
293,300	27.60	18-10-26 to 17-10-27
293,300	27.60	18-10-27 to 17-10-28
1,173,200		

As at 31 December 2024

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
5,000	27.40	18-10-24 to 17-10-25
261,300	27.40	18-10-25 to 17-10-26
261,300	27.40	18-10-26 to 17-10-27
261,300	27.40	18-10-27 to 17-10-28
6,700	27.40	29-4-25 to 28-4-26
6,700	27.40	29-4-26 to 28-4-27
6,700	27.40	29-4-27 to 28-4-28
6,700	27.40	29-4-29 to 28-4-30
815,700		

As at 30 September 2025

Number of restricted A shares	Exercise price	Exercise period
	RMB per share	
259,300	27.10	18-10-25 to 17-10-26
259,300	27.10	18-10-26 to 17-10-27
259,300	27.10	18-10-27 to 17-10-28
6,700	27.10	29-4-26 to 28-4-27
6,700	27.10	29-4-27 to 28-4-28
6,700	27.10	29-4-29 to 28-4-30
798,000		

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the Group recognised equity-settled share-based payment expenses of RMB44,643,000, RMB29,292,000, RMB26,606,000 (unaudited) and RMB12,020,000 (unaudited), respectively.

The fair value of the restricted A shares at the grant date, was determined using a Black-Scholes model. Key assumptions used in determining the fair value were as follows:

Restricted Stock Incentive Plan 2021

	The initial grant	The first reserved grant	The second reserved grant
Risk-free interest rate (%)	1.50-2.75	1.50-2.75	1.50-2.75
Expected volatility (%)	36.13-40.40	35.99-41.39	34.85-39.70
Dividend yield (%)	1.05	0.68	0.68
Weighted average share price (RMB per share)	46.75	59.34	62.70

Restricted Stock Incentive Plan 2022

	The initial grant	The reserved grant
Risk-free interest rate (%)	1.50-2.75	1.50-2.75
Expected volatility (%)	34.47-38.85	31.80-37.68
Dividend yield (%)	0.54	0.28
Weighted average share price (RMB per share)	76.80	97.72

Restricted Stock Incentive Plan 2023

	The initial grant and the first reserved grant	The second reserved grant
Risk-free interest rate (%)	1.50-2.75	1.50-2.75
Expected volatility (%)	12.53-16.19	13.49-15.30
Dividend yield (%)	0.00	0.00
Weighted average share price (RMB per share)	59.48	57.34

34. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the nine months ended 30 September 2024 and 2025 are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group included the excess of the consideration received for subscription of the registered capital of the Company and the effect of implementation of equity-settled transactions. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital.

(c) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which are set out in note 33 to the Historical Financial Information.

(d) Fair value reserve of equity investments designated at fair value through other comprehensive income

The fair value reserve of equity investments designated at fair value through other comprehensive income compromises the cumulative loss of equity investments designated as fair value through other comprehensive income, as further explained in note 20.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods and the nine months ended 30 September 2025 are presented as follows:

	Capital reserve	Statutory reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,131,150	80,248	51,444	–	602,000	1,864,842
Total comprehensive income for the year	–	–	–	–	112,464	112,464
Equity-settled share-based payment arrangements	54,401	–	6,415	–	–	60,816
Conversion of capital reserve into share capital	(36,392)	–	–	–	–	(36,392)
Dividend	–	–	–	–	(106,752)	(106,752)
At 31 December 2023 and 1 January 2024	1,149,159	80,248	57,859	–	607,712	1,894,978
Total comprehensive income for the year	–	–	–	6,533	287,511	294,044
Shares repurchased and cancelled of A shares	(80,230)	–	–	–	–	(80,230)
Equity-settled share-based payment arrangements	60,308	–	(10,792)	–	–	49,516
Dividend	–	–	–	–	(31,468)	(31,468)
At 31 December 2024 and 1 January 2025	1,129,237	80,248	47,067	6,533	863,755	2,126,840
Total comprehensive income for the period (unaudited)	–	–	–	–	319,980	319,980
Equity-settled share-based payment arrangements (unaudited)	31,210	–	(10,662)	–	–	20,548
Dividend (unaudited)	–	–	–	–	(47,435)	(47,435)
At 30 September 2025 (unaudited)	1,160,447	80,248	36,405	6,533	1,136,300	2,419,933

35. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	As at 31 December		As at 30 September
	2023	2024	2025
			(Unaudited)
Percentage of equity interest held by non-controlling interests:			
Shanghai Judong Semiconductor Co., Ltd.	49%	49%	49%
Loss for the year/period allocated to non-controlling interests:			
Shanghai Judong Semiconductor Co., Ltd.	(17,525)	(14,230)	(9,662)
Accumulated deficits of non-controlling interests:			
Shanghai Judong Semiconductor Co., Ltd.	(28,696)	(42,926)	(52,588)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
			(Unaudited)
Revenue	41,154	114,930	83,296
Total cost and expenses	(76,919)	(143,971)	(103,013)
Loss for the year/period	(35,765)	(29,041)	(19,717)
Total comprehensive loss for the year/period	(35,765)	(29,041)	(19,717)
Current assets	79,577	141,853	96,906
Non-current assets	5,798	4,652	3,658
Current liabilities	(141,829)	(233,424)	(207,878)
Non-current liabilities	(2,110)	(685)	(7)
Net cash flows generated from/(used in) operating activities	6,395	2,411	(2,691)

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB6,053,000, RMB8,428,000, RMB8,368,000 (unaudited) and RMB2,054,000 (unaudited) and non-cash additions to lease liabilities of RMB6,053,000, RMB8,428,000, RMB8,368,000 (unaudited) and RMB2,054,000 (unaudited), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Lease liabilities
	RMB'000
At 1 January 2023	8,900
Changes from financing cash flows	(4,440)
Termination and revision of leases	(2,640)
New leases	6,053
Exchange realignment	4
Interest expense	383
At 31 December 2023 and 1 January 2024	8,260
Changes from financing cash flows	(4,760)
Termination and revision of leases	(2,539)
New leases	8,428
Exchange realignment	4
Interest expense	344
At 31 December 2024 and 1 January 2025	9,737
Changes from financing cash flows (unaudited)	(3,974)
Termination and revision of leases (unaudited)	(591)
New leases (unaudited)	2,054
Exchange realignment (unaudited)	(2)
Interest expense (unaudited)	203
At 30 September 2025 (unaudited)	7,427
At 31 December 2023 and 1 January 2024	8,260
Changes from financing cash flows (unaudited)	(3,596)
Termination and revision of leases (unaudited)	(2,539)
New leases (unaudited)	8,368
Exchange realignment (unaudited)	(6)
Interest expense (unaudited)	263
At 30 September 2024 (unaudited)	10,750

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	As at 31 December		As at 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Within operating activities	89	267	95	303
Within financing activities	4,440	4,760	3,596	3,974
Total	4,529	5,027	3,691	4,277

37. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods and 30 September 2025:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Leasing commitments	1,126	–	–

38. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions:

The Group had no material related party transactions during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

(b) Outstanding balances with related parties:

The Company had no outstanding balances with related parties as at 31 December 2023 and 2024 and 30 September 2025.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Salaries, allowances and benefits in kind	10,199	16,327	11,056	9,419
Pension scheme contributions	646	747	619	435
Equity-settled share-based payment expense	2,313	4,973	3,730	2,154
Total compensation paid to key management personnel	13,158	22,047	15,405	12,008

Further details of directors', chief executive's and supervisors' emoluments are included in note 10 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods and 30 September 2025 are as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Financial assets			
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	750,520	922,959	562,043
Financial assets at fair value through other comprehensive income:			
Equity investments designated at fair value through other comprehensive income	35,493	70,881	70,873
Financial assets at amortised cost:			
Trade and bills receivables	143,977	140,910	188,990
Financial assets included in prepayments, other receivables and other assets	1,363	1,927	2,507
Time deposits	–	–	286,807
Cash and bank balances	592,822	577,701	900,648
Total	1,524,175	1,714,378	2,011,868
Financial liabilities			
Financial liabilities at amortised cost:			
Trade payables	64,797	63,742	98,006
Financial liabilities included in other payables and accruals	7,024	4,469	1,126
Total	71,821	68,211	99,132

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of non-listed equity investments designated at fair value through other comprehensive income have been estimated based on the recent market transaction price of the unlisted equity investments.

The structured deposits, wealth management products and time deposits were mainly issued by banks in Chinese Mainland. The Group has estimated the fair value of structured deposits, wealth management products and time deposits by using a discounted cash flow valuation approach. The fair values of the financial assets are approximately equal to costs plus expected interest.

For the fair value of private equity fund, management applies valuation technique of asset-based approach by using the net assets on the valuation date.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the head of finance. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the head of finance.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial instruments measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	82,250	634,030	34,240	750,520
Equity investments designated at fair value through other comprehensive income	–	–	35,493	35,493
Total	82,250	634,030	69,733	786,013

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	89,365	789,004	44,590	922,959
Equity investments designated at fair value through other comprehensive income	–	–	70,881	70,881
Total	89,365	789,004	115,471	993,840

As at 30 September 2025 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial investments measured at fair value through profit or loss	–	508,595	53,448	562,043
Equity investments designated at fair value through other comprehensive income	–	–	70,873	70,873
Total	–	508,595	124,321	632,916

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and lease liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity as at 31 December 2023 and 2024 and 30 September 2025 to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the retranslated value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in USD/RMB rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
Year ended 31 December 2023		
If RMB strengthens against USD	5	(5,540)
If RMB weakens against USD	(5)	5,540
Year ended 31 December 2024		
If RMB strengthens against USD	5	(9,416)
If RMB weakens against USD	(5)	9,416
Nine months ended 30 September 2025 (unaudited)		
If RMB strengthens against USD	5	(3,902)
If RMB weakens against USD	(5)	3,902

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

As at 31 December 2023 and 2024 and 30 September 2025, the Group had certain concentrations of credit risk as the Group's trade receivables of RMB31,909,000, RMB29,129,000 and RMB60,399,000 (unaudited) were due from the Group's largest customer, and the Group's trade receivables of RMB94,082,000, RMB68,564,000, and RMB93,591,000 (unaudited) were due from the Group's five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

Maximum exposure and year/period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	147,940	147,940
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,548	–	–	–	2,548
Cash and bank balances	592,822	–	–	–	592,822
Total	595,370	–	–	147,940	743,310

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	144,919	144,919
Financial assets included in prepayments, other receivables and other assets					
– Normal**	3,129	–	–	–	3,129
Cash and bank balances	577,701	–	–	–	577,701
Total	580,830	–	–	144,919	725,749

As at 30 September 2025 (unaudited)

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	194,365	194,365
Financial assets included in prepayments, other receivables and other assets					
– Normal**	3,722	–	–	–	3,722
Time deposits	286,807	–	–	–	286,807
Cash and bank balances	900,648	–	–	–	900,648
Total	1,191,177	–	–	194,365	1,385,542

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations due to the shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods and 30 September 2025, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023				
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	64,797	–	–	–	64,797
Financial liabilities included in other payables and accruals	5,792	1,232	–	–	7,024
Lease liabilities	3,432	3,102	2,211	–	8,745
Total	74,021	4,334	2,211	–	80,566

	As at 31 December 2024				
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	63,742	–	–	–	63,742
Financial liabilities included in other payables and accruals	4,014	455	–	–	4,469
Lease liabilities	5,018	3,176	1,877	–	10,071
Total	72,774	3,631	1,877	–	78,282

	As at 30 September 2025 (unaudited)				
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	98,006	–	–	–	98,006
Financial liabilities included in other payables and accruals	1,126	–	–	–	1,126
Lease liabilities	4,334	2,646	666	–	7,646
Total	103,466	2,646	666	–	106,778

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the end of each of the Relevant Periods and 30 September 2025 were as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Total liabilities	107,601	143,271	161,994
Total assets	2,050,212	2,305,317	2,608,013
Gearing ratios	5%	6%	6%

42. EVENTS AFTER 30 SEPTEMBER 2025

There were no significant events subsequent to 30 September 2025.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries in respect of any period subsequent to 30 September 2025.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

This Appendix contains a summary of the principal provisions of the Company's Articles of Association and comes into effect from the date on which the H shares are [**REDACTED**] on The Stock Exchange of Hong Kong Limited. The major objective of this Appendix is to provide potential [**REDACTED**] with an overview of the Company's Articles of Association, and therefore it does not contain all data that may be important to potential [**REDACTED**].

SHARES

Issue of Shares

Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights. Shares of the same class and the same issuance shall be issued on the same conditions and at the same price; any subscriber shall pay the same price for each of the shares it/he/she subscribes for.

Increase, Reduction and Repurchase of Shares

The Company may increase capital based on the needs of operation and development and in accordance with the requirements of relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and relevant domestic and foreign securities regulatory authorities and resolution on the shareholders' meeting, by any of the following ways:

(i) issuance of shares to unspecified parties;

(ii) issuance of shares to specified parties;

(iii) distribution of bonus shares to existing shareholders;

(iv) conversion of capital reserve into share capital;

(v) other means as required by laws, administrative regulations and the CSRC and The Stock Exchange of Hong Kong Limited.

The Company may decrease its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company shall not buy back its shares, except in one of the following circumstances:

(i) reduction of the Company's registered capital;

(ii) merger with another company holding shares of the Company;

(iii) use of shares for employee stock ownership scheme or equity incentives;

(iv) Shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to purchase their shares;

(v) use of shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(vi) where it is necessary for the Company to preserve its value and Shareholders' interest;

(vii) Other circumstances permitted by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and relevant domestic and foreign securities regulatory authorities.

The Company may repurchase its shares through public centralised trading or other methods recognised by laws, administrative regulations and the CSRC and The Stock Exchange of Hong Kong Limited.

Where the Company repurchases its shares under the circumstances set forth in items (iii), (v) and (vi) of the first paragraph mentioned above, the repurchase shall be made through public centralised trading subject to compliance with the securities regulatory rules of the place where the shares of the Company are listed and the approval from relevant domestic and foreign securities regulatory authorities.

Unless otherwise stipulated in the Hong Kong Listing Rules, where the Company repurchases its shares under the circumstances set forth in items (i) and (ii) of Paragraph 1 of Article 24 of the Articles of Association, it shall be resolved at a shareholders' meeting; unless otherwise stipulated in the Hong Kong Listing Rules, where the Company purchases its shares under the circumstances set forth in items (iii), (v) and (vi) of Paragraph 1 of Article 24 of the Articles of Association, a resolution thereon may, pursuant to the provisions of the Articles of Association or the authorization of the shareholders' meeting, be made at a Board meeting that is attended by more than two-thirds of the directors.

Upon the repurchase of its shares by the Company pursuant to the provisions of Paragraph 1 of Article 24 of the Articles of Association, under the circumstance set forth in item (i), such shares shall be cancelled within 10 days from the day of purchase; under the circumstances set forth in items (ii) and (iv), such shares shall be transferred or cancelled within six months; under the circumstances set forth in items (iii), (v) and (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Where the Company purchases its H shares pursuant to Article 24 of the Articles of Association, such shares may be cancelled at the Company's option or held as treasury shares pursuant to the Hong Kong Listing Rules.

Transfer of Shares

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which the A shares of the Company are listed and traded on Shanghai Stock Exchange. If there are other provisions of laws, administrative regulations or the CSRC, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited regarding the transfer of the shares of the Company by shareholders or de facto controllers of the Company, such provisions shall prevail.

Directors, senior management and core technical personnel of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During the term of office of directors and senior management of the Company confirmed at the assumption of their position, the shares transferred by any of them each year shall not exceed 25% of the total shares of the same class of the Company held by them; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded; directors and senior management of the Company shall not transfer the shares of the Company held by them within half a year after they leave the Company. The shares of the Company held by the core technical personnel of the Company prior to the initial public offering shall not be transferred within one year from the date on which the shares of the Company are listed and traded and within half a year after they leave the Company; within four years from the expiration of the lock-up period of the shares held by them prior to the initial public offering, the shares transferred by them each year before the initial public offering shall not exceed 25% of the total shares of the Company held by them prior to the initial public offering at the time of listing, and their reduction ratio may be used on an accumulated basis.

If the Company's shares are pledged during the period of restriction of transfer stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, the pledgee shall not exercise his/her pledge rights during the period of restriction of transfer.

Where shareholders holding 5% or more of the shares of the Company, directors and senior management sell the shares of the Company or other securities with an equity nature as held by them within six months after purchasing the same, or purchase the shares of the Company or other securities with an equity nature as held by them within six months after selling the same, the earnings arising therefrom shall belong to the Company, and the Board of the Company shall recover such earnings received by them. However, securities companies holding 5% or more of the shares of the Company as a result of their purchase of the remaining unsold shares underwritten by them and other circumstances stipulated by the CSRC, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited shall be excluded.

The shares or other securities with an equity nature held by directors, senior management and natural person shareholders referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held through the accounts of others.

Where the Board of the Company does not comply with the provisions of the first paragraph of this article, shareholders shall have the right to require the Board to comply with them within 30 days. Where the Board of the Company does not comply with such provisions within the aforesaid period, shareholders shall have the right to directly file a lawsuit with the people's court in their own name for the benefit of the Company. Where the Board of the Company does not comply with the provisions of the first paragraph of this article, directors who are responsible for shall bear joint and several liability in accordance with the law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of members based on the evidence provided by the securities registration authority. The register of members shall be sufficient evidence of the holding of the shares of the Company by shareholders. A shareholder shall enjoy rights and assume obligations according to the class of the shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations. The Company shall manage the register of members in accordance with the provisions of relevant laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the shares of the Company are listed and the requirements of relevant domestic and foreign securities regulatory authorities. The Company shall maintain a duplicate copy of the register of members of overseas listed shares at the Company's address; the entrusted overseas agency shall ensure the consistency between the original and the duplicate copy of the register of members of overseas listed shares at any time. The branch register of members in Hong Kong shall be available for inspection by shareholders; however, the Company may be allowed to close the register of shareholders in accordance with the provisions equivalent to the Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Subject to compliance with the Company's Articles of Association and other applicable regulations, upon transfer of the Company's shares, the name of the transferee of such shares shall be entered as the holder of such shares in the register of members.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other distributions in proportion to the shares they hold;

(ii) to request, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and exercise the corresponding right to vote in accordance with laws;

(iii) to supervise, present suggestions on or make inquiries about the operations of the Company;

(iv) to transfer, gift or pledge the shares they hold in accordance with relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association;

(v) to inspect and copy the Articles of Association, register of members, minutes of shareholders' meetings, resolutions of Board meetings and financial and accounting reports, and shareholders in compliance with the requirements may inspect the accounting books and accounting evidence of the Company;

(vi) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;

(vii) to require the Company to purchase their shares in the event of objection to the resolutions of the shareholders' meeting on merger or division of the Company;

(viii) other rights stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the content of a resolution of the shareholders' meeting or a meeting of the Board violates laws or administrative regulations, shareholders shall have the right to request the people's court to determine it to be invalid. If the convening procedure or voting method of the shareholders' meeting or a meeting of the Board violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, shareholders shall have the right to request the people's court to revoke the resolution within sixty days from the date of passing the resolution, except where the convening procedure or voting method of the shareholders' meeting or the meeting of the Board are only slightly defective and have no substantial impact on the resolution.

Where the Company incurs losses as a result of directors and senior management other than members of the audit and risk management committee having violated the provisions of laws, administrative regulations or the Articles of Association in performing their duties for the Company, shareholders severally or jointly holding 1% or more of the Company's shares for 180 consecutive days or more shall be entitled to request in writing the audit and risk management committee to file a lawsuit with the people's court; where the Company incurs losses as a result of any member of the audit and risk management committee having violated the provisions of laws, administrative regulations or the Articles of Association in performing his/her duties for the Company, the aforementioned shareholders may request in writing the Board to file a lawsuit with the people's court.

In the event that the audit and risk management committee or the Board refuses to file a lawsuit after receiving the written request of shareholders stated in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receipt of the request, or in case of urgency where failure to file a lawsuit immediately would cause irreparable damage to the Company's interests, shareholders as specified in the preceding paragraph shall have the right to file a lawsuit with the people's court directly in their own name for the benefit of the Company.

Where another person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, shareholders as specified in the first paragraph of this Article may file a lawsuit with the people's court in accordance with the provisions of the preceding two paragraphs.

Where the Company incurs losses as a result of any directors, supervisors and senior management of a wholly-owned subsidiary of the Company having violated laws, administrative regulations or the Articles of Association in performing their duties, or if another person infringes upon the legitimate rights and interests of the wholly-owned subsidiary of the Company and causes losses, shareholders severally or jointly holding 1% or more of the Company's shares for 180 consecutive days or more may request in writing the board of supervisors or board of directors of the wholly-owned subsidiary to file a lawsuit with the people's court or directly file a lawsuit with the people's court in their own name in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law.

Shareholders of the Company shall assume the following obligations:

(i) to comply with laws, administrative regulations and the Articles of Association;

(ii) to pay subscription monies according to the number of shares subscribed for by them and the method of subscription;

(iii) not to withdraw their share capital unless under circumstances required by laws and regulations;

(iv) not to abuse their shareholders' rights to impair the interests of the Company or other shareholders; and not to abuse the Company's position as an independent legal person and the limited liability of shareholders to impair the interests of the creditors of the Company;

(v) to assume other obligations prescribed by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause losses to the Company or other shareholders shall be liable for compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

General Provisions for Shareholders' Meeting

The shareholders' meeting of the Company consists of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

(i) to elect and replace directors and to determine matters relating to the remuneration of directors;

(ii) to consider and approve the reports of the Board;

(iii) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issue of corporate bonds;

(vi) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the appointment and dismissal of accounting firms undertaking the audit business of the Company;

(ix) to consider and approve transaction matters specified in Article 48 of the Articles of Association;

(x) to consider and approve external guarantee matters specified in Article 49 of the Articles of Association;

(xi) to consider and approve financial aids specified in Article 50 of the Articles of Association;

(xii) to consider the purchase or sale of significant assets by the Company within one year that exceed 30% of the Company's latest audited total assets;

(xiii) to consider and approve changes in the use of funds raised;

(xiv) to consider share incentive schemes and employee stock ownership schemes;

(xv) to consider other matters to be resolved by the shareholders' meeting as required by laws, administrative regulations, departmental rules or the Articles of Association.

The following external guarantees provided by the Company shall be considered and approved by the shareholders' meeting:

(i) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets of the Company;

(ii) any guarantee to be provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 30% of the latest audited total assets;

(iii) In accordance with the principle of cumulative calculation of guaranteed amount for 12 consecutive months, any guarantee with guaranteed amount in excess of 30% of the latest audited total assets of the Company;

(iv) any guarantee to be provided to a recipient of the security whose debt-to-asset ratio is over 70%;

(v) any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;

(vi) any guarantee provided to shareholders, de facto controllers and their related (connected) parties;

Shareholders' meetings are classified into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once a year within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

(i) where the number of directors is less than the statutory minimum number as provided for by the Company Law or two thirds of the number as provided for by the Articles of Association;

(ii) when the uncovered loss of the Company reaches one-third of its total share capital;

(iii) upon request by shareholders individually or collectively holding 10% or more of the voting shares (including preferred shares with voting rights restored, but excluding treasury shares) of the Company;

(iv) when the Board deems it necessary;

(v) when the audit and risk management committee proposes such a meeting to be held;

(vi) other circumstances required by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' Meetings

The Board shall convene shareholders' meetings on time within the prescribed period. Upon the approval of a majority of all independent directors, independent directors shall have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. For the proposal requesting to convene an extraordinary shareholders' meeting by independent directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made. If the Board does not agree to convene an extraordinary shareholders' meeting, it shall state reasons and make a public announcement.

If the audit and risk management committee proposes the Board to convene an extraordinary shareholders' meeting, the proposal shall be presented in writing. The Board shall, according to laws, administrative regulations and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after such a Board resolution is made, and amendments to the original proposal to be stated in the notice shall be agreed by the audit and risk management committee. If the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within ten days after receipt of the proposal, the Board shall be deemed to be unable or have refused to fulfill the obligation to convene shareholders' meetings, and the audit and risk management committee may convene and preside over the meeting by itself.

If shareholders who individually or collectively hold 10% or more of the shares of the Company (including preferred shares with voting rights restored, but excluding treasury shares) request the Board to convene an extraordinary shareholders' meeting, the request shall be made to the Board in writing. The Board shall, according to laws, administrative regulations and the Articles of Association, provide written reply on whether they agree or disagree to convene the extraordinary shareholders' meeting within ten days after receipt of the request. If the Board agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after a Board resolution is made, and amendments to the original request to be stated in the notice shall be agreed by relevant shareholders. If the Board does not agree to convene the extraordinary shareholders' meeting or does not reply within ten days after receipt of the request, shareholders who individually or collectively hold 10% or more of the shares of the Company (including preferred shares with voting rights restored, but excluding treasury shares) shall have the right to request the audit and risk management committee to convene the extraordinary shareholders' meeting, and the request shall be made to the audit and risk management committee in writing. The content of the proposal shall be fully consistent with that of the proposal made to the Board. If the audit and risk management committee agrees to convene an extraordinary shareholders' meeting, a notice of shareholders' meeting shall be issued within five days after receipt of the request, and amendments to the original proposal to be stated in the notice shall be agreed by relevant shareholders. If the audit and risk management committee does not issue a notice of shareholders' meeting within the prescribed time limit, the audit and risk management committee shall be deemed to have refused to convene and preside over the shareholders' meeting. Shareholders who individually or collectively hold 10% or more of the shares of the Company (including preferred shares with voting rights restored, but excluding treasury shares) for more than 90 consecutive days may convene and preside over the meeting on their own.

Notices of Shareholders' Meetings

The convener of an annual shareholders' meeting shall notify all shareholders by way of an announcement twenty days before the meeting, and the convener of an extraordinary shareholders' meeting shall notify all shareholders by way of an announcement fifteen days before the meeting.

A notice of shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all shareholders are entitled to attend a shareholders' meeting and may appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company.

(iv) the date of equity registration of shareholders entitled to attend the shareholders' meeting; The interval between the date of equity registration and the meeting date shall not exceed 7 working days, and once the date of equity registration is confirmed, it shall not be changed;

(v) the name and telephone number of the regular contact person for the meeting;

(vi) the time and procedures for voting online or by other means; The starting time for voting online or by other means at the shareholders' meeting shall not be earlier than 3:00 pm on the day before the on-site shareholders' meeting, and shall not be later than 9:30 am on the day of the on-site shareholders' meeting. Its ending time shall not be earlier than 3:00 pm on the day of the end of the on-site shareholders' meeting.

After issuing a notice of the shareholders' meeting, the shareholders' meeting shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of the shareholders' meeting shall not be cancelled. Once there is a postponement or cancellation, the convener shall make a public announcement and state reasons at least two working days before the originally scheduled meeting date. If there are special provisions in the securities regulatory rules of the place where the Company's shares are listed regarding the procedures for postponing or canceling shareholders' meetings, such provisions shall prevail.

Convening of Shareholders' Meetings

A shareholder may attend a shareholders' meeting in person or appoint a proxy to attend and vote on behalf of such shareholder, and such proxy need not be a shareholder of the Company.

Where the shareholders' meeting requires directors or senior management to attend the meeting as non-voting attendees, such directors or senior management shall be present and accept inquiries from shareholders. The Company shall provide convenience for directors and senior management to participate in shareholders' meetings through virtual conference technologies such as video, telephone and Internet.

A shareholders' meeting shall be presided over by the Board chairman. In the event that the Board chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by a majority of the directors. A shareholders' meeting convened by the audit and risk management committee on its own shall be presided over by the convener of the audit and risk management committee. If the convener of the audit and risk management committee is unable or fails to perform his/her duties, the meeting shall be presided over by a member of the audit and risk management committee jointly elected by a majority of the members of the audit and risk management committee. A shareholders' meeting convened by shareholders on their own shall be presided over by the convener or a representative elected by him/her. When holding a shareholders' meeting, if the person presiding over the meeting violates the rules of procedures and makes it impossible for the shareholders' meeting to continue, with the consent of a majority of the shareholders with voting rights present at the meeting, the shareholders' meeting may be continued by electing one person to serve as the person presiding over the meeting.

The Company shall formulate the rules of procedures for shareholders' meetings, stipulating in detail the procedures for convening and holding a shareholders' meeting and voting thereat, which shall include, among others, the notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formulation of resolutions of the meeting, minutes of the meeting and signing thereof and announcements, as well as the principles of authorization from the shareholders' meeting to the Board. The content of authorization shall be clear and specific.

Voting and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of a shareholders' meeting shall be passed by votes representing more than half of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting. Special resolutions of a shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights held by shareholders (including their proxies) attending the shareholders' meeting.

The following shall be approved by the shareholders' meeting by ordinary resolutions:

(i) the work reports of the Board;

(ii) the profit distribution plans and loss recovery plans formulated by the Board;

(iii) the appointment and dismissal of Board members and their remunerations and payment methods;

(iv) other matters other than those required to be approved by special resolutions by laws, administrative regulations or the Articles of Association.

The following shall be approved by the shareholders' meeting by special resolutions:

(i) the increase or reduction of the registered capital of the Company;

(ii) the division, split, merger, dissolution and liquidation of the Company;

(iii) the amendments to the Articles of Association;

(iv) the purchase and sale of material assets or the provision of guarantees to others by the Company with a cumulative amount calculated for 12 consecutive months exceeding 30% of the latest audited total assets of the Company;

(v) the share incentive schemes;

(vi) other matters stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association that are determined by the shareholders' meeting by ordinary resolutions to have a significant impact on the Company and are required to be approved by special resolutions.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent, and each share shall be entitled to one vote.

When the shareholders' meeting considers material matters affecting the interests of minority [**REDACTED**], separate counting of votes cast by minority [**REDACTED**] shall be conducted. The results of the separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company shall not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a shareholders' meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within thirty-six months after the purchase, and the number of such shares shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on a resolution or restricted to voting only for or only against a resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Board, independent directors, shareholders holding 1% or more of the voting shares of the Company or investor protection agencies established pursuant to laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, information such as the specific voting intention shall be fully disclosed to the persons being solicited. It is prohibited to solicit shareholder voting rights in paid or distorted paid way. Save for statutory conditions, the Company shall not propose the lowest limit of shareholding ratio for voting right solicitation.

When a related (connected) transaction is considered at a shareholders' meeting, related (connected) shareholders shall not participate in voting, and the number of voting shares that they represent shall not be counted in the total number of valid voting shares; the voting situation of unrelated (unconnected) shareholders shall be fully disclosed in the announcement of the resolutions of the shareholders' meeting.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

Directors of the Company shall be natural persons. A person who falls into any of the following circumstances shall not serve as a director of the Company:

(i) the person has no capacity for civil conducts or has limited capacity for civil conducts;

(ii) the person has committed an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of socialist market economy and has been punished therefor, or has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of execution of such punishment or deprivation, or has been sentenced to probation, and less than two years have elapsed since the expiration of the probation period;

(iii) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation is personally liable for the insolvency of such company or enterprise, and less than three years have elapsed since the date of the completion of such insolvency and liquidation of such company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business licence revoked or was ordered to close down due to any violation of the law is personally responsible, and less than three years have elapsed since the date when such company or enterprise had its business licence revoked or was ordered to close down;

(v) the person has been identified as a subject of enforcement for breach of trust by the people's court for failure to repay a relatively large amount of matured debts;

(vi) the person has been subject to a ban from accessing to the securities market imposed by the CSRC, and the term of prohibition has not expired;

(vii) the person has been publicly determined to be unsuitable to serve as a director or senior management member of listed companies by a stock exchange for a period which has not yet expired;

(viii) other circumstances required by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or engagement shall be deemed to be invalid. If any of the circumstances as set out in this Article occurs to a director during his/her term of office, the Company shall remove the director from office and stop him/her from performing his/her duties.

Directors shall be elected or replaced by the shareholders' meeting, and may be removed from their office prior to the expiration of their term of office by the shareholders' meeting. Directors shall have a term of three years, and may be re-elected and re-appointed another term upon the expiration of their term of office. If there are other provisions in the securities regulatory rules of the place where the Company's shares are listed regarding the re-election or re-appointment of directors, such provisions shall prevail.

A director's term of office shall commence from the date when he/she takes office and end upon expiration of the term of the current session of the Board of Directors. If no re-election is held in time upon the expiration of a director's term of office, the former director shall continue to perform the duties of a director in accordance with relevant laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before a newly elected director assumes office.

Senior management may serve as directors concurrently, provided that the aggregate number of directors concurrently serving as senior management shall not exceed half of the total number of directors of the Company.

Directors shall comply with laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association and owe fiduciary duties to the Company, and shall take measures to avoid conflicts between their personal interests and those of the Company, and shall not use their powers and duties to seek illegitimate benefits.

Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, owe a duty of diligence to the Company and perform their duties with a reasonable degree of care that a manager should have normally for the best interests of the Company, and shall ensure that they have sufficient time and energy to perform their duties.

A director may resign before the expiration of his/her term of office. The resigning director shall submit to the Company a written resignation report. Such director's resignation shall take effect on the date when the Company receives the resignation report. The Company shall disclose relevant situations within two trading days or the period required by securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the director's resignation causes the number of Board members of the Company to fall below the minimum quorum, or if the resignation of an independent non-executive director results in the number or proportion of independent non-executive directors of the Board or its special committees not complying with laws and regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or when there are no individuals among the independent non-executive directors who meet regulatory requirements and have appropriate professional qualifications or appropriate accounting or relevant financial management expertise, the former director shall still perform the duties of a director in accordance with relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association before a newly elected director assumes office.

The Company shall establish a resignation management system for directors, clarifying safeguard measures for accountability and recovery concerning unfulfilled public commitments and other outstanding matters. A director whose resignation has become effective or whose term of office has expired shall complete all handover procedures with the Board, and his/her fiduciary duties to the Company and shareholders shall not be necessarily released, and shall remain valid for two years after the expiration of his/her original term of office. The responsibilities that such director should bear during his/her term of office due to the performance of his/her duties shall not be exempted or terminated upon his/her departure.

Without the provisions of the Articles of Association or the legal authorization of the Board, no directors shall act on behalf of the Company or the Board in their personal capacity. When a director acts in his/her personal capacity, if a third party reasonably believes that such director is acting on behalf of the Company or the Board, such director shall declare his/her position and identity in advance.

Board of Directors

The Company shall have a Board, which is composed of seven directors, including independent directors representing no less than one-third of the Board members and at least one accounting professional. There shall be no employee representative of the Company among the Board members.

The Board shall exercise the following functions and powers:

(i) to convene shareholders' meetings, and submit work reports to the shareholders' meeting;

(ii) to implement the resolutions of shareholders' meetings;

(iii) to resolve on the Company's business plans and investment plans;

(iv) to formulate the Company's profit distribution plans and loss recovery plans;

(v) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plans;

(vi) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change in corporate form;

(vii) to decide, within the scope of the authorization delegated by the shareholders' meeting, on the Company's external investments, acquisition and disposal of assets, mortgage of assets, external guarantees, entrusted financial management, related (connected) transactions and external donations, etc.;

(viii) to decide on the establishment of the Company's internal management organizations;

(ix) to decide on the appointment or dismissal of general managers, deputy general managers, secretaries to the Board and financial controllers of the Company, and to decide on their remunerations, incentives and penalties;

(x) to formulate the basic management system of the Company;

(xi) to formulate the proposals for amendments to the Articles of Association;

(xii) to manage the information disclosures of the Company;

(xiii) to propose to the shareholders' meeting on engagement or change of accounting firms which provide audit services to the Company;

(xiv) to listen to work reports of the general manager of the Company and inspect his/her work;

(xv) to consider and approve transaction matters stipulated in Article 118 of the Articles of Association;

(xvi) Review the Company's compliance with the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and its disclosure in the corporate governance report;

(xvii) other functions and powers granted by the shareholders' meeting or relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Board shall have one chairman, who shall be elected by a majority vote of all directors. If the chairman is unable or fails to perform his/her duties, a director elected jointly by more than half of the directors shall perform his/her duties.

The Board shall hold at least four meetings each year, which shall be convened by the Board chairman and notified to all directors in writing (including the form of data message) 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, the Board chairman, more than one-third of the directors, more than half of the independent directors or the audit and risk management committee may propose to convene an ad hoc meeting of the Board. The Board chairman shall convene and preside over the Board meeting within ten days after receipt of the proposal.

An ad hoc Board meeting convened by the Board shall be notified to all directors in writing (including the form of data message) 3 days prior to the meeting, and sufficient information shall be provided. In case of urgent matters, with the consent of more than half of the directors, the convening of an ad hoc Board meeting may not be subject to the aforesaid time limit and method of notification, provided that it shall be confirmed in writing at the time when the ad hoc Board meeting is convened.

A Board meeting shall be held only when more than half of the directors are present. Resolutions of the Board shall be passed by a majority vote of all directors. External guarantees and financial aids within the scope of authority of the Board shall be approved by more than two-thirds of the directors present at the Board meeting in addition to being approved by more than half of all directors. If there are other provisions in the Articles of Association and relevant laws, administrative regulations, departmental rules, normative documents or securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail. Each director shall have one vote on Board resolutions.

Where there is a related (connected) relationship between a director and an enterprise or individual involved in the resolution of the Board meeting, or when the Board evaluates or discusses the remuneration of an individual director, or when the Board considers matters related to the share incentive scheme and employee stock ownership scheme for a director, such director shall not exercise his/her voting rights on the resolution, nor shall he/she exercise voting rights on behalf of other directors. The Board meeting may be held if more than half of the directors with no related (connected) relationship are present, and resolutions made at the Board meeting shall be passed by more than half of the directors with no related (connected) relationship. External guarantees shall be approved by more than two-thirds of the directors with no related (connected) relationship present at the meeting in addition to being approved by more than half of all directors of the Company. If the number of directors with no related (connected) relationship present at the Board meeting is less than 3, the matter shall be submitted to the shareholders' meeting for review. If there are any additional restrictions on Directors' participation in and voting at Board meetings in relevant laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of place where the Company's shares are listed, the relevant provisions shall also be complied with.

A Board meeting shall be attended by the directors themselves; if a director is unable to attend the meeting for any reason, he/she may appoint another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the proxy's name, matters appointed, scope of authority and validity period, and shall be signed or sealed by the appointing director. The director who attends the meeting on behalf of the appointing director shall exercise the rights of a director within the scope of authority.

Independent Directors

Independent directors shall conscientiously fulfill their duties, fully understand the Company's business operations and the issues for discussion of the Board, play a role in participating in decision-making, supervision and balancing, and professional consultation on the Board, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders in accordance with the provisions of laws, administrative regulations, the CSRC, stock exchanges, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. Independent directors shall submit their annual work reports to the annual shareholders' meeting of the Company to explain their performance of duties.

The Company shall establish a mechanism for specialized meetings attended entirely by independent directors. Where the Board considers related (connected) transactions or other matters, they shall be approved in advance by a specialized meeting of independent directors.

Special Committees of the Board

The Company does not have a supervisory board, and the Board shall establish an audit and risk management committee to exercise the functions and powers of the supervisory board as stipulated in the Company Law. The audit and risk management committee consists of three members, who shall be directors who are not senior management of the Company, including more than half of the independent directors, and the convener shall be an accounting professional among the independent directors.

The strategy and sustainable development committee consists of three directors, who shall be responsible for managing the Company's development strategy, conducting research on and providing suggestions for the Company's long-term development strategy and major investment decisions, and supervising and evaluating the implementation of the Company's sustainable development strategy and ESG work.

The nomination committee consists of three directors, among whom independent directors constitute the majority and serve as conveners, and shall be responsible for formulating selection criteria and procedures for directors and senior management, selecting and reviewing candidates for directors and senior management and their competence for a post, and providing suggestions to the Board on the following matters:

(i) the nomination or appointment and dismissal of directors;

(ii) the appointment or dismissal of senior management;

(iii) other matters stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The remuneration and appraisal committee consists of three directors, among whom independent directors constitute the majority and serve as conveners, and are responsible for formulating assessment criteria for directors and senior management and conducting assessments, developing and reviewing compensation policies and plans for directors and senior management, and providing suggestions to the Board on the following matters:

(i) the remunerations of directors and senior management;

(ii) the formulation or modification of share incentive schemes, employee stock ownership schemes, and granting of interests to incentive targets and achievement of conditions for exercising rights;

(iii) the proposed split of arrangements for employee stock ownership schemes of subsidiaries by directors and senior management;

(iv) other matters stipulated by relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Senior Management Members

The Company shall have one general manager, who shall be appointed or dismissed by the Board based on the nomination of the Board chairman. The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board.

The provisions of the Articles of Association regarding circumstances where a person shall not serve as a director shall also apply to senior management members. Where a senior management member is prohibited from serving as a director under the Articles of Association during his/her term of office, he/she shall immediately stop performing his/her duties and resign; if the senior management member does not submit resignation, the Board shall immediately dismiss him/her from his/her post in accordance with regulations upon becoming aware or should have become aware of the occurrence of the fact.

The general manager shall serve for a term of three years, and may be re-appointed if he/she is re-elected.

The general manager shall be responsible to the Board, attend Board meetings and exercise the following functions and powers:

(i) to take charge of the production operations and management tasks of the Company and organize the implementation of the Board's resolutions, and to report work to the Board;

(ii) to organize the implementation of the Company's annual business plans and investment plans;

(iii) to develop plans for the establishment of the Company's internal management organizations;

(iv) to develop the basic management system of the Company;

(v) to formulate the specific rules and regulations of the Company;

(vi) to propose the Board to appoint or dismiss deputy general managers and financial controllers of the Company;

(vii) to decide on the appointment or dismissal of management officers other than those requiring the Board to decide on the appointment or dismissal;

(viii) other functions and powers granted by the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Board.

The Company shall have a secretary to the Board, who shall be appointed or dismissed by the Board based on the nomination of the Board chairman and be responsible to the Company and the Board. The Board secretary shall be responsible for the preparation of the Company's shareholders' meetings and the Board meetings, keeping of documents, the management of the information of the Company's shareholders, and the handling of information disclosures and other matters. The Board shall be responsible for formulating the working system for the Board secretary, specifying the functions and powers, obligations, responsibilities and relevant work process of the Board secretary.

If a senior management member causes damage to others while performing his/her duties for the Company, the Company shall bear liability for compensation; if the senior management member acts with intention or gross negligence, he/she shall also bear liability for compensation. If a senior management member violates laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association and causes losses to the Company while performing his/her duties for the Company, he/she shall be liable for compensation.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with relevant laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and regulations of relevant national departments.

The Company shall submit and disclose its annual report to the agency of the CSRC and the stock exchange of the place where the Company's shares are listed within four months from the end of each fiscal year, and shall submit and disclose its interim report to the agency of the CSRC and the stock exchange of the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The Company shall not set up separate accounting books other than its statutory accounting books. No funds of the Company shall be deposited into any account opened in the name of any individual.

Profit Distribution

When distributing the current year's after-tax profits, the Company shall set aside 10% of its profits for the Company's statutory common reserve fund. Where the cumulative amount of the statutory common reserve fund of the Company has reached not less than 50% of the Company's registered capital, it may no longer be allocated.

When the Company's statutory common reserve fund is not sufficient to make up for the Company's losses for the previous years, the current year's profits shall first be used to make up for the losses before any allocation is set aside for the statutory common reserve fund in accordance with the provisions of the preceding paragraph. After the Company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund.

After the Company has made up for its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed to shareholders based on their shareholding ratio unless the Articles of Association stipulate that such distribution shall not be made based on their shareholding ratio.

Where the shareholders' meeting distributes profits to shareholders in violation of the provisions of the Company Law, Securities Law and other laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, shareholders shall refund to the Company the profits distributed in violation of the provisions; if any losses are caused to the Company, shareholders and responsible directors and senior management shall be liable for compensation.

No profits shall be distributed in respect of the shares of the Company which are held by the Company.

The common reserve fund of the Company shall be used to make up for the losses of the Company, expand the Company's production operations or convert into the registered capital of the Company. When the common reserve fund is used to make up for the losses of the Company, the discretionary common reserve fund and statutory common reserve fund shall first be used; if there is still a shortfall, the capital reserve may be used in accordance with the regulations. When the statutory common reserve fund is converted into the registered capital, the retained portion of such common reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

The Company may distribute profits by way of cash, stocks or a combination of cash and stocks. Subject to ensuring the daily working capital needs of the enterprise, the Company shall prioritize the use of cash dividends for profit distribution. The cumulative amount of cash dividends of the Company for the last three years shall not be less than 30% of the annual average audited net profit of the Company for the last three years.

An annual or interim profit distribution plan of the Company shall be formulated by the Board. A profit distribution plan of the Company shall be submitted to the shareholders' meeting for approval after being considered and approved by the Board. If the Company distributes profits by way of stocks or a combination of cash and stocks, such distribution shall be considered and approved by the shareholders' meeting of the Company by a special resolution.

Internal Audit

The Company shall implement an internal audit system, clarifying the leadership system, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability for internal audit work. The internal audit system of the Company shall be implemented after being approved by the Board and disclosed to the public.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the Securities Law and securities regulatory rules of the place where the Company's shares are listed to perform services such as the audit of financial statements, verification of net assets and other relevant consulting services. The engagement term is one year and may be renewed.

The appointment or dismissal of the accounting firm by the Company shall be decided by the shareholders' meeting. The Board shall not appoint an accounting firm before the shareholders' meeting makes a decision.

The Company shall guarantee that any accounting vouchers, accounting books, financial accounting reports and other accounting information provided to the accounting firm engaged are true and complete, and that it shall not refuse to provide or conceal any such information or provide any false information.

Any audit fees of the accounting firm shall be decided by the shareholders' meeting.

The Company shall notify the accounting firm 30 days in advance when dismissing or ceasing to renew the appointment of the accounting firm. The accounting firm shall be allowed to state its opinions when the shareholders' meeting of the Company votes on dismissing the accounting firm. Where the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any irregularities in the Company.

NOTICES AND ANNOUNCEMENTS

Notices

A notice of the shareholders' meeting of the Company shall be given by announcement. Notices of Board meetings convened by the Company shall be delivered by email, data message, personal delivery or other means.

Announcements

The Board shall have the right to decide on any adjustment of the identified company information disclosure media, provided that it shall ensure that the designated information disclosure media complies with domestic and Hong Kong's applicable laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and qualifications and conditions stipulated by domestic and foreign securities regulatory authorities.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

Merger of the Company may take the form of absorption or establishment of a new company.

If the price paid by the Company for a merger does not exceed ten percent of the net assets of the Company, such merger may not require a resolution of the shareholders' meeting unless otherwise stipulated in the Articles of Association. In case of a merger of the Company in accordance with the provisions of the preceding paragraph without a resolution of the shareholders' meeting, such merger shall be subject to a resolution of the Board.

Where the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the merger resolution, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor may, within 30 days from the date of receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, require the Company to pay off its debt or to provide corresponding guarantees.

When the Company is merged, the claims and debts of each party to the merger shall be inherited by the surviving company or the newly established company after the merger.

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the division resolution, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

The debts of the Company prior to the division shall be assumed jointly by the companies which exist after the division, unless otherwise stipulated in a written agreement between the Company and its creditors in relation to the repayment of debts prior to the division.

Where the Company needs to reduce its registered capital, a balance sheet and an inventory of assets shall be prepared.

The Company shall notify its creditors within 10 days from the date of the resolution on the reduction of its registered capital, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor shall have the right, within 30 days from the receipt of the notice or, if he/she does not receive the notice, within 45 days from the date of the announcement, to require the Company to pay off its debts or provide corresponding guarantees.

When the Company reduces its registered capital, it shall correspondingly reduce its capital contributions or shares based on the proportion of shares held by shareholders unless otherwise stipulated by laws or the Articles of Association.

Where a merger or division of the Company results in any changes in the registered items, such changes shall be registered with the company registration authority in accordance with the law; where the Company is dissolved, cancellation of the Company's registration shall be applied for in accordance with the law; where a new company is established, the registration of such company's establishment shall be applied for in accordance with the law. Where the Company increases or reduces its registered capital, it shall apply for the registration of change with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved due to the following reasons:

(i) the shareholders' meeting resolves to dissolve the Company;

(ii) dissolution is necessary due to merger or division of the Company;

(iii) the Company has had its business license revoked or has been ordered to close down or canceled in accordance with the law;

(iv) where the Company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of shareholders if the Company continues its existence and the situation cannot be resolved by other means, the Company is dissolved by a people's court in response to the request of shareholders who hold 10% or more of the voting rights of the Company.

(v) other reasons for dissolution as stipulated in the Articles of Association have occurred.

If the reasons for dissolution of the Company as stipulated in the preceding paragraph occur, they shall be announced through the National Enterprise Credit Information Publicity System and the website of The Stock Exchange of Hong Kong Limited within 10 days.

If the Company falls under the circumstances set out in items (i) and (v) of Article 200 of the Articles of Association and has not yet distributed its assets to shareholders, it may survive by a resolution of the shareholders' meeting or by amending the Articles of Association. Where the Company survives by a resolution of the shareholders' meeting or by amending the Articles of Association in accordance with the provisions of the preceding paragraph, the survival shall be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

Where the Company is dissolved under the circumstances set out in items (i), (iii), (iv) and (v) of Article 200 of the Articles of Association, the Company shall be liquidated. Directors shall be the liquidation obligors of the Company, and shall establish a liquidation group to commence liquidation within 15 days upon the occurrence of the reasons for dissolution. The liquidation group shall be composed of directors except as otherwise provided in the Articles of Association or by a resolution of the shareholders' meeting on the election of other persons. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear liability for compensation.

The liquidation group shall notify creditors within 10 days from the date of its establishment, and shall publish an announcement in newspapers designated by laws, administrative regulations or departmental rules or on the National Enterprise Credit Information Publicity System within 60 days from the date of such resolution. Creditors shall, within 30 days from the receipt of the notice or, if they do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation group.

When declaring the claims, creditors shall state matters concerning their claims and provide supporting documents. The liquidation group shall register such claims.

During the declaration of claims, the liquidation group shall not make any repayments to creditors.

After the liquidation group has liquidated the assets of the Company and has prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation. The remaining assets of the Company after paying liquidation expenses, wages of employees, social insurance premiums, statutory compensation and outstanding taxes and settling the Company's debts shall be distributed by the Company in proportion to the shares held by shareholders. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to shareholders until all liabilities are paid off in accordance with the provisions of the preceding paragraph.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, if the liquidation group finds that the Company's assets are insufficient to settle the Company's debts, it shall apply to the people's court for bankruptcy and liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall hand over the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the liquidation of the Company is completed, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the company registration authority to apply for cancellation of the Company's registration.

If the Company is declared bankrupt in accordance with the law, it shall carry out a bankruptcy and liquidation in accordance with the laws concerning enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(i) after amendments have been made to relevant laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed;

(ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;

(iii) the shareholders' meeting decides to amend the Articles of Association.

Any amendments to the Articles of Association approved by the resolution of the shareholders' meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities; if such amendments involve the registered items of the Company, an application shall be made for the registration of change in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the relevant competent authorities.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the PRC as a limited liability company on November 13, 2009 and was converted into a joint stock limited company on September 26, 2018. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange STAR Market (SHSE: 688123) in December 2019. For further details, see "History and Corporate Structure — Major Shareholding Changes of Our Company" in this document.

Our registered office address is located at Building 10, No. 1761 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區張東路1761號10幢). We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●], and our principal place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Ms. HO Wing Nga has been appointed as our authorized representative for acceptance of service of process and notices on behalf of our Company in Hong Kong, and their correspondence address is the same as our place of business in Hong Kong.

As the Company was established in the PRC, its operations are subject to the relevant laws and regulations of Mainland China. A summary of the relevant provisions of our Articles of Association is set out in Appendix III to this document.

2. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document.

In April 2024, due to the adoption of the 2021 and 2022 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 526,175 A Shares.

In August 2024, our Company repurchased a total of 1,586,993 A Shares, and as a result, the total share capital of our Company decreased by 1,586,993 A Shares.

In September 2024, due to the exercise of the 2021 and 2022 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 309,725 A Shares.

In January 2025, due to the exercise of the 2021 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 296,600 A Shares.

In April 2025, due to the exercise of the 2022 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 397,275 A Shares.

In September 2025, due to the exercise of the 2021, 2022 and 2023 Restricted Stock Incentive Plans and completion of share transfer registration, the total share capital of our Company increased by 155,225 A Shares.

After the above changes in share capital, as of the Latest Practicable Date, our Company's total share capital is 158,271,044 A Shares.

3. Further Information about Our Major Subsidiaries

Details of our major subsidiaries are set out in "History and Corporate Structure — Our Major Subsidiaries" and Note 2 to the Accountants' Report as set out in Appendix I to this document.

Save as disclosed in "History and Corporate Structure — Our Major Subsidiaries", there has been no alteration in the registered capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions Passed by Our Shareholders' General Meeting of Our Company in Relation to the [REDACTED]

Pursuant to the meeting of the Shareholders held on January 16, 2026, the following resolutions, among others, were duly passed:

(i) the [**REDACTED**] by our Company of H Shares with a nominal value of RMB1.00 each and the [**REDACTED**] of such H Shares on the Stock Exchange;

(ii) the number of H Shares to be [**REDACTED**] prior to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the enlarged share capital of our Company upon completion of the [**REDACTED**]; and an [**REDACTED**] for no more than [**REDACTED**] of the aforementioned number of H Shares [**REDACTED**] pursuant to the [**REDACTED**] shall be granted to the [**REDACTED**];

(iii) subject to the completion of the [**REDACTED**], the Articles of Association, which shall become effective on the [**REDACTED**], shall be conditionally adopted; and the Board and its authorized persons shall be authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(iv) the authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [**REDACTED**] and the [**REDACTED**] and [**REDACTED**] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following is the contract (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(i) the [**REDACTED**].

2. Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registered Owner	Registration Number	Place of Registration	Expiry Date
1. . . .		9	Our Company	58480066	PRC	May 06, 2032
2. . . .	GTag	9	Our Company	14840387	PRC	July 13, 2035
3. . . .	GIANTEC	9	Our Company	10496339	PRC	May 20, 2034
4. . . .		9	Our Company	10496332	PRC	April 06, 2033
5. . . .		9	Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司) ("**Shanghai Judong**")	75967063	PRC	August 27, 2034

(b) Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
1. . . .	Our Company	Bootstrap half-bridge driver chip common-mode voltage slew rate tolerance test device and method (自舉型半橋驅動器共模電壓變化率耐受測試裝置及方法)	Invention	CN202011494935.1	November 01, 2024	PRC
2. . . .	Our Company	A pop-noise-free high-voltage Class D audio power amplifier system and its power-on startup method (一種無pop-noise高壓D類音頻功放系統及其上電啟動方法)	Invention	CN202011443274.4	September 20, 2024	PRC
3. . . .	Our Company	A method for correcting nonlinearity at both ends of the magnetic field of a closed-loop voice coil motor by extracting error method (一種提取誤差法修正閉環音圈馬達磁場兩端非線性的方法)	Invention	CN202110987840.1	August 13, 2024	PRC
4. . . .	Our Company	A method for correcting nonlinearity in the zero magnetic region of closed-loop voice coil motor magnets (一種修正閉環音圈馬達磁鐵零磁區非線性的方法)	Invention	CN202110987197.8	April 23, 2024	PRC
5. . . .	Our Company	Dynamic error elimination method for DACs to improve signal dynamic input range (提高信號動態輸入範圍的數模轉換器的動態誤差消除方法)	Invention	CN202011353465.7	March 01, 2024	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
6. . . .	Our Company	Device and method for reducing dynamic device matching resources in audio DACs (減小音頻數模轉換器中動態器件匹配資源的裝置和方法)	Invention	CN202010051882.X	February 09, 2024	PRC
7. . . .	Our Company	High-voltage level shifting circuit and high-voltage level shifting system (高壓電平轉換電路及高壓電平轉換系統)	Invention	CN202010811424.1	February 09, 2024	PRC
8. . . .	Our Company	A continuous-time integrator applicable to temperature sensors (一種可用於溫度傳感器的連續時間積分器)	Invention	CN201910335378.X	June 09, 2023	PRC
9. . . .	Our Company	A device and method for measuring voice coil motor parameters (一種測量音圈馬達參數的裝置及方法)	Invention	CN202010973538.6	June 09, 2023	PRC
10. . .	Our Company	A detection device for stator inductance variation of three-phase brushless DC motors (一種三相無刷直流電機定子電感變化檢測裝置)	Invention	CN202011494940.2	October 11, 2022	PRC
11. . .	Our Company	A bootstrap charge pump high-voltage power supply generation circuit (一種自舉電荷泵高壓電源產生電路)	Invention	CN202010888254.7	November 30, 2021	PRC
12. . .	Our Company	Voice coil motor control algorithm with short stabilization time, large damping coefficient and high cycle fault tolerance (穩定時間短阻尼係數大周期容錯高的音圈馬達控制算法)	Invention	CN201910334496.9	September 07, 2021	PRC
13. . .	Our Company	A fractional signal amplification device and method applicable to temperature sensors (一種可用於溫度傳感器的小數信號放大裝置及方法)	Invention	CN201910368347.4	February 09, 2021	PRC
14. . .	Our Company	Voice coil motor damping control circuit (音圈馬達阻尼控制電路)	Invention	CN201910360939.3	January 26, 2021	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
15. . .	Our Company	A demodulation circuit for wireless receivers (一種無線接收器的解調電路)	Invention	CN201910506699.1	January 26, 2021	PRC
16. . .	Our Company	A temperature sensor calibration method resistant to reverse Early effect (一種抗反向厄利效應的溫度傳感器校準方法)	Invention	CN201811287166.0	December 22, 2020	PRC
17. . .	Our Company	A voice coil motor control method with short stabilization time and wide applicable damping coefficient range (一種穩定時間短適用阻尼係數範圍廣的音圈馬達控制方法)	Invention	CN201910368369.0	December 22, 2020	PRC
18. . .	Our Company	Programming failure detection circuit and self-test method for contactless card chips (用於非接觸卡類芯片的編程失敗檢測電路及自檢測方法)	Invention	CN201711215516.8	October 30, 2020	PRC
19. . .	Our Company	A bias circuit (一種偏置電路)	Invention	CN201811118804.6	October 30, 2020	PRC
20. . .	Our Company	A fast high-precision low-temperature-drift strong pull-down current generation circuit (一種快速的高精度低溫漂強下拉電流產生電路)	Invention	CN2018111141487.X	October 30, 2020	PRC
21. . .	Our Company	An S-box masking method for SMS4 (一種 SMS4的S盒掩碼方法)	Invention	CN201711248215.5	September 18, 2020	PRC
22. . .	Our Company	A high-precision temperature sensor calibration method and circuit (一種高精度溫度傳感器校準方法及電路)	Invention	CN201811203133.3	September 01, 2020	PRC
23. . .	Our Company	A voice coil motor control system and method introducing damping coefficient (一種引入阻尼係數的音圈馬達控制系統及其方法)	Invention	CN201910368325.8	July 10, 2020	PRC
24. . .	Our Company	A real-time load current detection system (一種負載電流實時探測系統)	Invention	CN201810619848.0	June 02, 2020	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
25. . .	Our Company	A method and device for testing EEPROM cell current in contactless IC cards (一種測試非接觸式 IC 卡中 EEPROMcell – 電流的方法及裝置)	Invention	CN201610756857.5	June 25, 2019	PRC
26. . .	Our Company	Fast power-on detection and configuration method and device for contactless IC card chips (非接觸 IC 卡的芯片快速上電檢測和配置方法及裝置)	Invention	CN201610661871.7	May 17, 2019	PRC
27. . .	Our Company	Shaping signal control method for camera voice coil motor actuators (相機音圈馬達執行器的整形信號控制方法)	Invention	CN201610182558.5	July 13, 2018	PRC
28. . .	Our Company	DES system resistant to side-channel attacks with cyclic iteration and method for implementing remappable SBOX (可循環疊代抗側信道攻擊的 DES 系統及實現可重映射 SBOX 方法)	Invention	CN201510040323.8	July 06, 2018	PRC
29. . .	Our Company	A rail-to-rail operational amplifier (一種軌到軌運算放大器)	Invention	CN201510148931.0	April 27, 2018	PRC
30. . .	Our Company	A system design method for reconfigurable active metal defense layers (一種可重構的主動金屬防禦層的系統設計方法)	Invention	CN201510040369.X	January 19, 2018	PRC
31. . .	Our Company	Low-power adjustable frequency oscillator (低功耗可調頻振盪器)	Invention	CN201410812616.9	November 17, 2017	PRC
32. . .	Our Company	An efficient public key encryption engine (一種高效的公鑰加密引擎)	Invention	CN201510040249.X	September 19, 2017	PRC
33. . .	Our Company	Charge pump circuit suitable for low-voltage operation (適合低電壓操作的電荷泵電路)	Invention	CN201510285461.2	September 19, 2017	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
34. . .	Our Company	Shaping signal control method with high clock cycle fault tolerance rate (高時鐘周期容錯率的整形信號控制方法)	Invention	CN201510040282.2	July 28, 2017	PRC
35. . .	Our Company	Simple charge pump circuit suitable for low-voltage operation (適合低電壓操作的簡單電荷泵電路)	Invention	CN201510285462.7	July 11, 2017	PRC
36. . .	Our Company	A low-temperature-drift trimming circuit for amplifier offset voltage trimming (一種用於放大器失調電壓修調的低溫漂修調電路)	Invention	CN201310238489.1	April 06, 2016	PRC
37. . .	Our Company	Protection method for RFID systems (射頻識別系統的保護方法)	Invention	CN201310011430.9	January 27, 2016	PRC
38. . .	Our Company	Self-calibrating buffer amplifier and resistor trimming network in voice coil motor driver chips (音圈馬達驅動器中的自校準緩衝放大器及電阻修整網絡)	Invention	CN201310152041.8	December 09, 2015	PRC
39. . .	Our Company	A bidirectional current rectifier circuit and its current rectification method (一種雙向電流整流電路及其電流整流方法)	Invention	CN201310179565.6	October 21, 2015	PRC
40. . .	Our Company	Power supply circuit for switching power converters (開關電源變換器的電源電路)	Invention	CN201310011305.8	July 22, 2015	PRC
41. . .	Our Company	A new enable control circuit for power management systems (一種用於電源管理系統的新型使能控制電路)	Invention	CN201210481082.7	January 07, 2015	PRC
42. . .	Our Company	Memory and its operation method (存儲器及其操作方法)	Invention	CN201110211551.9	December 24, 2014	PRC
43. . .	Our Company	Output current segment compensation circuit for LED driver circuits (LED驅動電路的輸出電流分段補償電路)	Invention	CN201210016939.8	December 17, 2014	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
44. . .	Our Company	Serial non-volatile memory and method for releasing memory write protection (串列非易失性存儲器及解除存儲器寫保護的方法)	Invention	CN201110350626.1	November 26, 2014	PRC
45. . .	Our Company	Switching power supply controller (開關電源控制器)	Invention	CN201210448457.X	October 15, 2014	PRC
46. . .	Our Company	Switching power supply controller and its current control terminal short-circuit protection method (開關電源控制器及其電流控制端短路保護方法)	Invention	CN201110259867.5	August 27, 2014	PRC
47. . .	Our Company	An LED driver system (一種發光二極體驅動系統)	Invention	CN201010251146.5	November 06, 2013	PRC
48. . .	Our Company	A low-cost effective iterative multi-order digital filtering method and device (一種低成本有效疊代多階數位濾波方法及裝置)	Invention	CN201010251130.4	November 06, 2013	PRC
49. . .	Our Company	A self-test device and self-test method for successive approximation ADCs (一種用於逐步接近型模數轉換器的自測裝置和自測方法)	Invention	CN201010251150.1	September 04, 2013	PRC
50. . .	Our Company	Switching power supply controller and its valley switching method (開關電源控制器及其谷底切換方法)	Invention	CN201110091586.3	April 10, 2013	PRC
51. . .	Our Company	Switching power supply controller circuit and switching power supply system (開關電源控制器電路及開關電源系統)	Invention	CN200910197709.4	January 09, 2013	PRC
52. . .	Giantec Semiconductor (Nanjing) Co., Ltd. (聚辰半導體(南京)有限公司) ("Giantec Nanjing")	A self-detection method for voice coil motor parameters (一種音圈馬達參數自檢測方法)	Invention	CN201811592975.2	January 26, 2021	PRC
53. . .	Shanghai Judong	Mode conversion circuit (模式轉換電路)	Invention	CN202510214615.2	July 11, 2025	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
54. . .	Shanghai Judong	Current test circuit and test method (電流測試電路及測試方法)	Invention	CN202510214616.7	June 24, 2025	PRC
55. . .	Shanghai Judong	One-time turn-on power-on detection circuit (一次開啟式上電檢測電路)	Invention	CN202111666961.5	April 25, 2025	PRC
56. . .	Shanghai Judong	Initialization data import method (初始化數據導入方法)	Invention	CN202210365609.3	February 25, 2025	PRC
57. . .	Our Company	A relaxation oscillator circuit (一種張弛振盪器電路)	Utility Model	CN202420655946.0	February 14, 2025	PRC
58. . .	Our Company	A motor driver chip base plate and base plate welding structure for camera modules (一種攝像頭模組的電機驅動芯片底板和底板焊接結構)	Utility Model	CN202322995118.X	July 05, 2024	PRC
59. . .	Our Company	A width-compact semiconductor packaging structure (一種寬度緊湊型半導體封裝結構)	Utility Model	CN202323074599.7	June 28, 2024	PRC
60. . .	Our Company	An automatic test verification device for NOR-FLASH memory (一種NOR-FLASH存儲器自動測試驗證裝置)	Utility Model	CN202322472288.X	May 17, 2024	PRC
61. . .	Our Company	A reliability simultaneous test device for camera motor driver chips (一種攝像頭馬達驅動芯片的可靠性同測裝置)	Utility Model	CN202322760068.7	May 17, 2024	PRC
62. . .	Our Company	An automatic test verification device (一種自動測試驗證裝置)	Utility Model	CN202021726194.0	April 23, 2021	PRC
63. . .	Our Company	A serial peripheral interface working mode conversion circuit (一種串列外圍設備接口工作模式轉換電路)	Utility Model	CN202420441057.4	November 01, 2024	PRC
64. . .	Giantec Semiconductor (Suzhou) Co., Ltd. (聚辰半導體(蘇州)有限公司)	An edge grinding device for circuit board processing (一種電路板加工用磨邊裝置)	Utility Model	CN202222446495.X	February 03, 2023	PRC

No.	Registered Owner	Patent	Type	Patent Number	Issue Date	Place of Registration
65. . .	Shanghai Judong	A packaging structure for LED light-emitting diodes (一種LED發光二極體的封裝結構)	Utility Model	CN202222509107.1	February 03, 2023	PRC
66. . .	Shanghai Judong	A waterproof packaging shell for integrated circuits (一種集成電路防水型封裝外殼)	Utility Model	CN202222249577.9	February 03, 2023	PRC
67. . .	Shanghai Judong	A fault alarm mechanism and packaging equipment (一種故障報警機構及封裝設備)	Utility Model	CN202222153308.2	February 03, 2023	PRC
68. . .	Shanghai Judong	An environmentally friendly LED underground light (一種環保型的LED地埋燈)	Utility Model	CN202221953235.9	February 03, 2023	PRC
69. . .	Shanghai Judong	An integrated circuit board with waterproof structure (一種具有防水結構的集成電路板)	Utility Model	CN202222337358.6	March 31, 2023	PRC
70. . .	Our Company	Chip packaging form (WLCSP-6) (芯片封裝形式(WLCSP-6))	Design	CN202330721642.0	July 26, 2024	PRC
71. . .	Our Company	Memory Array and method of operating the same	Utility Model	US8,482,980 B2	July 9, 2013	US
72. . .	Our Company	Switching Power Controller and System	Utility Model	US8,416,596 B2	April 9, 2013	US
73. . .	Our Company	Reversible write-protection for non-volatile semiconductor memory device	Utility Model	US8,843,695 B2	September 24,2014	US
74. . .	Our Company	Apparatus and method for driving a voice coil motor of a camera lens	Utility Model	US9,049,366 B2	June 2, 2015	US
75. . .	Our Company	Charge Pump Circuit Suitable for low voltage operation	Invention	US9,509,213 B1	November 29, 2016	US
76. . .	Our Company	System and method for one-wire non-volatile memory	Utility Model	US12,450,111 B2	October, 2025	US

(c) Software Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Name	Registered Owner	Place of Registration	Registration Number	Registration Date
1. . . .	GT9881 Chip Batch Automated Testing Software (GT9881 芯片批量自動化測試軟件)	Our Company	PRC	2024SR2205132	November 10, 2023
2. . . .	GT9881 Cycling Software (GT9881 Cycling 軟件)	Our Company	PRC	2024SR2052225	May 08, 2023
3. . . .	Encryption Software Based on GUC Smart Card Chip (基於聚辰智能卡芯片的加密軟件)	Our Company	PRC	2024SR0726677	December 24, 2023
4. . . .	EE&Flash Cycling Test Host Computer Software (EE&Flash Cycling 測試上位機軟件)	Our Company	PRC	2023SR1805297	August 15, 2023
5. . . .	Debug Test Kernel Chip Automated Testing Platform (Debug Test Kernel 芯片自動化測試平台)	Our Company	PRC	2023SR1429221	May 06, 2023
6. . . .	GT2932cos Smart Card Operating System (GT2932cos 智能卡作業系統)	Our Company	PRC	2023SR1311307	October 24, 2022
7. . . .	GT COS System (GT COS 系統)	Our Company	PRC	2020SR0197534	December 05, 2017
8. . . .	New Version 2926cos Software (新版 2926cos 軟件)	Our Company	PRC	2020SR0190398	August 06, 2019
9. . . .	GTCL Chip Testing System (GTCL 芯片測試系統)	Our Company	PRC	2019SR1076058	May 20, 2018

(d) Composition Designs

As of the Latest Practicable Date, our Group had registered in the PRC the following copyrights which we consider to be material to our business:

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
1. . .	BS255000049	GT6608MCU Chip (GT6608MCU 芯片)	Our Company	June 20, 2025
2. . .	BS245012435	GT6605MCU Chip (GT6605MCU 芯片)	Our Company	June 13, 2025
3. . .	BS245007903	GT5625 Memory Chip (GT5625 儲存芯片)	Our Company	December 13, 2024

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
4. . .	BS245007911	GT5235 Temperature Sensor (GT5235 溫度傳感器)	Our Company	December 13, 2024
5. . .	BS245002022	GT9786V Driver Chip (GT9786V 驅動芯片)	Our Company	September 06, 2024
6. . .	BS245003053	GT5274 Memory Chip (GT5274 儲存芯片)	Our Company	September 06, 2024
7. . .	BS245003061	GT5264 Memory Chip (GT5264 儲存芯片)	Our Company	September 06, 2024
8. . .	BS235009792	GT5266 Memory Chip (GT5266 儲存芯片)	Our Company	January 26, 2024
9. . .	BS235009784	GT5268 Memory Chip (GT5268 儲存芯片)	Our Company	January 26, 2024
10. . .	BS23500927X	GT5255 Temperature Sensor (GT5255 溫度傳感器)	Our Company	January 12, 2024
11. . .	BS23500748X	GT5666 Memory Chip (GT5666 儲存芯片)	Our Company	December 29, 2023
12. . .	BS235007463	GT5506 Memory Chip (GT5506 儲存芯片)	Our Company	December 29, 2023
13. . .	BS235007498	GT5446 Memory Chip (GT5446 儲存芯片)	Our Company	December 29, 2023
14. . .	BS235007471	GT5504 Memory Chip (GT5504 儲存芯片)	Our Company	December 29, 2023
15. . .	BS225010844	GT5245 Temperature Sensor (GT5245 溫度傳感器)	Our Company	April 07, 2023
16. . .	BS225010852	GT9701 Driver Chip (GT9701 驅動芯片)	Our Company	April 07, 2023
17. . .	BS225000695	GT5263AM2A Memory Chip (GT5263AM2A 儲存芯片)	Our Company	December 16, 2022
18. . .	BS215017080	GT6001 Temperature Sensor (GT6001 溫度傳感器)	Our Company	December 14, 2022
19. . .	BS225000687	GT5656CM1A Memory Chip (GT5656CM1A 儲存芯片)	Our Company	December 14, 2022
20. . .	BS225000709	GT5623 Memory Chip (GT5623 儲存芯片)	Our Company	December 07, 2022
21. . .	BS22500240X	GT5401 Memory Chip (GT5401 儲存芯片)	Our Company	December 07, 2022
22. . .	BS225002442	GT9881 Driver Chip (GT9881 驅動芯片)	Our Company	December 07, 2022
23. . .	BS225000717	GT5263AM1A Memory Chip (GT5263AM1A 儲存芯片)	Our Company	December 02, 2022
24. . .	BS215009894	GT9778 Driver Chip (GT9778 驅動芯片)	Our Company	January 07, 2022

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
25. . .	BS215009886	GT9772V Driver Chip (GT9772V 驅動芯片)	Our Company	January 07, 2022
26. . .	BS215010612	GT5510 Memory Chip (GT5510 儲存芯片)	Our Company	December 31, 2021
27. . .	BS21500552X	GT9786 Driver Chip (GT9786 驅動芯片)	Our Company	December 17, 2021
28. . .	BS205017983	GT9766 Driver Chip (GT9766 驅動芯片)	Our Company	June 04, 2021
29. . .	BS205017924	GT9769 Driver Chip (GT9769 驅動芯片)	Our Company	June 04, 2021
30. . .	BS205017886	GT7701 Driver Chip (GT7701 驅動芯片)	Our Company	June 04, 2021
31. . .	BS205017991	GT9763 Driver Chip (GT9763 驅動芯片)	Our Company	June 04, 2021
32. . .	BS215000404	GT5252 Memory Chip (GT5252 儲存芯片)	Our Company	June 04, 2021
33. . .	BS215000412	GT5239 Memory Chip (GT5239 儲存芯片)	Our Company	May 28, 2021
34. . .	BS215000390	GT5256 Memory Chip (GT5256 儲存芯片)	Our Company	May 28, 2021
35. . .	BS215000366	7501AMIC Audio Chip (7501AMIC 音頻芯片)	Our Company	May 28, 2021
36. . .	BS205010105	GT5228 Memory Chip (GT5228 儲存芯片)	Our Company	May 28, 2021
37. . .	BS215000420	GT5238 Memory Chip (GT5238 儲存芯片)	Our Company	May 28, 2021
38. . .	BS205017908	GT5622 Memory Chip (GT5622 儲存芯片)	Our Company	May 28, 2021
39. . .	BS205017894	GT5660 Memory Chip (GT5660 儲存芯片)	Our Company	March 24, 2021
40. . .	BS205017878	GT5652 Memory Chip (GT5652 儲存芯片)	Our Company	March 24, 2021
41. . .	BS205010113	GT5205 Memory Chip (GT5205 儲存芯片)	Our Company	January 22, 2021
42. . .	BS205010148	GT5216 Memory Chip (GT5216 儲存芯片)	Our Company	January 22, 2021
43. . .	BS20501013X	GT5231 Memory Chip (GT5231 儲存芯片)	Our Company	January 22, 2021
44. . .	BS205010083	GT5224 Memory Chip (GT5224 儲存芯片)	Our Company	January 22, 2021
45. . .	BS205010091	GT5225 Memory Chip (GT5225 儲存芯片)	Our Company	January 08, 2021

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
46. . .	BS205010075	GT5257 Memory Chip (GT5257 儲存芯片)	Our Company	January 08, 2021
47. . .	BS205010121	GT5202 Memory Chip (GT5202 儲存芯片)	Our Company	January 08, 2021
48. . .	BS175002304	GT5230 Memory Chip (GT5230 儲存芯片)	Our Company	September 13, 2017
49. . .	BS175002274	GT9768 Driver Chip (GT9768 驅動芯片)	Our Company	September 13, 2017
50. . .	BS175002266	GT9767 Driver Chip (GT9767 驅動芯片)	Our Company	September 13, 2017
51. . .	BS175002282	GT5232 Memory Chip (GT5232 儲存芯片)	Our Company	September 06, 2017
52. . .	BS175002290	GT2928 Memory Chip (GT2928 儲存芯片)	Our Company	September 06, 2017
53. . .	BS205017916	GT9764 Driver Chip (GT9764 驅動芯片)	Giantec Semiconductor (Nanjing)	June 04, 2021
54. . .	BS215000412	GT5239 Memory Chip (GT5239 儲存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
55. . .	BS21500034X	GT5259 Memory Chip (GT5259 儲存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
56. . .	BS215000358	GT5254 Memory Chip (GT5254 儲存芯片)	Giantec Semiconductor (Nanjing)	May 28, 2021
57. . .	BS245593713	SKAGOS	Shanghai Judong	June 13, 2025
58. . .	BS245593667	6091W0A	Shanghai Judong	June 13, 2025
59. . .	BS245593673	8012W1A	Shanghai Judong	June 13, 2025
60. . .	BS245593683	8032W0A	Shanghai Judong	June 13, 2025
61. . .	BS245593703	8053W0A	Shanghai Judong	June 13, 2025
62. . .	BS245593691	8042L0A	Shanghai Judong	June 13, 2025
63. . .	BS245593659	6091L0A	Shanghai Judong	June 13, 2025
64. . .	BS235571210	6041W0A	Shanghai Judong	January 19, 2024
65. . .	BS235571261	whiteharbor	Shanghai Judong	January 19, 2024
66. . .	BS235571202	60B1W0A	Shanghai Judong	January 19, 2024
67. . .	BS235571237	8022W0A	Shanghai Judong	January 19, 2024

No.	Registration Number	Composition Design	Composition Design Owner	Issue Date
68. . .	BS235571245	8033W0A	Shanghai Judong	January 19, 2024
69. . .	BS235571253	8042W0A	Shanghai Judong	January 19, 2024
70. . .	BS235571229	8012W0A	Shanghai Judong	January 19, 2024
71. . .	BS225614073	6081L0A	Shanghai Judong	July 14, 2023
72. . .	BS225614057	Kingslanding	Shanghai Judong	July 14, 2023
73. . .	BS225614065	sisterton	Shanghai Judong	July 14, 2023
74. . .	BS225571269	barrowton	Shanghai Judong	December 23, 2022
75. . .	BS215648129	cerwyn	Shanghai Judong	May 20, 2022
76. . .	BS215648137	holdfast	Shanghai Judong	May 20, 2022
77. . .	BS215568168	Winterfell	Shanghai Judong	November 19, 2021
78. . .	BS215568176	Oldtown	Shanghai Judong	November 19, 2021

(e) Domain names

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Registration Date
1 . . .	www.giantec-semi.com	Our Company	PRC	December 20, 2023

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

We have entered into a service contract or an appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters include: (a) the term of service; (b) termination provisions in accordance with their respective terms; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules, and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

For details of the remuneration of our Directors, see "Directors and Senior Management — Remuneration" and Note 10 of the Accountants' Report set out in Appendix I.

3. Disclosure of Interests

(a) Interests of our Directors and chief executive in our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] and assuming that no new Shares are issued under the [**REDACTED**] and the Restricted Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], so far as our Directors are aware, none of our Directors or the chief executive has any interests and/or short positions in the Shares, underlying Shares, or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which would require (i) notification to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) registration in the register under section 352 of the SFO, or (iii) notification to our Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, upon the [**REDACTED**] of our H Shares on the Stock Exchange.

Name of Director	**Position**	**Shares to be held after the** [REDACTED]	**Nature of interest**[4]	**Number of shares**	**Approximate % of shareholding in our Company immediately after the** [REDACTED][1]
Mr. CHEN Zuotao[2]	Executive Director and Chairman of the Board	A Shares	Interest in controlled corporation	37,539,030	[REDACTED]
Mr. WENG Huaqiang[3] . . .	Executive Director and Secretary of the Board	A Shares	Beneficial owner	44,000	[REDACTED]

Name of Director	Position	Shares to be held after the [REDACTED]	Nature of interest[(4)]	Number of shares	Approximate % of shareholding in our Company immediately after the [REDACTED][(1)]
Mr. ZHANG Jianchen	Executive Director and General Manager	A Shares	Beneficial owner	552,993	[REDACTED]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**].

(2) Mr. CHEN Zuotao is indirectly interested in 37,539,030 A Shares of our Company through (i) Tianhao Technology, which directly owns 33,414,920 A Shares of our Company and (ii) Luojia Investment, which directly owns 4,124,110 A Shares of our Company. Tianhao Investment controls Tianhao Technology and owns approximately 99.99% equity interest in Tianhao Technology. Mr. CHEN Zuoning (陳作寧), brother of Mr. CHEN Zuotao, owns the remaining 0.01% equity interest in Tianhao Technology. Luojia Management, as general partner, controls Luojia Investment and owns approximately 9.52% limited partnership interest in Luojia Investment. The remaining 90.48% limited partnership interest in Luojia Investment is owned by Independent Third Parties. Each of Tianhao Investment and Mr. CHEN Zuotao owns 98% equity interest and 2% equity interest in Luojia Management, respectively. Each of Mr. CHEN Zuotao and Mr. CHEN Zuoning owns 99.9% equity interest and 0.1% equity interest in Tianhao Investment, respectively. Each of Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management is deemed to be interested in all the A Shares in which each of them is interested. Mr. CHEN Zuotao, Mr. CHEN Zuoning, Tianhao Technology, Luojia Investment, Tianhao Investment and Luojia Management constitute our Single Largest Group of Shareholders, holding approximately [**REDACTED**] of the issued share capital of our Company immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(3) Save as disclosed above, Mr. Weng Huaqiang is also entitled to receive up to 54,000 A Shares if and upon the vesting of restricted Shares granted to him under the 2022 Restricted Share Incentive Scheme and 2023 Restricted Share Incentive Scheme, subject to the conditions (including vesting conditions) of those restricted Shares.

(4) All interests stated are long position.

(b) Interests of substantial shareholders

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any persons (other than our Directors and chief executive) who will, immediately following the completion of the [**REDACTED**] and assuming that no new Shares are issued under the [**REDACTED**] and the Restricted Share Incentive Plans, have or be deemed or taken to have interests and/or short position in our Shares or underlying Shares which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any types of the issued voting shares of any member of our Group.

Name of our subsidiary	Name of substantial shareholder	Approximate % of shareholding in the subsidiary
Shanghai Judong Semiconductor Co., Ltd.* (上海聚棟半導體有限公司)	Shanghai Donglong Microelectronics Co., Ltd.* (上海棟隆微電子有限公司)	49

4. Disclaimers

Save as disclosed in this section and the section headed "Business" in this document:

(i) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**];

(ii) none of our Directors or any of the experts referred to under the paragraph headed "—E. Other Information — 5. Qualifications and Consents of Experts" has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(iv) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(v) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(vi) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the [**REDACTED**], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(vii) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OUR INCENTIVE PLANS

Restricted Share Incentive Plans

The following is a summary of the principal terms of the 2021 Restricted Share Incentive Plan, the 2022 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan. Given no further restricted Shares will be granted under the Restricted Share Incentive Plans after the [**REDACTED**], the terms of the Restricted Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the Restricted Share Incentive Plans is to improve our Company's long-term incentive mechanism, to attract and retain outstanding talents, to motivate our management and key employees and to achieve our strategic development and business objectives. The Restricted Share Incentive Plans are implemented to align the interests of the Shareholders with the interests of our Group and employees which will benefit the sustained development of our Group.

(ii) Administration

The Restricted Share Incentive Plans are subject to approval of the Shareholders' meeting and administration of the Board.

(iii) Participants

The participants of the Restricted Share Incentive Plans include our management and key employees. The scope of participants excludes independent directors, supervisors of our Company at the relevant time and shareholders or actual controller who individually or collectively hold 5% or more of the A Shares of our Company and their spouse, parents and children.

(iv) Maximum number of Shares

For the Restricted Share Incentive Plans, the Shares underlying the plans shall be A Shares issued by our Company. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price and is subject to a lock-up period. The maximum number of restricted Shares that can be granted under each of the Restricted Shares Incentive Plans are as follows, subject to adjustment as a result of our Company's equity distribution:

Restricted Share Incentive Plan	Maximum number of restricted Shares to be granted under the plan	Number of restricted Shares to be exercised under the plan
2021 Restricted Share Incentive Plan	900,000[(1)]	10,400
2022 Restricted Share Incentive Plan	1,800,000[(1)]	460,200
2023 Restricted Share Incentive Plan	1,200,000	794,250
2025 Restricted Share Incentive Plan	1,800,000	1,747,000

(1) Pursuant to the profit distribution and capital reserve conversion plans approved at the 2022 annual general meeting of our Company, three additional Shares from capital reserves were allotted for every 10 Shares held. As a result, the maximum number of restricted Shares to be granted under the 2021 Restricted Share Incentive Plan and the 2022 Restricted Share Incentive Plan have been increased to 1,170,000 and 2,340,000, respectively.

(v) Date of grant and duration of the incentive plan

The date on which the options are granted shall be a trading day determined by the Board within 60 days after the date of approval of the relevant Restricted Share Incentive Plan by the Shareholders' meeting. The grant of restricted Shares shall be approved by the Board, registered and announced within 60 days after the approval of the relevant Restricted Share Incentive Plan by the Shareholders' meeting. The term of each Restricted Share Incentive Plan shall commence from the date of registration of share options granted under the relevant plan and continue until the share options are fully exercised or canceled. This term shall not exceed 72 months.

(vi) Lock-up for Directors and the senior management team

If the grantee is a Director or a senior management of our Company who terminates the employment before expiry of the term, during the period of the original term of employment and the following six months, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds. No Share held by such Director or senior management can be transferred within six months after termination of his or her employment. If the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(vii) Conditions to the grant of restricted Shares

The restricted Shares will only be granted to selected participants if the following conditions are fulfilled:

(a) With respect to our Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to our Company's accountants' report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountants' report for the most recent fiscal year;

(3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of any share incentive plans; or

(5) any other circumstances determined by the CSRC.

(b) With respect to a grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances determined by the CSRC.

(viii) Unlocking and vesting of restricted Shares

The lock-up period for the restricted Shares commences from the date of grant to the grantee. The restricted Shares will only be unlocked when (i) the grant conditions set out in the Restricted Share Incentive Plans are fulfilled; and (ii) the corresponding annual company performance targets and individual performance assessments as set out under the relevant Restricted Share Incentive Plans are achieved.

Subject to the satisfaction of all vesting conditions, the restricted Shares will be unlocked and vest in four equal installments of 25% each (except for the 2021 Restricted Share Incentive Plan, which has a vesting schedule of 10%, 50%, 30% and 10% across four periods). The vesting periods occur between the first trading day after the 12-month, 24-month, 36-month, and 48-month anniversaries of the grant date and the last trading day up to the 24-month, 36-month, 48-month, and 60-month anniversaries of the grant date, respectively.

The grantees shall pay the grant price to the Company upon the vesting of the restricted Shares. The grant price per restricted Share under each Plan is determined as follows:

(a) **2021 Restricted Share Incentive Plan**: RMB22.64 per Share, being 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan;

(b) **2022 Restricted Share Incentive Plan**: RMB22.64 per share, being 34.48% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan;

(c) **2023 Restricted Share Incentive Plan**: RMB27.60 per Share, being 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan;

(d) **2025 Restricted Share Incentive Plan**: RMB48.00 per Share, being not less than the higher of: (i) 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan; (ii) 50% of the average trading price of the A Shares over the 20 trading days preceding the announcement of the draft plan; (iii) 50% of the average trading price of the A Shares over the 60 trading days preceding the announcement of the draft plan; and (iv) 50% of the average trading price of the A Shares over the 120 trading days preceding the announcement.

The grant price for any reserved portion of restricted Shares under each plan is the same as that for the initial grant.

The vesting date shall be on a trading day, which shall not fall within the following periods (i) 15 days before the publication of the annual report or interim report, or, if the publication date of such report is postponed, the period commencing 30 days before the originally scheduled announcement date until one day before the actual publication; (ii) 5 days before the publication of the Company's quarterly report, earnings forecast, or preliminary earnings announcement; (iii) the period commencing on the date of occurrence of a major event that may materially affect the Company's share price or the date such event enters the decision-making process, until the date of lawful disclosure of such event; and (iv) any other period as stipulated by the CSRC or the Shanghai Stock Exchange.

The grantees must satisfy the vesting conditions and complete the vesting of their restricted Shares within the validity period of the respective Restricted Share Incentive Plans. The Company may cause the forfeiture and cancellation of unvested restricted Shares, or in certain circumstances repurchase vested Shares, upon the occurrence of specific events as set out in the Plans, including but not limited to a termination of the grantee's employment or a change in the grantee's position that renders them ineligible. Subject to the price adjustment mechanisms and other terms of the Restricted Share Incentive Plans, the repurchase price payable by the Company for vested restricted Shares shall be the original grant price paid by the grantee.

(ix) Outstanding restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the 2021 Restricted Share Incentive Plan, the 2022 Restricted Share Incentive Plan, the 2023 Restricted Share Incentive Plan and the 2025 Restricted Share Incentive Plan amounted to 10,400 Shares, 460,200 Shares, 794,250 Shares and 1,747,000 Shares, representing approximately [**REDACTED**], [**REDACTED**], [**REDACTED**] and [**REDACTED**] respectively of the issued Shares immediately following the completion of the [**REDACTED**] (assuming no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**]).

The tables below set forth the details of the outstanding restricted Shares granted to Directors, senior management members, and other connected persons under the Restricted Share Incentive Plans as of the Latest Practicable Date:

(a) 2022 Restricted Share Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of outstanding restricted Shares	Grant price	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
					(RMB)	
Mr. Weng Huaqiang .	Executive Director and Secretary of the Board	February 25, 2022	Room 202, No. 53, Lane 36, Shangpu Road, Pudong New Area, Shanghai, China	19,500	16.03	[**REDACTED**]
	Executive Director and Secretary of the Board	August 24, 2022	Room 202, No. 53, Lane 36, Shangpu Road, Pudong New Area, Shanghai, China	19,500	16.03	[**REDACTED**]

(b) 2023 Restricted Share Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of outstanding restricted Shares	Grant price	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
					(RMB)	
Mr. Weng Huaqiang .	Executive Director and Secretary of the Board	October 18, 2023	Room 202, No. 53, Lane 36, Shangpu Road, Pudong New Area, Shanghai, China	15,000	27.10	[**REDACTED**]

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the Restricted Share Incentive Plans as of the Latest Practicable Date:

(a) 2021 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
3	December 27, 2021	15.72	104,000	[REDACTED]

(b) 2022 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
59	February 25, 2022	16.03	372,775	[REDACTED]
18	August 24, 2022	16.03	48,425	[REDACTED]

(c) 2023 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
59	October 18, 2023	27.01	747,900	[REDACTED]
1	October 18, 2023	27.01	11,250	[REDACTED]
5	April 29, 2024	27.01	20,100	[REDACTED]

(d) 2025 Restricted Share Incentive Plan

Number of grantees	Date of grant	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
		(RMB)		
56	October 22, 2025	48.00	1,612,000	[**REDACTED**]
16	October 22, 2025	48.00	135,000	[**REDACTED**]

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is expected to be imposed on any member of our Group.

2. Litigation

Save as disclosed in this document, to the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into [**REDACTED**].

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US$500,000 to act as a sponsor of our Company in connection with the [**REDACTED**].

4. Compliance Adviser

Our Company has appointed Altus Capital Limited as our Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules.

5. Qualifications and Consents of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Global Law Office	Legal advisor to our Company as to PRC laws
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Each expert listed above has provided, and not withdrawn, their written consent to the issue of this document, including their reports, letters, opinions, or summaries thereof, and to the inclusion of their name and qualifications herein, in the form and context in which each is included.

Save as disclosed in this document, as of the Latest Practicable Date, none of the aforementioned experts holds any shareholding interest in our Group or has any right (whether legally enforceable or not) to subscribe for, or nominate persons to subscribe for, securities in our Group.

6. Binding Effect

This document shall, if an application is made in pursuance thereof, render all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, insofar as applicable.

7. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our Company's financial or [**REDACTED**] position since September 30, 2025 (being the latest balance sheet date of our consolidated financial statements set out in the Accountants' Report in Appendix I to this document).

8. Bilingual Document

The English and Chinese language versions of this document are being published separately in reliance on the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Preliminary Expenses

As of the Latest Practicable Date, our Company did not incur any material preliminary expenses.

10. Restrictions on Share Repurchase

For details of the restrictions on share repurchases by our Company, please refer to "Summary of the Articles of Association — Increase, Reduction and Repurchase of Shares" in Appendix III to this document.

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12. Promoters

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

13. Miscellaneous

Save as disclosed in this section and in the section headed "Financial Information" in this document:

(i) within the two years immediately preceding the date of this document:

(a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(iv) our Company has no outstanding convertible debt securities or debentures;

(v) there is no arrangement under which future dividends are waived or agreed to be waived;

(vi) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued in connection with the [**REDACTED**], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to [**REDACTED**] being or proposed to be sought; and

(vii) all necessary arrangements have been made to enable the H shares to be admitted into [**REDACTED**] for [**REDACTED**] and [**REDACTED**].

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) copies of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this document; and

(ii) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 5. Qualifications and Consents of Experts" in Appendix IV to this document.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at **www.giantec-semi.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the accountant's report from Ernst & Young, the text of which is set out in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and [2025];

(iv) the report from Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document;

(v) the industry report issued by Frost & Sullivan referred to in "Industry Overview" in this document;

(vi) the PRC legal opinions issued by Global Law Office in respect of certain general corporate matters and property interests in Mainland China of our Group;

(vii) the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this document;

(viii) the written consents referred to in "Statutory and General Information — Other Information — Qualifications and Consents of Experts" in Appendix IV to this document;

(ix) the service agreements and letters of appointment referred to in the section headed "Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this document;

(x) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(xi) the terms of the Restricted Share Incentive Plans.

C. DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Restricted Share Incentive Plans will be made available for public inspection at our Company's Hong Kong legal advisor's office in Hong Kong at 31/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.